Comparative Summary of Budget Budget Recommendations

Governor and Joint Committee on Finance

2017-19 Wisconsin State Budget

Legislative Fiscal Bureau
September, 2017

2017-19 WISCONSIN STATE BUDGET

Comparative Summary of Budget Recommendations

Governor and Joint Committee on Finance

Legislative Fiscal Bureau

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INTRODUCTION

This document provides a summary of the 2017-19 state budget recommendations of the Governor and Joint Committee on Finance.

The introductory portion of this document contains a Table of Contents, Key to Abbreviations, and User's Guide.

The "2017-19 Overview" section provides a series of tables that display 2017-19 revenues, appropriations, and position levels.

Following the summary information is a section which contains a description, for each state agency and program, of budget changes recommended by the Governor and Joint Committee on Finance. The agency summaries appear in alphabetical order and contain a funding and position table as well as a brief narrative description and corresponding fiscal effect, if any, of each budget provision.

The final section of the document contains a list of the 2017-19 budget papers prepared by the Legislative Fiscal Bureau.

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KEY TO ABBREVIATIONS

REVENUES

BR	Bond revenues which are available from the contracting of public debt (general obligation bonds), from debt which is to be repaid only from pledged or project revenues (revenue bonds), or from debt where repayment is backed by the state's moral obligation pledge and subject to annual appropriation by the Legislature (appropriation obligation bonds).
GPR-Earned	Departmental revenues which are collected by individual state agencies and deposited in the general fund.
GPR-Tax	Revenues which are collected from general fund taxes.
GPR-Tribal	Revenues which are collected from tribal gaming revenues and deposited in the general fund.
REV	Revenue

APPROPRIATIONS

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

SEG-S	Segregated Revenue-Service. Segregated appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.
Lapse	Budgeted amounts that are unspent at the end of a fiscal period which revert back to the fund from which they were appropriated.

OTHER

2015 Wisconsin Act 55	The 2015-17 biennial budget act.
AB 64/SB 30	Assembly Bill 64/Senate Bill 30, identical bills which incorporate the Governor's 2017-19 budget recommendations.
ASA 1 to AB 64	Assembly Substitute Amendment 1 to Assembly Bill 64, the 2017-19 budget recommendations of the Joint Committee on Finance.
SSA 1 to SB 30	Senate Substitute Amendment 1 to Senate Bill 30, the 2017-19 budget recommendations of the Joint Committee on Finance.
CY	Calendar year.
FY	Fiscal year.
FTE	Full-time equivalent position.
LTE	Limited-term employment position for which employment is limited to 1,040 hours per appointment in a 12-month period.
2016-17 Adjusted Base	The total 2016-17 authorized funding level for an agency or program. The adjusted base equals 2016-17 appropriations and any supplements. It is this base that serves as the beginning point for calculating budget changes for 2017-19.
2016-17 Base Year Doubled	The 2016-17 base multiplied by two. This produces the biennial base level against which 2017-19 budget levels may be compared.

USER'S GUIDE

The following explanation of entries is keyed to the accompanying sample entry (page 4).

1 Name of agency.

2 The funding source for the amounts shown in columns 3 through 6. Only the funding sources which are included in the agency's budget are shown.

3 The 2016-17 base represents authorized appropriation and position levels for 2016-17. The base is doubled in the budget column to provide a two-year to two-year comparison.

4 The Governor's recommended budget and position levels for 2017-19.

5 The Joint Finance Committee's recommended budget and position levels for 2017-19.

6 These columns indicate the change, by amount and percentage, of the Joint Finance Committee's 2017-19 recommended budget to the 2016-17 base year doubled and to the Governor's recommendations. For positions, the comparison is made between the recommended authorization for 2018-19 and that of 2016-17.

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

8 Narrative description of the various budget change items, for each entry as recommended by the Governor and Joint Committee on Finance. If the entry shows "Governor/Joint Finance" the recommendations proposed by the Governor were adopted by the Joint Committee on Finance. The fiscal effect (which is located in the box), highlights the funding and position change to the agency's base budget. For those items where the recommendations of the Governor and Finance Committee differ, the change to the Governor's fiscal effect is also shown. Immediately following the title, there will be, if applicable, "[LFB Paper]" showing the number of the Legislative Fiscal Bureau budget issue paper prepared on this item. In this example, [LFB Paper 284] pertains to commissioner per diems.

ETHICS COMMISSION (1)

Budget Summary

(2) Fund	(3) 2016-17 Base Year Doubled	(4) 2017-19 Governor	(5) 2017-19 Jt. Finance	(6) Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$1,748,000	$1,664,800	$1,681,800	$17,000	1.0%	- $66,200	- 3.8%
PR	1,103,600	991,100	991,100	0	0.0	- 112,500	- 10.2
TOTAL	$2,851,600	$2,655,900	$2,672,900	$17,000	0.6%	- $178,700	- 6.3%

FTE Position Summary

(2) Fund	(3) 2016-17 Base	(4) 2018-19 Governor	(5) 2018-19 Jt. Finance	(6) Joint Finance Change to: Governor	2016-17 Base
GPR	4.55	4.55	4.55	0.00	0.00
PR	3.45	3.45	3.45	0.00	0.00
TOTAL	8.00	8.00	8.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $68,200
PR	- 98,500
Total	- $166,700

(7) **Governor/Joint Finance:** Provide standard budget adjustments to the agency base budget totaling -$35,300 GPR and -$45,700 PR in 2017-18 and -$32,900 GPR and -$52,800 PR in 2018-19. Adjustments are for: (a) full funding of salaries and fringe benefits for continuing positions (-$24,100 GPR and -$46,900 PR annually); (b) reclassifications and semiautomatic pay progression ($2,200 GPR in 2017-18 and $2,900 GPR in 2018-19); and (c) full funding of lease and directed moves costs (-$13,400 GPR and $1,200 PR in 2017-18 and -$11,700 GPR and -$5,900 PR in 2018-19).

2. COMMISSIONER PER DIEM COMPENSATION [LFB Paper 284]

(8)

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $15,000	$17,000	$2,000

Governor: Decrease commissioner meeting per diem funding by $7,500 annually. Modify statutory language to specify commissioners' per diem is $50 per day on which the member attends a meeting or participates by audio or video conference call. Under current law, commissioners receive the same per diem as a reserve circuit court judge ($454.11 per day).

Joint Finance: Provide $8,500 annually in commissioner meeting per diem funding. Specify, in statute, that Ethics commissioners' per diem would be $227 per meeting.

2017-19 OVERVIEW

TABLE 1

Summary of 2017-19 Appropriations, Compensation Reserves, and Authorizations

Fund Source	2017-18	2018-19	Total	% of Total
General Purpose Revenue	**$16,879,195,700**	**$17,744,253,700**	**$34,623,449,400**	**45.3%**
Appropriations	16,876,115,200	17,692,172,100	34,568,287,300	
Compensation Reserves	3,080,500	52,081,600	55,162,100	
Federal Revenue	**10,624,000,900**	**11,012,684,100**	**21,636,685,000**	**28.3**
Appropriations	10,623,204,000	10,999,354,300	21,622,558,300	
Compensation Reserves	796,900	13,329,800	14,126,700	
Program Revenue	**5,953,028,900**	**6,123,323,700**	**12,076,352,600**	**15.8**
Appropriations	5,950,607,900	6,079,142,300	12,029,750,200	
Compensation Reserves	2,421,000	44,181,400	46,602,400	
Segregated Revenue	**3,687,756,500**	**3,684,232,600**	**7,371,989,100**	**9.6**
Appropriations	3,687,236,200	3,676,657,900	7,363,894,100	
Compensation Reserves	520,300	7,574,700	8,095,000	
Subtotal	**$37,143,982,000**	**$38,564,494,100**	**$75,708,476,100**	**99.0%**
Appropriations	37,137,163,300	38,447,326,600	75,584,489,900	
Compensation Reserves	6,818,700	117,167,500	123,986,200	
Bond Revenue			**771,303,200**	**1.0**
General Obligation Bonding			647,403,200*	
Revenue Bonding			123,900,000	
TOTAL			$76,479,779,300	100.0%

*Excludes $1,500,000,000 of economic refunding authority.

TABLE 2

Summary of Total All Funds Appropriations by Agency

	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Year Doubled Amount	Base Year Doubled Percent
Administration	$1,128,937,400	$1,161,465,100	$1,160,681,800	- $783,300	- 0.1%	$31,744,400	2.8%
Agriculture, Trade and Consumer Protection	196,020,000	190,768,200	192,485,100	1,716,900	0.9	- 3,534,900	- 1.8
Appropriation Obligation Bonds	1,540,707,000	769,976,700	769,976,700	0	0.0	- 770,730,300	- 50.0
Board for People with Developmental Disabilities	2,802,000	2,937,000	2,937,000	0	0.0	135,000	4.8
Board of Commissioners of Public Lands	3,272,400	3,358,200	3,358,200	0	0.0	85,800	2.6
Board on Aging and Long-Term Care	6,309,000	6,930,700	6,671,600	- 259,100	- 3.7	362,600	5.7
Building Commission	66,264,800	82,570,300	75,201,300	- 7,369,000	- 8.9	8,936,500	13.5
Child Abuse and Neglect Prevention Board	6,082,400	6,317,400	6,317,400	0	0.0	235,000	3.9
Children and Families	2,574,625,400	2,602,235,000	2,563,578,500	- 38,656,500	- 1.5	- 11,046,900	- 0.4
Circuit Courts	195,406,000	203,586,400	203,586,400	0	0.0	8,180,400	4.2
Compensation Reserves		100,237,400	123,986,200	23,748,800	23.7	123,986,200	N.A.
Corrections	2,437,513,600	2,487,268,800	2,486,720,100	- 548,700	0.0	49,206,500	2.0
Court of Appeals	21,413,000	22,321,600	22,321,600	0	0.0	908,600	4.2
District Attorneys	96,766,800	97,337,700	97,404,500	66,800	0.1	637,700	0.7
Educational Communications Board	38,831,000	38,421,000	38,512,600	91,600	0.2	- 318,400	- 0.8
Elections Commission	10,138,800	8,977,000	9,602,200	625,200	7.0	- 536,600	- 5.3
Employee Trust Funds	90,612,200	92,098,000	92,098,000	0	0.0	1,485,800	1.6
Employment Relations Commission	3,073,800	2,263,100	2,274,700	11,600	0.5	- 799,100	- 26.0
Environmental Improvement Fund	53,261,800	49,875,300	48,485,600	- 1,389,700	- 2.8	- 4,776,200	- 9.0
Ethics Commission	2,851,600	2,655,900	2,672,900	17,000	0.6	- 178,700	- 6.3
Financial Institutions	37,618,600	37,035,300	37,035,300	0	0.0	- 583,300	- 1.6
Fox River Navigational System Authority	250,800	250,800	250,800	0	0.0	0	0.0
Governor	7,953,000	7,421,400	7,421,400	0	0.0	- 531,600	- 6.7
Health Services	23,187,100,200	24,448,811,700	23,930,216,100	- 518,595,600	- 2.1	743,115,900	3.2
Higher Educational Aids Board	281,980,400	281,620,100	289,043,100	7,423,000	2.6	7,062,700	2.5
Historical Society	47,159,800	60,824,000	58,732,200	- 2,091,800	- 3.4	11,572,400	24.5
Insurance	221,333,400	221,866,000	221,866,000	0	0.0	532,600	0.2
Investment Board	106,999,200	106,999,200	106,999,200	0	0.0	0	0.0
Judicial Commission	603,800	0	607,600	607,600	N.A.	3,800	0.6
Judicial Council	222,800	0	222,800	222,800	N.A.	0	0.0

	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Year Doubled Amount	Base Year Doubled Percent
Justice	$256,117,000	$274,425,700	$266,866,500	- $7,559,200	- 2.8%	10,749,500	4.2%
Kickapoo Reserve Management Board	1,837,400	1,936,800	1,936,800	0	0.0	99,400	5.4
Labor and Industry Review Commission	6,354,200	1,719,400	6,179,100	4,459,700	259.4	- 175,100	- 2.8
Legislature	154,402,200	152,981,200	153,051,200	70,000	0.0	- 1,351,000	- 0.9
Lieutenant Governor	574,200	764,200	764,200	0	0.0	190,000	33.1
Lower Wisconsin State Riverway Board	454,800	448,600	477,800	29,200	6.5	23,000	5.1
Medical College of Wisconsin	20,846,000	20,191,900	20,199,600	7,700	0.0	- 646,400	- 3.1
Military Affairs	213,474,400	217,433,200	227,296,900	9,863,700	4.5	13,822,500	6.5
Miscellaneous Appropriations	250,345,200	294,535,400	313,587,100	19,051,700	6.5	63,241,900	25.3
Natural Resources	1,124,428,000	1,096,649,400	1,096,064,500	- 584,900	- 0.1	- 28,363,500	- 2.5
Program Supplements	66,746,800	21,682,000	64,298,600	42,616,600	196.6	- 2,448,200	- 3.7
Prosecutor Board	0	0	318,800	318,800	N.A.	318,800	N.A.
Public Defender	171,937,000	173,152,900	176,011,500	2,858,600	1.7	4,074,500	2.4
Public Instruction	13,782,064,200	14,203,638,600	14,223,077,000	19,438,400	0.1	441,012,800	3.2
Public Service Commission	54,956,800	70,741,300	71,351,500	610,200	0.9	16,394,700	29.8
Revenue	424,163,000	427,706,500	421,074,900	- 6,631,600	- 1.6	- 3,088,100	- 0.7
Safety and Professional Services	102,819,400	107,942,900	107,489,200	- 453,700	- 0.4	4,669,800	4.5
Secretary of State	536,800	531,400	531,400	0	0.0	- 5,400	- 1.0
Shared Revenue and Tax Relief	5,033,358,200	5,300,976,300	5,412,352,200	111,375,900	2.1	378,994,000	7.5
State Fair Park Board	47,911,000	50,129,800	47,138,600	- 2,991,200	- 6.0	- 772,400	- 1.6
State Treasurer	346,600	227,000	227,000	0	0.0	- 119,600	- 34.5
Supreme Court	59,022,400	64,429,100	63,487,500	- 941,600	- 1.5	4,465,100	7.6
Tourism	34,484,000	34,011,000	34,253,000	242,000	0.7	- 231,000	- 0.7
Transportation	5,605,524,600	5,964,863,500	6,072,068,900	107,205,400	1.8	466,544,300	8.3
University of Wisconsin System	12,194,903,200	12,431,997,800	12,183,273,500	- 248,724,300	- 2.0	- 11,629,700	- 0.1
Veterans Affairs	285,411,800	283,812,100	283,231,500	- 580,600	- 0.2	- 2,180,300	- 0.8
Wisconsin Economic Development Corporation	70,501,400	76,801,400	76,801,400	0	0.0	6,300,000	8.9
Wisconsin Technical College System	1,116,409,800	1,124,151,700	1,114,151,700	- 10,000,000	- 0.9	- 2,258,100	- 0.2
Workforce Development	725,206,400	709,807,600	709,647,300	- 160,300	0.0	- 15,559,100	- 2.1
TOTAL*	$74,171,247,800	$76,204,118,000	$75,708,476,100	- $495,641,900	- 0.7%	$1,537,228,300	2.1%
TOTAL**	$73,433,147,300	$76,204,118,000	$75,708,476,100	- $495,641,900	- 0.7%	$2,275,328,800	3.1%

*These totals and percent change reflect the adjusted base and gross appropriations of the Joint Finance budget recommendations

**These totals and percent change reflect the gross appropriations of the Joint Finance budget recommendations, but reduce the 2016-17 base doubled by $738,100,500 due to base level funding overstating actual GPR expenditures in 2016-17, based on conservative calculations for setting the appropriation amount specified in the bond indenture.

TABLE 3

Summary of All Funds Full-Time Equivalent Positions by Agency

Agency	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2016-17 Base
Administration	1,022.38	1,508.47	1,470.42	- 38.05	448.04
Agriculture, Trade and Consumer Protection	647.79	624.49	627.29	2.80	- 20.50
Board for People with Developmental Disab.	7.00	7.00	7.00	0.00	0.00
Board of Commissioners of Public Lands	9.50	9.50	9.50	0.00	0.00
Board on Aging and Long-Term Care	40.50	44.50	42.50	- 2.00	2.00
Child Abuse and Neglect Prevention Board	6.00	6.00	6.00	0.00	0.00
Children and Families	798.01	785.41	783.16	- 2.25	- 14.85
Circuit Courts	527.00	527.00	527.00	0.00	0.00
Corrections	10,101.32	10,103.97	10,124.97	21.00	23.65
Court of Appeals	75.50	75.50	75.50	0.00	0.00
District Attorneys	427.75	419.95	419.95	0.00	- 7.80
Educational Communications Board	55.18	55.18	55.18	0.00	0.00
Elections Commission	31.75	25.75	30.75	5.00	- 1.00
Employee Trust Funds	267.20	264.20	269.20	5.00	2.00
Employment Relations Commission	9.01	6.00	6.00	0.00	- 3.01
Ethics Commission	8.00	8.00	8.00	0.00	0.00
Financial Institutions	139.54	141.54	141.54	0.00	2.00
Governor	37.25	37.25	37.25	0.00	0.00
Health Services	6,134.65	6,212.09	6,176.89	- 35.20	42.24
Higher Educational Aids Board	10.00	10.00	10.00	0.00	0.00
Historical Society	129.04	134.04	135.04	1.00	6.00
Insurance	151.50	137.00	137.00	0.00	- 14.50
Investment Board	173.35	173.35	173.35	0.00	0.00
Judicial Commission	2.00	0.00	2.00	2.00	0.00
Judicial Council	1.00	0.00	1.00	1.00	0.00
Justice	699.34	686.34	683.14	- 3.20	- 16.20
Kickapoo Reserve Management Board	4.00	4.00	4.00	0.00	0.00
Labor and Industry Review Commission	26.50	0.00	18.70	18.70	- 7.80
Legislature	777.97	777.97	777.97	0.00	0.00
Lieutenant Governor	4.00	5.00	5.00	0.00	1.00
Lower Wisconsin State Riverway Board	2.00	2.00	2.00	0.00	0.00
Military Affairs	471.10	476.50	489.30	12.80	18.20
Natural Resources	2,549.10	2,505.60	2,499.60	- 6.00	- 49.50
Prosecutor Board	0.00	0.00	2.00	2.00	2.00
Public Defender	614.85	609.90	614.85	4.95	0.00

Agency	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2016-17 Base
Public Instruction	647.00	636.00	642.00	6.00	- 5.00
Public Service Commission	152.25	152.25	153.25	1.00	1.00
Revenue	1,202.28	1,182.03	1,182.03	0.00	- 20.25
Safety and Professional Services	247.14	245.64	236.14	- 9.50	- 11.00
Secretary of State	2.00	2.00	2.00	0.00	0.00
State Fair Park Board	48.00	47.00	47.00	0.00	- 1.00
State Treasurer	1.00	1.00	1.00	0.00	0.00
Supreme Court	221.75	224.75	221.75	- 3.00	0.00
Tourism	35.00	34.00	34.00	0.00	- 1.00
Transportation	3,497.79	3,439.61	3,245.11	- 194.50	- 252.68
University of Wisconsin System	35,400.86	35,560.08	35,338.49	- 221.59	- 62.37
Veterans Affairs	1,294.20	1,262.20	1,261.20	- 1.00	- 33.00
Wisconsin Technical College System	61.50	55.00	55.00	0.00	- 6.50
Workforce Development	1,639.55	1,602.05	1,603.05	1.00	- 36.50
TOTAL	70,411.40	70,827.11	70,395.07	- 432.04	- 16.33

Full-Time Equivalent Positions Summary by Funding Source

	2016-17 Base	2018-19 Governor	2018-19 Jt Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2016-17 Base
GPR	35,453.72	35,466.49	35,278.40	- 188.09	- 175.32
FED	10,542.47	10,522.55	10,507.75	- 14.80	- 34.72
PR	19,283.49	19,820.28	19,781.63	- 38.65	498.14
SEG	5,131.72	5,017.79	4,827.29	- 190.50	- 304.43
TOTAL	70,411.40	70,827.11	70,395.07	- 432.04	- 16.33

TABLE 4

Summary of General Fund Appropriations and Reserves by Agency

	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Year Doubled Amount	Base Year Doubled Percent
Administration	$33,603,600	$33,503,900	$33,763,200	$259,300	0.8%	$159,600	0.5%
Agriculture, Trade and Consumer Protection	54,093,400	53,145,700	52,964,000	- 181,700	- 0.3	- 1,129,400	- 2.1
Appropriation Obligation Bonds	1,540,707,000	769,976,700	769,976,700	0	0.0	- 770,730,300	- 50.0
Board for People with Developmental Disabilities	95,800	86,000	86,000	0	0.0	- 9,800	- 10.2
Board on Aging and Long-Term Care	2,733,400	2,720,300	2,847,500	127,200	4.7	114,100	4.2
Building Commission	61,292,200	75,513,900	68,144,900	- 7,369,000	- 9.8	6,852,700	11.2
Child Abuse and Neglect Prevention Board	1,990,000	1,990,000	1,990,000	0	0.0	0	0.0
Children and Families	918,595,400	925,712,200	925,615,200	- 97,000	0.0	7,019,800	0.8
Circuit Courts	194,940,600	203,121,000	203,121,000	0	0.0	8,180,400	4.2
Compensation Reserves	---	49,638,500	55,162,100	5,523,600	11.1	55,162,100	N.A.
Corrections	2,196,693,200	2,253,884,400	2,255,524,500	1,640,100	0.1	58,831,300	2.7
Court of Appeals	21,413,000	22,321,600	22,321,600	0	0.0	908,600	4.2
District Attorneys	89,766,200	90,927,400	90,994,200	66,800	0.1	1,228,000	1.4
Educational Communications Board	13,082,200	12,810,700	12,902,300	91,600	0.7	- 179,900	- 1.4
Elections Commission	4,093,000	6,445,000	6,766,100	321,100	5.0	2,673,100	65.3
Employee Trust Funds	308,600	165,300	165,300	0	0.0	- 143,300	- 46.4
Employment Relations Commission	2,767,200	1,971,900	1,983,500	11,600	0.6	- 783,700	- 28.3
Environmental Improvement Fund	37,261,800	33,875,300	32,485,600	- 1,389,700	- 4.1	- 4,776,200	- 12.8
Ethics Commission	1,748,000	1,664,800	1,681,800	17,000	1.0	- 66,200	- 3.8
Governor	7,953,000	7,421,400	7,421,400	0	0.0	- 531,600	- 6.7
Health Services	7,556,881,800	7,943,555,400	7,827,314,000	- 116,241,400	- 1.5	270,432,200	3.6
Higher Educational Aids Board	275,565,400	278,040,500	285,419,200	7,378,700	2.7	9,853,800	3.6
Historical Society	30,380,400	38,780,600	38,639,500	- 141,100	- 0.4	8,259,100	27.2
Judicial Commission	603,800	0	607,600	607,600	N.A.	3,800	0.6
Justice	104,286,200	112,081,500	105,781,500	- 6,300,000	- 5.6	1,495,300	1.4

	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Year Doubled Amount	Base Year Doubled Percent
Labor and Industry Review Commission	$531,000	$121,300	$485,700	$364,400	300.4%	- $45,300	- 8.5%
Legislature	150,220,200	148,529,700	148,579,700	50,000	0.0	- 1,640,500	- 1.1
Lieutenant Governor	574,200	764,200	764,200	0	0.0	190,000	33.1
Medical College of Wisconsin	20,351,000	19,696,900	19,704,600	7,700	0.0	- 646,400	- 3.2
Military Affairs	53,579,800	54,640,100	55,034,500	394,400	0.7	1,454,700	2.7
Miscellaneous Appropriations	187,452,600	189,516,100	210,218,400	20,702,300	10.9	22,765,800	12.1
Natural Resources	221,443,800	218,860,600	218,947,900	87,300	0.0	- 2,495,900	- 1.1
Program Supplements	66,036,800	21,682,000	58,653,100	36,971,100	170.5	- 7,383,700	- 11.2
Prosecutor Board	0	0	318,800	318,800	N.A.	318,800	N.A.
Public Defender	169,240,600	170,395,800	173,254,400	2,858,600	1.7	4,013,800	2.4
Public Instruction	11,822,173,000	12,240,457,100	12,257,425,200	16,968,100	0.1	435,252,200	3.7
Revenue	220,303,000	217,854,900	266,211,500	48,356,600	22.2	45,908,500	20.8
Shared Revenue and Tax Relief	4,466,161,200	4,707,738,500	4,805,747,900	98,009,400	2.1	339,586,700	7.6
State Fair Park Board	6,586,000	5,275,200	5,594,200	319,000	6.0	- 991,800	- 15.1
Supreme Court	31,254,800	35,370,200	34,428,600	- 941,600	- 2.7	3,173,800	10.2
Tourism	10,528,200	10,095,800	10,337,800	242,000	2.4	- 190,400	- 1.8
Transportation	218,884,400	243,229,900	246,907,800	3,677,900	1.5	28,023,400	12.8
University of Wisconsin System	2,113,940,400	2,191,070,500	2,143,855,600	- 47,214,900	- 2.2	29,915,200	1.4
Veterans Affairs	3,889,200	3,904,000	3,908,400	4,400	0.1	19,200	0.5
Wisconsin Economic Development Corporation	24,949,400	17,912,000	18,032,000	120,000	0.7	- 6,917,400	- 27.7
Wisconsin Technical College System	1,039,285,000	1,049,032,600	1,039,032,600	- 10,000,000	- 1.0	- 252,400	0.0
Workforce Development	87,629,000	102,488,100	102,327,800	- 160,300	- 0.2	14,698,800	16.8
TOTAL*	$34,065,868,800	$34,567,989,500	$34,623,449,400	$55,459,900	0.2%	$557,580,600	1.6%
TOTAL**	$33,327,768,300	$34,567,989,500	$34,623,449,400	$55,459,900	0.2%	$1,295,681,100	3.9%

*These totals and percent change reflect the adjusted base and gross appropriations of the Joint Finance budget recommendations

**These totals and percent change reflect the gross appropriations of the Joint Finance budget recommendations, but reduce the 2016-17 base doubled by $738,100,500 due to base level funding overstating actual GPR expenditures in 2016-17, based on conservative calculations for setting the appropriation amount specified in the bond indenture.

TABLE 5

Summary of General Fund Full-Time Equivalent Positions by Agency

Agency	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2016-17 Base
Administration	63.92	62.72	61.72	- 1.00	- 2.20
Agriculture, Trade and Consumer Protection	207.60	197.80	199.40	1.60	- 8.20
Board on Aging and Long-Term Care	18.18	18.18	19.18	1.00	1.00
Children and Families	231.92	232.17	231.92	- 0.25	0.00
Circuit Courts	527.00	527.00	527.00	0.00	0.00
Corrections	9,564.77	9,559.42	9,588.67	29.25	23.90
Court of Appeals	75.50	75.50	75.50	0.00	0.00
District Attorneys	383.95	383.95	383.95	0.00	0.00
Educational Communications Board	26.94	26.94	26.94	0.00	0.00
Elections Commission	9.75	25.75	30.75	5.00	21.00
Employment Relations Commission	9.01	6.00	6.00	0.00	- 3.01
Ethics Commission	4.55	4.55	4.55	0.00	0.00
Governor	37.25	37.25	37.25	0.00	0.00
Health Services	2,536.63	2,578.81	2,561.21	- 17.60	24.58
Higher Educational Aids Board	10.00	10.00	10.00	0.00	0.00
Historical Society	93.65	96.15	97.15	1.00	3.50
Judicial Commission	2.00	0.00	2.00	2.00	0.00
Justice	394.18	394.18	394.18	0.00	0.00
Labor and Industry Review Commission	1.30	0.00	0.80	0.80	- 0.50
Legislature	758.17	758.17	758.17	0.00	0.00
Lieutenant Governor	4.00	5.00	5.00	0.00	1.00
Military Affairs	81.08	77.28	81.08	3.80	0.00
Natural Resources	230.02	223.52	223.52	0.00	- 6.50
Prosecutor Board	0.00	0.00	2.00	2.00	2.00
Public Defender	609.85	604.90	609.85	4.95	0.00
Public Instruction	250.47	251.47	252.47	1.00	2.00
Revenue	968.53	953.33	953.08	- 0.25	- 15.45
Supreme Court	115.50	117.50	115.50	- 2.00	0.00
Tourism	30.00	29.00	29.00	0.00	-1.00
Transportation	0.00	0.00	3.00	3.00	3.00
University of Wisconsin System	18,035.88	18,035.88	17,813.49	- 222.39	- 222.39
Wisconsin Technical College System	23.25	23.25	23.25	0.00	0.00
Workforce Development	148.87	150.82	150.82	0.00	1.95
TOTAL	35,453.72	35,466.49	35,278.40	- 188.09	- 175.32

TABLE 6

2017-19 General Fund Condition Statement

	2017-18	2018-19
Revenues		
Opening Balance, July 1	$467,148,800	$443,544,800
Taxes	16,077,884,900	16,638,840,900
Departmental Revenues		
Tribal Gaming Revenues	25,909,500	25,838,400
Other	493,207,400	443,289,900
Total Available	$17,064,150,600	$17,551,514,000
Appropriations and Reserves		
Gross Appropriations	$16,876,115,200	$17,692,172,100
Other Acts/Bills*	19,712,500	10,055,000
Transfers to:		
Transportation Fund	40,244,700	41,797,100
Compensation Reserves	3,080,500	52,081,600
Less Lapses	-318,547,100	-441,515,200
Net Appropriations	$16,620,605,800	$17,354,590,600
Balances		
Gross Balance	$443,544,800	$196,923,400
Less Required Statutory Balance	-70,000,000	-75,000,000
Net Balance, June 30	$373,544,800	$121,923,400

*2017 Acts 1 to 57 and August 2017 Engrossed SS AB 1 (Foxconn).

TABLE 7

Estimated 2017-19 General Fund Taxes

Tax Source	2017-18	2018-19	2017-19	% of Total
Individual Income	$8,380,180,000	$8,719,824,000	$17,100,004,000	52.3%
Sales and Use	5,383,804,900	5,582,700,900	10,966,505,800	33.5
Corporate Income and Franchise	950,800,000	960,916,000	1,911,716,000	5.8
Public Utility	373,500,000	378,200,000	751,700,000	2.3
Excise				
Cigarette	564,700,000	560,400,000	1,125,100,000	3.4
Tobacco Products	85,000,000	88,000,000	173,000,000	0.5
Liquor and Wine	52,000,000	53,000,000	105,000,000	0.3
Beer	8,900,000	8,800,000	17,700,000	0.1
Insurance Company	192,000,000	197,000,000	389,000,000	1.2
Miscellaneous	87,000,000	90,000,000	177,000,000	0.5
TOTAL	$16,077,884,900	$16,638,840,900	$32,716,725,800	100.0%

TABLE 8

2017-19 Departmental Revenues

Agency	2017-18	2018-19	Total
Administration	$6,145,400	$8,945,400	$15,090,800
Appropriation Obligation Bonds	158,558,800	114,205,300	272,764,100
Agriculture, Trade and Consumer Protection	62,700	62,700	125,400
Children and Families	200,000	200,000	400,000
Circuit Courts	30,610,300	27,835,300	58,445,600
Corrections	2,650,000	2,650,000	5,300,000
Court of Appeals	156,200	147,300	303,500
Educational Communications Board	8,200	8,200	16,400
Employment Relations Commission	75,300	75,300	150,600
Financial Institutions	80,620,000	81,023,200	161,643,200
Ethics Commission	0	0	0
Health Services	41,691,500	41,591,500	83,283,000
Higher Educational Aids Board	547,000	547,000	1,094,000
Insurance	25,017,600	20,917,600	45,935,200
Military Affairs	24,500	24,500	49,000
Miscellaneous Appropriations	5,200,000	5,200,000	10,400,000
Natural Resources	5,477,400	5,477,400	10,954,800
Public Defender	7,500	7,500	15,000
Public Instruction	1,363,400	1,343,100	2,706,500
Public Service Commission	1,724,600	1,627,000	3,351,600
Revenue	31,473,000	31,874,900	63,347,900
Safety and Professional Services	2,444,300	1,988,700	4,433,000
Secretary of State	144,900	138,500	283,400
Shared Revenue and Tax Relief	8,881,700	8,881,700	17,763,400
Supreme Court	35,400	33,100	68,500
Tobacco Settlement Revenues	74,066,900	72,508,300	146,575,200
Transportation	2,879,100	2,879,100	5,758,200
University of Wisconsin System	12,828,000	12,828,000	25,656,000
Wisconsin Technical College System	44,400	0	44,400
Workforce Development	269,300	269,300	538,600
Subtotal	$493,207,400	$443,289,900	$936,497,300
Tribal Gaming	25,909,500	25,838,400	51,747,900
Total	$519,116,900	$469,128,300	$988,245,200

TABLE 9

Summary of 2017-19 Appropriations By Functional Area

All Funds

Functional Area	Amount	% of Total
Education	$27,926,989,700	36.9%
Human Resources	30,589,341,200	40.4
Environmental Resources	7,253,537,400	9.6
Shared Revenue and Tax Relief	5,412,352,200	7.1
General Executive	2,751,738,200	3.6
Commerce	754,167,100	1.0
General Appropriations	453,087,000	0.6
Judicial	290,225,900	0.4
Legislative	153,051,200	0.2
Compensation Reserves	123,986,200	0.2
TOTAL	$75,708,476,100	100.0%

General Purpose Revenue

Functional Area	Amount	% of Total
Education	$15,796,979,000	45.6%
Human Resources	11,373,892,800	32.9
Shared Revenue and Tax Relief	4,805,747,900	13.9
General Executive	1,260,323,400	3.6
Environmental Resources	508,679,100	1.5
General Appropriations	337,016,400	1.0
Judicial	260,478,800	0.8
Legislative	148,579,700	0.4
Commerce	76,590,200	0.2
Compensation Reserves	55,162,100	0.1
TOTAL	$34,623,449,400	100.0%

TABLE 10

Summary of 2017-19 Appropriations By Purpose

All Funds

Purpose	Amount	% of Total
State Operations	$27,472,128,600	36.3%
Aids to Individuals and Organizations	25,320,770,100	33.4
Local Assistance	22,915,577,400	30.3
TOTAL	$75,708,476,100	100.0%

General Purpose Revenue

Purpose	Amount	% of Total
Local Assistance	$17,544,049,400	50.7%
Aids to Individuals and Organizations	8,873,030,300	25.6
State Operations	8,206,369,700	23.7
TOTAL	$34,623,449,400	100.0%

STATE AGENCY 2017-19 BUDGET SUMMARIES

ADMINISTRATION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$33,603,600	$33,503,900	$33,763,200	$259,300	0.8%	$159,600	0.5%
FED	281,493,200	279,750,700	279,750,700	0	0.0	- 1,742,500	- 0.6
PR	698,372,000	729,911,700	728,292,000	- 1,619,700	- 0.2	29,920,000	4.3
SEG	115,468,600	118,298,800	118,875,900	577,100	0.5	3,407,300	3.0
TOTAL	$1,128,937,400	$1,161,465,100	$1,160,681,800	- $783,300	- 0.1%	$31,744,400	2.8%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	63.92	62.72	61.72	- 1.00	- 2.20
FED	60.75	60.15	60.15	0.00	- 0.60
PR	881.96	1,372.85	1,334.80	- 38.05	452.84
SEG	15.75	12.75	13.75	1.00	- 2.00
TOTAL	1,022.38	1,508.47	1,470.42	- 38.05	448.04

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $71,400
FED	23,100
PR	567,200
SEG	186,900
Total	$705,800

Governor/Joint Finance: Provide standard budget adjustments to the base totaling -$43,700 GPR, $9,400 FED, -$74,800 PR, and $92,600 SEG in 2017-18 and -$27,700 GPR, $13,700 FED, $642,000 PR, and $94,300 SEG in 2018-19. Adjustments are for: (a) turnover reduction (-$1,323,300 PR annually); (b) full funding of continuing position salaries and fringe benefits (-$74,500 GPR, $1,000 FED, $145,400 PR, and $89,200 SEG annually); (c) reclassifications and semiautomatic pay progression ($26,500 PR in 2017-18 and $32,900 PR in 2018-19); (d) overtime ($537,800 PR

annually); (e) night and weekend differential pay ($28,000 PR annually); and (f) full funding of lease and directed moves costs ($30,800 GPR, $8,400 FED, $510,800 PR, and $3,400 SEG in 2017-18 and $46,800 GPR, $12,700 FED, $1,221,200 PR, and $5,100 SEG in 2018-19).

2. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $220,000	$66,500	- $153,500
PR	9,469,400	0	9,469,400
Total	$9,249,400	$66,500	$9,315,900

Governor: Reestimate funding by -$150,500 GPR and $937,100 PR in 2017-18 and -$69,500 GPR and $8,532,300 PR in 2018-19 to reflect current law reestimates of debt service costs on state general obligation bonds and commercial paper debt issued for the following programs: (a) educational technology infrastructure in schools (-$122,500 GPR in 2017-18 and -$32,300 GPR in 2018-19); (b) educational technology infrastructure for public library boards ($400 GPR in 2017-18 and -$1,400 GPR in 2018-19); (c) Black Point Estate in Lake Geneva (-$28,400 GPR in 2017-18 and -$35,800 GPR in 2018-19); (d) parking facilities in Madison (-$267,500 PR in 2017-18 and -$334,500 in 2018-19); and (f) buildings used to house state agencies ($1,204,600 PR in 2017-18 and $8,866,800 PR in 2018-19).

Joint Finance: Reestimate funding by $34,300 GPR in 2017-18 and $32,200 GPR in 2018-19 to reflect reestimates of debt service costs for educational technology infrastructure in schools ($600 GPR in 2017-18 and -$400 GPR in 2018-19) and the Black Point Estate in Lake Geneva ($33,700 GPR in 2017-18 and $32,600 GPR in 2018-19).

3. CENTRALIZE PRINT AND MAIL; AUTHORIZE WAIVERS OF STATUTE; AND ALLOW SUBSTITUTION BY ELECTRONIC FORMATS AND PUBLISHING

Governor: Create in statute the following authorities pertaining to printing, mailing, and publishing.

Centralize Printing and Mailing at DOA. Require that all printing and mailing services, including printing and mailing for the Legislature and the Courts, but not including authorities or the University of Wisconsin (UW) System, would be administered by DOA. The Secretary of DOA would be permitted to grant an agency a partial or total exemption if the agency demonstrates to the satisfaction of the Secretary of DOA that a "valid business reason" exists for the exemption. The bill does not provide guidance regarding what would constitute a valid business reason. Under the bill, all printing and mailing services for the following state entity types would be administered by DOA: any office; department; agency; institution of higher education other than the UW System; association, society or other body in state government created or authorized to be created by the Constitution or any law (except for an authority), which is entitled to expend moneys appropriated by law; the Legislature; and the Courts.

Under current law, DOA may establish and collect assessments and charges for all authorized services provided by DOA, subject to applicable agreements entered into with any agency or authority to provide the services authorized to be provided and which specify a cost in the agreement.

Authorize DOA to Waive Statute for Executive Branch. Specify that the Secretary of DOA may waive in whole or in part any statutory requirement for a state agency in the executive branch to mail, publish, or print any document if the Secretary of DOA determines that the waiver "will reduce spending while keeping information accessible to the public and protecting public health and welfare." Under the bill, a statutory requirement to mail, publish, or print any document could be waived entirely by the Secretary of DOA. The bill does not specify that a waiver would require or ensure that the statutory requirement be met through electronic or any other means. The provision would apply to all executive branch offices, departments, and independent agencies.

Substituting Electronic Mail and Publishing. Specify that any statutory requirement for a governmental entity to mail a document be construed to allow the entity to satisfy the requirement by sending the document by electronic mail, unless the requirement specifies that the entity must obtain a certificate of mailing from the post office or use certified or registered mail. Specify that any statutory requirement for a governmental entity to publish a document, including a requirement to publish in a newspaper or specified location or a requirement to publish both on the Internet and in another form, be construed to allow the entity to satisfy the requirement by only publishing the document electronically on its Internet site. Specify that any statutory requirement for a governmental entity to print a document be construed to allow the entity to satisfy the requirement by making the document available to the public on its Internet site. The bill does not require that the governmental entity consider accessibility of the information to the public or protection of public health or welfare in making a determination under the provision. Additionally, the bill does not specify the length of time for which documents posted to the Internet must be available, nor does it specify the format of the document or the manner in which the document would be sent by electronic mail or posted to the Internet.

The provision would apply to the following governmental entities: any association, board, department, commission, independent agency, institution, office, society, or other body in state government created or authorized to be created by the Constitution or any law; the Governor; the Legislature; a council or committee of the Legislature; legislative service agencies; the Courts; judicial branch agencies; the Wisconsin Aerospace Authority; the Wisconsin Health and Educational Facilities Authority; the UW Hospitals and Clinics Authority; the Wisconsin Housing and Economic Development Authority; the Wisconsin Economic Development Corporation; the Lower Fox River Remediation Authority; a city, village, town, county, or special purpose district; an agency or corporation of a local government or special purpose district; and a combination or subunit of any local government, special purpose district, or agency or corporation of a local government or special purpose district.

Supplies and services expenditure authority would be reduced in the following agencies in association with the provision: (a) Agriculture, Trade and Consumer Protection ($1,400 GPR and

$5,000 PR annually); (b) Natural Resources ($1,400 SEG annually); and (c) Safety and Professional Services ($4,200 PR annually).

Documents Excluded. The bill would exclude the following from the definition of a document for the purpose of both the provision authorizing the Secretary of DOA to waive statutory requirements, and the provision allowing any governmental entity to use an electronic format, or publish to the Internet, where required in statute to print, mail or publish: (a) every notice and certificate of election, faxed ballot, referenda, notice of public hearing before a governmental body, and notice of meetings of private and public bodies required by law; and (b) every summons, order, citation, notice of sale, or other notice that is intended to inform a person that the person may or must do something or exercise a right within a designated period or by a designated date.

Joint Finance: Delete provision as a non-fiscal policy item.

4. ADMINISTRATIVE RULES MODIFICATIONS

Governor: The bill would make several changes to various aspects of the process for promulgating administrative rules. Modifications under the bill that are specific to DOA, as well as relevant current law, are categorized below. [For a complete summary of the modifications the bill provides to the administrative rules process, see "Legislature."]

Economic Impact Analyses. Provide that, prior to submitting an economic impact analysis (EIA) along with other materials related to a proposed rule to the Legislative Council staff for review, an agency must submit the EIA to DOA. Require DOA to review the EIA and determine whether the data used by the agency in preparing the EIA are appropriate for determining the economic impact of the proposed rule and whether the EIA accurately gauges the economic impact of the proposed rule. Provide that if DOA determines that an agency's EIA does not accurately gauge the economic impact of the proposed rule, DOA must recommend any modifications to the EIA that it considers necessary and direct the agency to revise the EIA. Prohibit an agency from submitting an EIA to Legislative Council staff without the approval of DOA. Specify that DOA may approve an EIA only upon determining that the EIA accurately gauges the economic impact of the proposed rule. Require DOA to similarly review and approve any revised EIAs prepared by the agency. Require DOA, upon approving an EIA, to submit a statement to the agency indicating its approval.

Provide that in submitting materials associated with a proposed rule to Legislative Council staff for review, an agency must also submit information concerning the date of DOA's approval of the agency's initial EIA.

Provide that if an EIA, a revised EIA, or an independent EIA prepared by a vendor indicate that $10,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, over a two-year period, the agency proposing the rule must stop work on the proposed rule and may not continue promulgating the proposed rule, unless subsequent legislation is enacted authorizing the agency to propose such a rule.

Repeal current law procedures related to DOA reviewing a proposed rule of an agency as a result of the findings of an agency's EIA. Under current law, if an EIA for a proposed rule indicates that a total of $20,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to business, local governmental units, and individuals, DOA must review the proposed rule and issue a report. The agency may not submit a proposed rule to the Legislature for review until the agency receives a copy of DOA's report and the approval of the Secretary of DOA. The report prepared by DOA must generally include various findings relating to the documentation, factual data, and methodologies utilized by the agency to prepare the EIA, as well as findings relating to the agency's statutory authority to propose the rule and the rule's consistency with existing rules and federal requirements. Before issuing such a report, DOA may return a proposed rule to the agency for further consideration and revision with a written explanation as to why the proposed rule is being returned. If the agency head disagrees with DOA's reasons for returning the proposed rule, the agency head must notify DOA in writing. The Secretary of DOA must approve the proposed rule when the agency has adequately addressed the issues raised during DOA's review of the rule.

Under current law, an agency must generally prepare an EIA for a proposed rule before submitting the proposed rule to the Legislative Council staff for review. When preparing the analysis, the agency must solicit information and advice from businesses, associations representing businesses, local governments, and individuals that may be affected by the proposed rule. Generally, the EIA must include an analysis of the economic impact and other effects of the proposed rule, including implementation and compliance costs, as well as an analysis of the policy problem the rule is seeking to address.

Independent Economic Impact Analyses. Authorize DOA or either Co-chair of the Joint Committee on Review of Administrative Rules (JCRAR) to request that an independent EIA be prepared for a proposed rule after an agency submits an EIA to the Legislature but before the agency submits the final proposed rule for approval by the Governor. In addition, authorize JCRAR, by a majority vote of a quorum of the Committee, to request the preparation of an independent EIA while the rule is under the review of JCRAR. Provide that if DOA or a Co-chair of JCRAR requests an independent EIA, DOA must contract with a vendor that is not a government agency to prepare the independent EIA and DOA (or the Co-chair of JCRAR, if the independent EIA is requested by the Co-chair) must notify the relevant agency of its decision. Provide that when an independent EIA is requested, the agency may not submit the proposed rule to the Governor for approval until the agency receives the completed independent EIA. Further, provide that if JCRAR requests an independent EIA while a rule is under JCRAR's review, the 30-day review period for the committee is extended to the 10th working day following the receipt of the completed independent EIA by JCRAR.

Require a vendor preparing an independent EIA to do all of the following: (a) include in the independent EIA all of the information that is required in an EIA prepared by state agencies; (b) provide a detailed explanation of any variance from agency's dollar estimate of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governmental units, and individuals as a result of the proposed rule; (c) upon completion of the analysis, submit the analysis to the agency, DOA, the Governor, and the Chief Clerks of each house of the Legislature, who must distribute it to the presiding officers of

their respective houses, the chairs of the appropriate standing committees, and the Co-chairs of JCRAR; and (d) complete the independent EIA within 60 days after contracting to prepare the analysis.

Create a continuing PR appropriation in DOA for the purpose of reimbursing vendors who prepare an independent EIA. Appropriate no funding to the appropriation during the 2017-19 biennium. However, as a continuing appropriation, DOA would be authorized to spend amounts beyond what is appropriated without legislative approval, based on available cash balances.

Provide that if an independent EIA is requested by DOA, DOA must assess the agency that is proposing the rule for the costs charged by the vendor preparing analysis. Provide that assessments to agencies for independent EIAs be received in DOA's appropriation for reimbursing independent EIA vendors.

Under current law, agencies must generally prepare an EIA with regards to a proposed rule. Current law does not specifically authorize DOA to request that an independent EIA be prepared by an outside vendor.

New Duties of the Department of Administration. Establish the following new duties of DOA with regards to the rule promulgation process: (a) provide training to agencies on appropriate data collection and methods of analysis for the purpose of preparing EIAs for proposed rules; (b) attend hearings of JCRAR and present testimony on proposed rules that DOA determines will have an economic impact on specific businesses, business sectors, public utility ratepayers, local governments, regulated individuals and entities, and the state's economy as a whole; (c) review and approve EIAs prepared by agencies; and (d) request that vendors prepare independent EIAs on proposed rules, when appropriate.

Effective Date. Provide that the provisions related to administrative rules reform specific to DOA take effect on July 1, 2018.

Joint Finance: Delete provision as a non-fiscal policy item.

5. ELIMINATE NON-CABINET AGENCY DETERMINATION FOR LEGAL SERVICES AND LEGAL SERVICE ASSESSMENTS

Governor: Repeal a statutory provision that permits DOA to provide legal services, at an agency's request, for any executive branch agency that does not have a Secretary who serves at the pleasure of the Governor. Specify that DOA may provide legal services to any state agency in the executive branch and must assess the agency for any legal services that are provided. The provision would apply to any office, department, or independent agency in the executive branch.

Under current law, at its own discretion, DOA may provide legal services to any state agency that has a Secretary who serves at the pleasure of the Governor and must assess the agency for any legal services that are provided. Also under current law, if any other executive branch agency requests that DOA provide legal services, DOA may do so and must assess the agency for any legal services that are provided.

Joint Finance: Delete provision as a non-fiscal policy item.

6. DIVISION OF HEARINGS AND APPEALS ELECTRONIC RECORDS [LFB Paper 100 and 101]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $1,210,000	- 4.00	$1,110,000	4.00	- $100,000	0.00

Governor: Delete $605,000 and 4.0 positions annually to reflect savings based on statutory modifications that would reduce the need for court reporters. This includes $50,000 annually for anticipated savings associated with Hearings and Appeals staff time. Create statutory authority to allow transmission of a copy of the Division of Hearings and Appeals (DHA) recordings of the agency's administrative proceeding to the court in lieu of preparing a transcript within 30 days after service on an agency of a petition for judicial review of agency action, unless the court requests a transcript. Under current law, the record must be typewritten or printed. This provision would first apply to petitions for review submitted on the effective date of the bill.

Modify current law to allow the testimony at a hearing held under worker's compensation (WC) law to be recorded by a recording machine or taken down by a stenographic reporter. Under current law, testimony must be taken down by a stenographic reporter or, in emergency, recorded by a recording machine. This provision would first apply to hearings for which an application was submitted on the effective date of the bill.

Joint Finance: Modify the Governor's recommendation to delete the provision on workers compensation transcripts and court reporters. Instead, direct that DHA conduct a study of the audio and video needs of worker's compensation hearings that could allow for the use of such technologies in WC hearings. Direct DHA to present its findings to the Workers Compensation Advisory Council (WCAC) by July, 2018. The Council may submit a recommendation to DHA regarding what WC recording equipment would be sufficient to replace a court reporter in time for inclusion in the 2019-21 agency request.

7. DIVISION OF HEARINGS AND APPEALS CASE MANAGEMENT SYSTEM [LFB Paper 102]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$240,000	$49,000	$289,000

Governor: Provide $120,000 annually for a case management system for scheduling and tracking cases in the Division of Hearings and Appeals (DHA) to obtain a more efficient scheduling and tracking case management system. According to DHA, the current system was

introduced in the 1990's and is no longer supported by Microsoft.

Joint Finance: Modify the provision to provide $200,000 in 2017-18 and $89,000 in 2018-19 annually for a case management system.

8. AUDIT BUREAU REVIEW OF FELONY AND MISDEMEANOR REVOCATION PROCESSES

Governor: Create nonstatutory language directing the Legislative Audit Bureau (LAB) to review the policies and procedures of the Department of Corrections (Corrections) and the Division of Hearings and Appeals (DHA) in DOA regarding the probation and parole revocation process for an individual who has violated the terms of his or her community supervision by January 1, 2019.

Specify that the LAB review determine all of the following: (a) whether the provisions of 2013 Act 196 (short-term community corrections sanctions system) and 2015 Act 164 (utilizing supervision fees to partially pay to reimburse counties for probation, parole, and extended supervision holds) are being appropriately applied; (b) whether Corrections and DHA have appropriate policies, procedures, resources, and administrative rules to carry out the responsibilities of 2013 Act 196 and 2015 Act 164, and whether the two agencies provide an appropriate level of due process for the individuals subject to revocation through the entire revocation and appeal process; (c) whether the appropriate action has been applied to the violation that is the reason for the revocation; (d) whether the period of reconfinement is appropriate to the level of violation; (e) whether a violation committed by one person under supervision is treated consistently with a similar violation committed by another person under supervision; and (f) whether the revocation process within Corrections is consistent with the revocation process within DHA. [See "Legislature."]

Joint Finance: Delete provision as a non-fiscal policy item.

9. SERVICE AWARD PROGRAM CHANGES [LFB Paper 103]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$379,600	$450,200	$829,800

Governor: Require that DOA provide a match of $2 for every $1 that a municipality contributes to an individual length of service award account for a volunteer fire fighter, first responder, or emergency medical technician, up to $500 per volunteer per fiscal year. Under current law, the statutes require DOA to match all annual municipal contributions paid to individual length of service award accounts for volunteer fire fighters, first responders, and emergency medical technicians up to $250 per fiscal year. Under current law and under the bill, the limit must be adjusted annually on July 1 to reflect changes in the U.S. consumer price index for all urban consumers.

Modify the vesting requirements of the program to 15 years of service and age 53. Under

current law, a volunteer for whom an account was established must be paid a length of service award upon reaching 20 years of service and reaching the age of 60, consisting of all municipal and state contributions made on behalf of the volunteer and earnings on the contributions, less the amount of expenses incurred in the investment of the contributions and earnings.

Reestimate expenditures for service award match payments by $189,800 annually. Base funding for the appropriation is $2,035,100. The appropriation from which state match payments are made is a sum sufficient appropriation, which is generally expendable from the indicated source in the amount necessary to accomplish the purpose specified. However, the service award appropriation is subject to a statutory limitation of $2.5 million annually. If the total amount of service award payments would be greater than the appropriation limit, DOA must prorate the payments. The bill does not modify the statutory limit on service award match expenditures.

The service award program assists municipalities in financing a length of service award for volunteer fire fighters, first responders, and emergency medical technicians by providing a state match for annual contributions made by municipalities to individual accounts for volunteers. Under statute and administrative rules, a volunteer must provide at least 10 years of service before becoming eligible to receive a distribution of any service award payment under the program. The bill does not modify the statutory partial vesting requirement of 10 years of service.

Joint Finance: Modify the provision to specify that the maximum state match per volunteer account would be $390. Reestimate expenditures by $175,100 in 2017-18 and $275,100 in 2018-19. Further, specify that: (a) to be fully vested a volunteer must have reached age 60 and have provided 15 years of service; (b) to be partially vested a volunteer must have reached age 53 and have provided 10 years of service; (c) a partially vested service award payment made at the request of an individual who is partially vested (reached age 53 and provided at least 10 years of service) must be less than the amount paid to a volunteer who has reached age 60 and provided 15 years of service (similar to current law provisions); and (d) direct DOA to promulgate revised administrative rules reflecting the new vesting requirements (both full and partial). Extend the period of time that a volunteer would be permitted a break in service (without having a supervisor grant a leave of absence) before their length of service award account is closed to 12 months (current law allows a six-month break in service). Finally, repeal s. 16.25(h) of the statutes as a technical correction (the meaning of the subsection is contained within s. 16.25(j) of the statutes).

10. ELIMINATE GPR FUNDING AND POSITION FOR RELOCATION ASSISTANCE [LFB Paper 104]

	Funding	Positions
GPR	- $226,300	- 1.00

Governor: Delete $113,100 in 2017-18 and $113,200 in 2018-19 and 1.0 position annually to transfer administration of relocation assistance services within DOA from the agency's Division of Energy, Housing and Community Resources to the Division of Legal Services. Repeal the GPR appropriation for relocation assistance, rename the PR appropriation for legal services to include relocation assistance. The appropriation is funded from assessments to state agencies for legal services. The Department indicates a methodology for assessing agencies for relocation assistance costs has not yet been determined. Additional

expenditure authority and position authority for relocation assistance services are not provided to the Division of Legal Services under the provision.

The relocation assistance program at DOA reviews and approves relocation plans for public projects that result in displacements. Displacement of residences and businesses results from the use of eminent domain authority by public agencies and local governments. The Department assists governments and agencies in developing relocation plans, payments, and services, and assists in the resolution of disagreements. A relocation plan must include the steps the agency or local government will take to: (a) help displaced owners and tenants find suitable replacement dwellings, farms, or business locations; (b) inform displaced persons on available state, federal, and local assistance programs; (c) determine costs of relocation payments and services; and (d) ensure that persons are not required to vacate dwellings without a reasonable opportunity to find comparable replacement dwellings.

Joint Finance: Modify the provision by amending DOA's legal services appropriation to specify that relocation assistance services would be funded from assessments to the displacing agencies that submit a relocation assistance plan (local governments, state agencies, and other entities). Specify that DOA may assess each displacing agency for its share of DOA costs to provide services.

11. LAND INFORMATION PROGRAM SEPARATE APPROPRIATIONS FOR STATE OPERATIONS AND LOCAL ASSISTANCE

Governor/Joint Finance: Provide $6,945,300 SEG annually in local assistance to a newly created continuing appropriation for land information program local aids. Specify that all moneys received by DOA for land information be deposited to the appropriation, less the amounts needed for state program operations. Remove $6,945,300 SEG annually in local assistance from the current appropriation for the land information program, and modify the appropriation from a continuing appropriation to an annual appropriation. Rename the existing appropriation to the land information program state operations, reviews of municipal incorporations and annexations, and planning grants appropriation. Remaining authority for the state operations appropriation would total $761,600 SEG in 2017-18 and $761,900 SEG in 2018-19 and 3.35 SEG positions annually. State operations funding is for: (a) salaries ($242,500 annually); (b) fringe benefits ($95,900 annually); and (c) supplies and services ($423,200 in 2017-18 and $423,500 in 2018-19).

The land information program under DOA provides funding in the form of grants to counties for the modernization of local land records. Funding is provided from the state segregated land information fund. Revenue for the program is generated from register of deeds real estate document recording fees.

12. MODIFY APPROPRIATION AUTHORITY FOR POSTAGE COSTS [LFB Paper 105]

PR	- $1,653,600

Governor/Joint Finance: Modify DOA's appropriation for postage costs from a sum certain continuing appropriation to a continuing appropriation that is not sum certain. Currently,

in a given fiscal year, expenditure authority for postage costs consists of the unencumbered revenue balance in the appropriation at the end of the previous fiscal year, together with the amount authorized in the appropriation schedule for the fiscal year. Under the bill, expenditure authority for postage costs would be limited only to the amount of revenue available in the appropriation. Revenue for the appropriation is generated from charges to state agencies for the cost of postage.

Reduce estimated postage costs by $826,800 annually associated with lower mailing and printing needs resulting from increased usage of electronic formats. The Department indicates it plans to conduct a "lean project" in 2018-19 to further reduce postage expenses. ["Lean" generally refers to process improvement or continuous improvement business management practices.] Base funding for the appropriation is $16,536,900 annually. Under the bill, dollar amounts shown in the appropriation schedule for postage costs would represent estimates of the amounts that will be expended during any fiscal year, and expenditures would not be limited to these estimates.

13. MODIFY APPROPRIATION AUTHORITY FOR RISK MANAGEMENT ADMINISTRATION [LFB Paper 106]

PR	- $1,115,000

Governor: Modify DOA's appropriation for risk management administration from an annual appropriation to a continuing appropriation that is not sum certain. Specify that at the end of each fiscal year, the unencumbered balance of the appropriation would be transferred from the risk management administration appropriation to the risk management costs appropriation. The latter appropriation receives all risk management assessment revenues and pays for the expenses of the program, including transfers to the appropriation for administration, and which is used to pay claims for state property, liability, and worker's compensation losses. The Executive Budget Book indicates that the Governor recommends "converting the appropriation from annual to continuing due to unpredictability of insurable events." Currently, expenditure authority for risk management administration is limited to the amount appropriated for the fiscal year. Under the bill, expenditures would be limited only to the amount of revenue transferred from the risk management costs appropriation to the administration appropriation. The bill does not limit the amount that may be transferred. Revenue for the risk management program is generated from assessments to state agencies.

Reduce estimated risk management administration expenditures by $557,500 annually from the appropriation's unallotted reserve, which provides for variability in excess insurance costs. Base funding for the appropriation, including the unallotted reserve, is $11,150,100 annually. The Department indicates that the purpose of the adjustment is to reduce total estimated expenditures for the appropriation by 5%. In 2015-16, the Joint Committee on Finance approved an increase to the program's unallotted reserve from $105,100 to $2,000,000, for increased excess property insurance costs and to allow for variable excess insurance expenses in the future.

Joint Finance: Modify the provision to maintain the current law appropriation as an annual appropriation.

14. ELIMINATE DIESEL TRUCK IDLING REDUCTION GRANT PROGRAM [LFB Paper 107]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	- $2,077,100	- 1.00	$2,077,100	1.00	$0	0.00

Governor: Delete $1,000,000 in 2017-18 and $1,077,100 and 1.0 position in 2018-19 associated with the diesel truck idling reduction grant program and associated funding and position authority. Eliminate diesel truck idling grants effective June 30, 2017, and specify an end date of June 30, 2018, for program administration. Under current law, the program is scheduled to sunset on June 30, 2020, for grant funds and June 30, 2021, for program administration. In its 2017-19 agency budget request, DOA indicated that "Demand for funding under this program remains relatively strong and recipients generally report increased efficiency, cost savings and reduced pollution. However, incorporation of these technologies has become generally accepted by the industry due to their cost effectiveness and proven technologies. Sunsetting the program earlier than provided under current law would not be expected to decrease the industry's use of these technologies." Funding for the program is provided from the petroleum inspection fund.

Joint Finance: Delete provision.

15. DUAL EMPLOYMENT RESTRICTION EXEMPTION FOR HEALTH CARE PROFESSIONALS

Governor: Exempt a health care professional who is employed or retained in a full-time position or capacity with an agency or authority and who holds another position or is retained in any other capacity with a different agency or authority for less than 1,040 hours during any 12-month period from the current law dual employment restriction. Define a health care professional as a registered nurse, licensed practical nurse, a physician licensed to practice medicine and surgery, or a psychologist. In addition, modify the current law dual employment restriction to specify that the $12,000 limit applies to any 12-month period rather that to "the same year."

Under current law, state employees who hold a full-time position with a state agency or authority are generally prohibited from holding a position or being retained in any other capacity by another state agency or authority from which the individual receives, directly or indirectly, more than $12,000 as compensation for the individual's services during the same year. The administration indicates that the provisions under the bill would allow the state mental health institutes to retain University of Wisconsin Hospital and Clinics employees on a limited-term employment basis for services provided at the state mental health institutes. [See "Health Services -- Care and Treatment Services."]

Joint Finance: Modify the definition of a health care professional to include physician assistants.

16. REDUCE FUNDING FOR UTILITY PUBLIC BENEFITS ADMINISTRATION SUPPLIES AND SERVICES

SEG	- $963,000

Governor/Joint Finance: Delete $481,500 annually from DOA's appropriation for utility public benefits general program operations associated with supplies and services funding that exceeds actual expenditures for the appropriation. Revenue to the state segregated utility public benefits fund is primarily from fees collected from customers by all non-municipal electric utilities.

17. DELETE APPROPRIATION FOR JUSTICE INFORMATION SYSTEMS

PR	- $653,400

Governor/Joint Finance: Delete the intra-agency District Attorney information technology appropriation and funding of $326,700 annually associated with the elimination of the appropriation. Under current law, the appropriation may be supported by a transfer of federal funds DOA receives for the development and operation of automated justice information systems. Expenditures have not been made from this appropriation since 2011-12, since the federal justice assistance grant funding DOA received for this purpose was depleted.

Under current law, the state supports the salaries and fringe benefits of District Attorneys (DAs), assistant DAs, and deputy DAs, while counties generally support the other costs of DA offices, such as support staff and supplies and services. One exception to this general rule is that the state, through DOA, supports the costs of computer automation in DA offices, including the development of a DA case management system and justice information system interfaces to share information between DAs, the courts, law enforcement, and other justice agencies. In recent years, DOA has utilized a separate appropriation within DOA that is funded by the $21.50 justice information system surcharge to support these efforts.

18. SALE OF ONE OR MORE AIRCRAFT

PR	- $372,800

Governor/Joint Finance: Delete $186,400 annually from DOA's transportation, records, and document services appropriation associated with estimated expenditure reductions from selling one or more aircraft, to reduce costs "while maintaining current service levels." The Department has not determined which aircraft would be sold. Currently, the state owns 19 aircraft.

19. CAPITOL POLICE COST REDUCTION

PR	- $165,400

Governor/Joint Finance: Delete supplies and services expenditure authority of $82,700 annually from DOA's appropriation for facility operations and maintenance and police and protection functions associated with a reduction in anticipated security expenses.

20. DELETE VACANT LEGAL SERVICES ATTORNEY POSITION

	Funding	Positions
PR	- $160,200	- 1.00

Governor/Joint Finance: Delete 1.0 position and $80,100 annually associated with a vacant attorney position and funding for the position ($50,200 for salary, $19,900 for fringe benefits, and $10,000 for supplies and services). Funding for the position is from assessments to state agencies for legal services.

21. REDUCE ENVIRONMENTAL IMPROVEMENT PROGRAM EXPENDITURE AUTHORITY

SEG	- $158,600

Governor/Joint Finance: Delete $79,300 annually in supplies and services from the environmental improvement program appropriation under DOA. Base funding for the appropriation is $843,000 annually, from the environmental improvement fund. The Department indicates that lower data processing expenses account for $64,200 of the reduction. The remainder of $15,100 is associated with anticipated cost reductions from increased electronic distribution of materials using the state's enterprise resource planning system, commonly known as STAR (State Transforming Agency Resources).

22. REDESIGN MAIL ROUTES

	Funding	Positions
PR	- $139,400	- 1.00

Governor/Joint Finance: Delete $69,700 and 1.0 position annually from DOA's transportation, records, and document services appropriation associated with reduced needs for staff time ($27,400 annually for salaries and $10,800 annually for fringe benefits) and supplies and services ($31,500 annually) due to a redesign of mail routes from five routes to four routes. The Department indicates the routes would serve the same delivery locations.

23. REDUCTION OF FUNDING FOR COLLECTIVE BARGAINING GRIEVANCE ARBITRATIONS

PR	- $81,200

Governor/Joint Finance: Reduce funding for DOA's collective bargaining grievance arbitrations appropriation by $40,600 annually to reflect decreasing program revenues. Under current law, DOA utilizes this appropriation to receive money from state agencies for the purpose of reimbursing the state's share of the costs related to grievance arbitrations pertaining to a collective bargaining agreement and to reimburse the state's share of costs for training related to such grievance arbitrations. The Department then utilizes the collected funding to pay the state's share of costs related to collective bargaining grievance arbitrations. Base funding for the appropriation is $70,600 annually. In 2015-16, the appropriation was not utilized to receive new program revenue or to make expenditures.

24. ELIMINATE EXPENDITURE AUTHORITY FOR RADIO-ACTIVE WASTE COMPACT MEMBERSHIP DUES

PR	- $8,200

Governor/Joint Finance: Eliminate expenditure authority of $4,100 annually for Midwest Interstate Low-Level Radioactive Waste Compact membership and dues, associated with expenditure authority that has not been utilized for several years. The compact is an agreement between the states of Indiana, Iowa, Minnesota, Missouri, Ohio, and Wisconsin that provides for the cooperative and safe disposal of commercial low-level radioactive waste.

25. STATE USE BOARD EXPENDITURE REDUCTION

PR	- $6,600

Governor/Joint Finance: Delete $6,600 in supplies and services in 2017-18 from the State Use Board general program operations appropriation under DOA, which is funded from surcharges paid by state agencies. Base funding for the appropriation is $132,400 annually. The reduction is related to lower estimated costs relative to budgeted authority for supplies and services and is not associated with a specific expense or initiative. Funding would remain in the appropriation base in 2018-19.

The State Use Board assists in the identification of materials, supplies, equipment, and contractual services for purchase by state agencies from work centers operated by charitable organizations or nonprofit institutions. The work centers provide for severely handicapped individuals a program of rehabilitation consisting of employment or other occupational activities of an educational or therapeutic nature which are engaged in the production of materials, supplies, or equipment, or performance of contractual services.

26. ELIMINATE DEPOSITORY SELECTION BOARD

Governor/Joint Finance: Repeal statutory provisions relating to the Depository Selection Board. Specify that the Secretary of DOA, or the Secretary's designee, would perform the duties assigned to the Board under current law. The Depository Selection Board is attached to DOA and consists of the State Treasurer, the Secretary of DOA, and the Secretary of DOR (or their designees). Under current law, the Board establishes procedures to be used by state agencies in the selection of depositories for public funds and in contracting for banking services. The provision is included with the elimination of several other boards, councils, or commissions that the administration indicates are inactive.

27. LONG-TERM SERVICE AWARDS FOR CORRECTIONAL OFFICERS, SERGEANTS, AND YOUTH COUNSELORS

Joint Finance: Direct the Administrator of the Division of Personnel Management (DPM) in DOA, in preparing the biennial state employee compensation plan for approval by the Joint Committee on Employment Relations, to include the following one-time lump sum awards for correctional officer, correctional sergeant, youth counselor, and youth counselor advanced positions at the Department of Corrections, as well as correctional officer and correctional

sergeant positions at the Department of Health Services (DHS): (a) on the employee's 10th anniversary of service, $250; (b) on the employee's 15th anniversary of services, $500; (c) on the employee's 20th anniversary of service, $750; (d) on the employee's 25th anniversary of service, $1,000; and (e) for every 5th anniversary of service after completion of 25 years of service, $1,000.

Provide that, if on the effective date of the budget bill, the 2017-19 state employee compensation plan has already been adopted and the compensation plan does not include the supplemental pay provisions identified above, the Administrator of DPM must propose an amendment to the compensation plan to include the above supplemental pay provisions by no later than 30 days after the effective date of the budget bill.

Funding is not provided to the Department of Corrections or DHS to support these long-term service awards. As a result, costs would be supported through the use of agency base resources.

28. REQUIRE FEE REPORT WITH AGENCY BUDGET REQUESTS

Joint Finance: Specify that each executive branch agency include in its agency biennial budget request a report identifying: (a) each fee (any amount of money other than a tax that an agency charges a person other than a governmental entity) the agency is authorized to charge; (b) the amount of each fee or method of calculating the fee; (c) statutory authority to charge the fee; (d) a statement of whether or not the agency currently charges the fee; (e) a description of whether and how each fee has increased or decreased over time; and (f) any recommendation the agency has concerning each fee.

29. ANNUAL REPORT REGARDING SCHOOL DISTRICT EMPLOYEE HEALTH CARE PLANS

Joint Finance: Specify that the Secretary of DOA submit a report on an annual basis to the Joint Committee on Finance and to the appropriate standing committees that includes information provided by school districts to DOA regarding: (a) employee health care plan design; (b) premium contributions; (c) self-insurance contributions; and (d) deductibles, copayments, coinsurance, and other methods by which employees contribute to health care costs.

30. COMMUNITY DEVELOPMENT BLOCK GRANT PRIORITY FOR WATER AND SEWER SERVICES PROJECT

Joint Finance: Specify that for purposes of awarding federal Community Development Block Grant funding in the 2017-19 biennium, DOA must give priority, to the extent allowed by federal law, to a project meeting all of the following criteria: (a) the project would plan for or establish public or private facilities for the provision of water and sewer services primarily to residential users; (b) the new water service would replace services currently provided by an entity other than a public utility, a community water system, a cooperative association, or private

groundwater wells; and (c) the new sewer service would replace services currently provided by an entity other than a public utility, private on-site wastewater treatment systems, or any other on-site forms of sewage disposal.

Transfers

1. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$36,679,600	413.14	- $2,929,400	- 37.05	$33,750,200	376.09
GPR-REV	$2,800,000		$0		$2,800,000	

Governor: Define a shared services agency to include: (a) any department created under subchapter II of Chapter 15 of the statutes (Structure of the Executive Branch), except for the Department of Justice and the Department of Public Instruction; and (b) an independent agency created under subchapter III of Chapter 15 of the statutes, except for the Board of Regents of the University of Wisconsin System and the Technical College System Board. Beginning July 1, 2018, require the Division of Personnel Management (DPM) within DOA to administer for each shared services agency its responsibilities to provide human resources services and payroll and benefits services. Authorize DOA to charge shared services agencies for such human resources and payroll and benefits services with a methodology determined by DOA. The following table identifies the agencies that would be considered a shared services agency under the bill. Note that certain boards, councils, and commissions that are administratively attached to the agencies identified in the table would also be affected by the shared services provisions under the bill.

Shared Services Agencies*

Administration	Kickapoo Reserve Management Board
Agriculture, Trade, and Consumer Protection	Labor and Industry Review Commission
Board on Aging and Long-Term Care	Lower Wisconsin State Riverway Board
Board for People with Developmental Disabilities	Military Affairs
Child Abuse and Neglect Prevention Board	Natural Resources
Children and Families	Office of Commissioner of Insurance
Corrections	Public Defender Board
Educational Communications Board	Public Service Commission
Employee Trust Funds	Revenue
Employment Relations Commission	Safety and Professional Services
Elections Commission	State Fair Park Board
Ethics Commission	State of Wisconsin Investment Board
Financial Institutions	Tourism
Health Services	Transportation
Higher Educational Aids Board	Workforce Development
Historical Society	Veterans Affairs

*Note that in addition to these agencies, other boards, councils, and commissions administratively attached to the agencies identified above would also be considered a shared services agency.

Provide that on July 1, 2018, all positions (including incumbent employees holding these positions), assets and liabilities, personal property, and contracts, of a shared services agency that relate to human resource services and payroll and benefit services, as determined by the Secretary of DOA, would be transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Provide DOA with $541,600 PR and 7.0 PR positions in 2017-18, as well as $36,138,000 PR and 413.14 PR positions in 2018-19, to allow DOA to administer human resources functions for most state agencies beginning July 1, 2018, as part of a shared agency services program. The 7.0 positions provided to DOA in 2017-18 (and subsequently in 2018-19) reflect the transfer of vacant human resource positions in the Department of Workforce Development (DWD), the Department of Health Services (DHS), and the Department of Safety and Professional Services (DSPS) to DOA to provide additional support to DPM. These 7.0 positions would be physically relocated to DPM. The remaining positions provided to DOA in 2018-19 (406.14 positions) generally reflect a transfer of filled human resource positions from various state agencies to DOA for shared agency services. According to the administration, with regards to the 406.14 positions transferred to DOA in 2018-19, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the agency that previously employed the individual, but would become DOA employees rather than employees of the agency.

Funding under the bill for the positions transferred to DOA would be supported by assessments charged by DOA to state agencies for services related to human resources and payroll and benefits. Generally, agencies that have positions transferred to DOA for shared agency services do not see a reduction in funding under the bill. Rather, funding in the transferring agencies associated with the transferred positions is reallocated from salaries and

fringe benefits to supplies and services, in order to support future DOA assessments. [An exception to this generalization is that DWD, DHS, and DSPS each experience a funding reduction in both years of the biennium associated with the transfer of 7.0 vacant positions from the agencies to DOA.] The table below identifies the budget modifications made to state agencies under the bill associated with shared agency services. Note that amounts identified as reallocated funding in the table represent amounts that would be transferred from salaries and fringe benefits to supplies and services within the affected agency. In addition, note that certain agencies do not experience a budget modification under the bill associated with shared agency services, but would still be affected by the provisions under the proposed shared agency services program.

	2017-18			2018-19		
Agency/Fund Source	Funding Change	Funding Reallocated	Position Modifications	Funding Change	Funding Reallocated	Position Modifications
Agriculture, Trade, and Consumer Protection						
GPR	$0	$0	0.00	$0	$558,400	-5.70
PR	0	0	0.00	0	118,900	-1.50
FED	0	0	0.00	0	76,900	-1.00
Subtotal	$0	$0	0.00	$0	$754,200	-8.20
Children and Families						
PR	$0	$0	0.00	$0	$905,100	-9.60
Corrections						
GPR	$0	$0	0.00	$0	$9,489,000	-126.75
PR	0	0	0.00	0	742,800	-8.50
Subtotal	$0	$0	0.00	$0	$10,231,800	-135.25
Employee Trust Funds						
SEG	$0	$0	0.00	$0	$451,000	-5.00
Health Services						
GPR	$0	$0	0.00	$0	$2,083,400	-26.12
PR	- 144,800	0	-2.00	- 144,800	4,145,000	-53.11
FED	0	0	0.00	0	360,500	-4.63
Subtotal	- $144,800	$0	-2.00	- $144,800	$6,588,900	-83.86
Historical Society						
GPR	$0	$0	0.00	$0	$355,700	-4.00
FED	0	0	0.00	0	58,200	-1.00
Subtotal	$0	$0	0.00	$0	$413,900	-5.00
Safety and Professional Services						
PR	- $262,200	$0	-4.00	- $262,200	$358,600	-8.00
State Fair Park Board						
PR	$0	$0	0.00	$0	$113,300	-1.00
Military Affairs						
GPR	$0	$0	0.00	$0	$390,000	-3.80
FED	0	0	0.00	0	308,600	-3.80
Subtotal	$0	$0	0.00	$0	$698,600	-7.60

Agency/Fund Source	2017-18 Funding Change	2017-18 Funding Reallocated	2017-18 Position Modifications	2018-19 Funding Change	2018-19 Funding Reallocated	2018-19 Position Modifications
Natural Resources						
GPR	$0	$0	0.00	$0	$300,900	-3.00
FED	0	0	0.00	0	484,900	-6.00
SEG	0	0	0.00	0	1,738,000	-21.50
Subtotal	$0	$0	0.00	$0	$2,523,800	-30.50
Transportation						
FED	$0	$0	0.00	$0	$276,600	-4.30
SEG	0	0	0.00	0	3,934,500	-50.88
Subtotal	$0	$0	0.00	$0	$4,211,100	-55.18
Public Defender Board						
GPR	$0	$0	0.00	$0	$473,400	-4.95
Revenue						
GPR	$0	$0	0.00	$0	$866,000	-9.95
PR	0	0	0.00	0	78,300	-0.80
SEG	0	0	0.00	0	98,500	-1.25
Subtotal	$0	$0	0.00	$0	$1,042,800	-12.00
Veterans Affairs						
PR	$0	$0	0.00	$0	$1,122,200	-15.64
SEG	0	0	0.00	0	807,200	-9.36
Subtotal	$0	$0	0.00	$0	$1,929,400	-25.00
Workforce Development						
GPR	$0	$0	0.00	$0	$3,300	-0.05
PR	- 86,500	0	-1.00	- 86,500	1,837,500	-20.00
FED	0	0	0.00	0	164,100	-1.95
Subtotal	- $86,500	$0	-1.00	- $86,500	$2,004,900	-22.00
Total Non-DOA Agencies						
GPR	$0	$0	0.00	$0	$14,520,100	-184.32
PR	- 493,500	0	-7.00	- 493,500	9,421,700	-118.15
FED	0	0	0.00	0	1,729,800	-22.68
SEG	0	0	0.00	0	7,029,200	-87.99
Total	-$493,500	$0	-7.00	-$493,500	$32,700,800	-413.14
Administration						
PR	$541,600	$0	7.00	$36,138,000	$0	413.14

Funding and position authority provided to DOA would be provided to the following three annual PR appropriations in DOA: (a) general program operations for the Division of Personnel Management ($481,500 and 6.0 positions in 2017-18 and $35,867,800 and 410.14 positions in 2018-19); (b) financial services ($60,100 and 1.0 position annually); and (c) materials and services to state agencies and certain districts ($210,100 and 2.0 positions in 2018-19).

Require DOA to lapse $2,800,000 to the general fund in 2018-19 from DOA's general program operations PR appropriation for the Division of Personnel Management. According to

the administration, funding for the lapse will be generated through efficiencies and vacancies in the appropriation as a result of the large number of positions transferred to the appropriation.

Under current law, DOA's Administrator of the Division of Personnel Management is generally charged with the effective administration of the state employment relations law. All powers and duties necessary to that end, which are not exclusively vested by statute in the Director of the Bureau of Merit Recruitment and Selection (a bureau of DPM), the Employment Relations Commission, the Division of Equal Rights in DWD, or appointing authorities (the chief officer of any governmental unit or chief administrative officer of an agency unless another person is authorized to appoint subordinate staff in the agency under the law), are reserved for the Administrator of DPM. The Administrator of DPM may delegate, in writing, any of his or her functions to an appointing authority, within prescribed standards, if the Administrator finds that the agency has personnel management capabilities to perform such functions effectively. If the Administrator determines that any agency is not performing such delegated functions within prescribed standards, the Administrator must withdraw such delegated functions. Subject to the approval of the Joint Committee on Finance, the Administrator may order transferred to DPM from the agency to which delegation was made such agency staff and other resources as necessary to perform such functions if increased staff was authorized to that agency as a consequence of the delegation, or if DPM reduced staff or shifted staff to new responsibilities as a result of such delegation.

Under current practice, while DOA does provide services related to human resources and payroll and benefits for certain smaller agencies, boards, commissions, and councils, state agencies generally perform these functions internally, under the delegated authority of DPM. Agencies that provide these functions internally have staff within the agency to perform these functions.

Joint Finance: Approve the Governor's recommendations, with the modifications discussed below.

Reduce funding and position authority provided to DOA by $26,000 PR in 2017-18 and $2,903,400 PR and 37.05 PR positions in 2018-19. Funding would be reduced from DOA's general program operations appropriation for the Division of Personnel Management. Associated with the reduction of positions provided to DOA, fewer positions would be eliminated in other shared services agencies.

Exempt the following agencies from the definition of a shared services agency: (a) the Department of Employee Trust Funds; (b) the State of Wisconsin Investment Board; (c) the Department of Military Affairs; and (d) the Public Defender Board.

Require DOA, by April 15th of each year, to submit a report to the Joint Committee on Finance that includes the following information: (a) information identifying the assessments that DOA intends to charge each shared services agency in the upcoming fiscal year; (b) the number of positions that DOA is using to administer HR services and payroll and benefits services; (c) the number of vacant and filled positions that DOA no longer needs to administer HR services and payroll and benefits services; (d) the cost savings to the state due to the administration of HR and payroll and benefits by DOA; and (e) metrics evaluating the effectiveness of the HR and

payroll and benefits services DOA provided shared services agencies in the previous fiscal year, as well as a comparison of the metrics for the previous fiscal year to similar metrics in previous annual reports. Provide that DOA's annual report would be subject to a 14-working day passive review process by the Finance Committee.

Provide that DOA must provide HR and payroll and benefits services on site for the State Fair Park Board, the Department of Corrections, the Department of Health Services, and the Department of Veterans Affairs.

2. TRANSFER RELAY SERVICE PROGRAM TO PSC AND REDUCE EXPENDITURE AUTHORITY

	Funding	Positions
PR	- $8,048,100	- 1.00

Governor/Joint Finance: Reduce expenditure authority for the relay service program by $1,145,000 annually associated with supplies and services funding that exceeds actual expenditures. Transfer the program from DOA to the Public Service Commission (PSC) and adjust associated funding and position authority under DOA by -$2,879,000 in 2017-18 and -$2,879,100 in 2018-19 and -1.0 position annually. The relay service program is a free service for residents of Wisconsin that connects individuals who are deaf, deaf-blind (having an impairment of both hearing and vision), hard-of-hearing, or have a speech disability with users of standard telephones.

Specify that, on the effective date of the bill, the assets and liabilities of DOA primarily relating to telecommunications relay service, as determined by the Secretary of DOA, would become the assets and liabilities of the PSC. Further, specify that the 1.0 position and the incumbent employee holding the position performing duties that are primarily related to telecommunications relay service be transferred on the effective date to the PSC. Provide that the employee transferred under the provision would maintain the rights and status that he or she enjoyed before the transfer, and would not be required to serve a probationary period if he or she has already attained permanent status. Specify that all tangible personal property, records, and contracts that are primarily related to telecommunications relay service, as determined by the Secretary of DOA, would be transferred on the effective date to the PSC.

Base funding and position authority for the program is $4,022,600 and 1.0 position annually. Program revenue is from assessments by the PSC against local exchange and interexchange telecommunications utilities for the amounts appropriated to the program in proportion to their gross operating revenues during the last calendar year.

3. TRANSFER COMMISSIONER OF INSURANCE IT POSITIONS TO DOA [LFB Paper 391]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$2,689,000	14.50	$216,900	- 2.00	$2,905,900	12.50

Governor: Provide $1,344,500 and transfer 14.5 positions annually from the Office of the Commissioner of Insurance (OCI) DOA's Division of Enterprise Technology (DET). The administration indicates the purpose of the provision is to "provide more efficient and effective information technology support."

Specify that, on October 1, 2017, 14.5 positions and incumbent employees holding those positions in OCI who are performing IT functions, as determined by the Secretary of DOA, would be transferred to DET. Specify that the transferred employees would have all the rights and the same status in DET as they enjoyed in OCI immediately before the transfer and that no transferred employee who has attained permanent status is required to serve a probationary period following the transfer. Specify that the assets and liabilities, tangible personal property, records, contracts, rules and orders, and pending matters of OCI that are primarily related to IT functions, as determined by the Secretary of DOA, would transfer to DET. [See "Insurance."]

Joint Finance: Modify the provision to: (a) increase funding in DOA by $46,700 PR in 2017-18 and $510,400 PR in 2018-19 to incorporate the funding changes included in DOA's errata letter for the transfer; and (b) delete 2.0 PR positions and $145,800 PR in 2017-18 and $194,400 PR in 2018-19 in DOA to provide a total of 12.5 PR positions in DOA instead of 14.5 positions. Require DOA, in consultation with OCI, to prepare a report on information technology services provided by DOA to OCI during the 2017-19 biennium. Specify that the report should identify efficiencies associated with providing OCI information technology services through DOA. Require the report to be submitted with the Department's 2019-21 budget request.

4. TRANSFER OF WORKER'S COMPENSATION DIVISION FUNCTIONS TO HEARINGS AND APPEALS [LFB Paper 695]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$2,481,400	5.50	- $131,200	- 1.00	$2,350,200	4.50

Governor: Transfer $1,240,700 and 5.5 positions annually from the Department of Workforce Development's (DWD) Division of Worker's Compensation to DOA's Division of Hearings and Appeals (DHA). These positions consist of: (a) 1.0 FTE administrative law judge (ALJ); (b) 1.5 FTE Legal Associates; (c) 2.0 FTE Office Operations Associates; and (d) 1.0 FTE workers compensation assistant.

On the effective date of the bill, specify that 5.5 FTE positions and the incumbent DWD employees holding those positions, who perform duties relating to worker's compensation hearings, as determined by the DOA Secretary, are transferred to DOA. Specify that transferred incumbent employees would have all rights and the same employment status that the employees held prior to the transfer, and that no employee who has obtained permanent status would be required to serve a probationary period. [See "Workforce Development -- Other Programs."]

The 2015-17 biennial budget act included a provision to transfer at least 18.0 FTE ALJ

positions, and the incumbent DWD employees holding those positions, to DHA.

Joint Finance: Modify the Governor's recommendation to transfer 4.5 positions instead of 5.5 positions from DWD to DOA. Maintain 1.0 computation technician position in DWD's Worker's Compensation Claims Monitoring Unit instead of transferring the position to DOA. Decrease the funding provided to DOA, from DWD, by $65,600 PR annually. In DWD, transfer $308,600 annually from salary and fringe to supplies, instead of $363,600 under the bill, to pay DOA for the 4.5 transferred positions. [See "Workforce Development."]

5. TRANSFER WORKER'S COMPENSATION ADMINISTRATIVE APPEALS FUNCTIONS FROM LABOR AND INDUSTRY REVIEW COMMISSION [LFB Paper 425]

Governor: Transfer responsibility for administrative review of administrative decisions related to worker's compensation from the Labor and Industry Review Commission (LIRC) to the DOA Administrator of the Division of Hearings and Appeals (DHA). Currently, administrative decisions related to worker's compensation are made by administrative law judges in DHA. Those decisions can be appealed to LIRC. Eliminate LIRC effective January 1, 2018, or on the first day of the sixth month after the effective date of the budget act, whichever is later. [See "Labor and Industry Review Commission."]

Require that a person who wants to file an appeal of a worker's compensation decision made by an administrative law judge in the DHA, could file a petition for review by LIRC within 21 days after the effective date of the budget bill. On the effective date of the budget bill, a person could choose to file a petition with DHA. As of 21 days after the effective date of the budget bill, a person would have to file a petition with the DOA Administrator of the Division of Hearings and Appeals instead of with LIRC.

Authorize the DHA to promulgate rules of procedure as necessary for the Division and the Administrator to perform their duties and functions under the worker's compensation statutes. This would replace the current authorization for the Division to adopt its own rules of procedures and change the same from time to time.

Authorize the DHA to promulgate emergency rules to provide for review of administrative decisions under the provision. Notwithstanding current law procedures for promulgating rules, the Division would not be required to provide evidence that promulgating the rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare, and would not be required to provide a finding of emergency for promulgating the rule. The emergency rules promulgated under the provision would remain in effect for two years after they become effective, or until the date on which permanent rules take effect, whichever is sooner, and the effective date of the emergency rules could not be extended.

Provide that any of LIRC's assets and liabilities, tangible personal property, records, contracts, orders, and pending matters related to worker's compensation would be transferred to DOA on the effective date of the elimination of LIRC. All contracts entered into by LIRC that are primarily related to worker's compensation would remain in effect and be transferred to

DOA. DOA would be required to carry out the obligations of the contract until the contract is modified or rescinded by DOA to the extent allowed under the contract. All orders issued by LIRC would remain in effect until their specified expiration date or until modified or rescinded by DOA. All pending matters related to worker's compensation submitted to or actions taken by LIRC with respect to the pending matter would be considered as having been submitted to or taken by the Administrator of the DHA.

The bill would not provide any funding or positions to the Department. Currently, activities of the DHA are funded from a PR appropriation that receives revenue from the Department of Workforce Development segregated worker's compensation operations administration appropriation. DWD's worker's compensation operations administration appropriation is supported with fees assessed upon and collected from worker's compensation carriers.

Joint Finance: Delete the provision. Request the Chief Justice of the Supreme Court to conduct a survey of decisions and orders of LIRC related to unemployment insurance, equal rights and worker's compensation. [See "Labor and Industry Review Commission."]

6. TRANSFER PATH PROGRAM TO DEPARTMENT OF HEALTH SERVICES

	Funding	Positions
GPR	- $111,600	- 0.20
FED	- 1,765,600	- 0.60
Total	- $1,877,200	- 0.80

Governor/Joint Finance: Transfer the Projects for Assistance in Transition from Homelessness (PATH) program from DOA to the Department of Health Services (DHS). Delete $55,800 GPR and 0.2 GPR position and $882,800 FED and 0.6 FED position annually from DOA. Reductions would be to the following appropriations: (a) housing general program operations ($13,600 GPR and 0.2 GPR position annually); (b) mental health for homeless individuals ($42,200 GPR annually); (c) federal housing aid for state operations ($46,800 FED an 0.6 FED position annually); and (d) federal housing aid for individuals and organizations ($836,000 FED annually). Renumber the mental health for homeless individuals appropriation to reflect the transfer from DOA to DHS.

Specify that, on the effective date of the bill, the assets and liabilities of DOA primarily relating to mental health services, as determined by the Secretary of DOA, would become the assets and liabilities of DHS. Specify that all tangible personal property, records, contracts, rules and orders, and pending matters that are primarily related to mental health services, as determined by the Secretary of DOA, would be transferred on the effective date to DHS. [See "Health Services -- Mental Health, Public Health, and Other Programs."]

7. TRANSFER COLLEGE SAVINGS PROGRAM TO DEPARTMENT OF FINANCIAL INSTITUTIONS [LFB Paper 111]

	Funding	Positions
SEG	- $1,488,600	- 2.00

Governor: Delete $744,200 and 2.0 positions annually and transfer the college savings program from DOA to the Department of Financial Institutions (DFI). Specify that DOA must delegate authority to DFI to enter into vendor contracts for the college savings program. Specify

that DOA's uniform procedures for determining whether contractual services are appropriate would not apply to college savings program contracts. Renumber the college savings program appropriations to reflect the transfer of administration to DFI. Statutory provisions relating to current college savings programs would be transferred in addition to provisions relating to the college tuition and expenses program (otherwise known as the tuition unit purchase program), which was discontinued in 2002 but still has enrollees with accounts and assets invested. The administration indicates the provision would "align current college financial literacy outreach efforts." [See "Financial Institutions."]

Specify that, on October 1, 2017, or the effective date of the bill, whichever is later, 2.0 positions and the incumbent employees holding the positions responsible for college savings program duties, as determined by the Secretary of DOA, would be transferred to DFI. Specify that the employees would have all the rights and the same status in DFI that they enjoyed in DOA immediately before the transfer. Specify that the assets and liabilities, tangible personal property, records, contracts, rules and orders, and pending matters relating primarily to administration of the college savings program would transfer to DFI.

The Department, through its State Capital Finance Office, manages two college savings plans: Edvest and Tomorrow's Scholar, which were initially established under 1999 Act 44. The plans are qualified state tuition plans under section 529 of the U.S. Internal Revenue Code, designed as a savings vehicle for higher education expenses with certain tax advantages. The programs are administered under advisement by the College Savings Program Board.

Joint Finance: Specify that the effective date of the transfer would be the effective date of the bill.

8. INFORMATION TECHNOLOGY PURCHASING POSITIONS [LFB Paper 112]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$1,050,800	6.00	- $430,000	- 2.00	$620,800	4.00

Governor: Provide 6.0 positions annually associated with the deletion (or transfer) of 1.0 position from each of the following agencies and delete salaries and fringe benefits associated with the positions: (a) Children and Families ($99,400 annually); (b) Corrections ($75,100 annually); (c) Health Services ($72,700 annually); (d) Natural Resources ($73,400 annually); (e) Transportation ($86,100 annually); and (f) Workforce Development ($76,600 annually).

Provide position authority and funding to the following DOA appropriations: (a) procurement services (3.0 positions and $258,600 annually); and (b) printing, mail, communication and information technology services to state agencies (3.0 positions and $266,800 annually). The administration indicates the purpose of the provision is "to strengthen information technology and services procurement and purchasing." Additionally, while each of the positions identified for deletion or transfer was initially determined to be vacant, the

Workforce Development position is filled as of February, 2017. The bill does not provide for transfer of any incumbent holding the position.

Joint Finance: Modify the provision to provide $158,000 and 2.0 positions annually for IT services to state agencies and $152,400 and 2.0 positions annually for procurement services. Specify that DOA submit a report to the Committee by August 31, 2018, regarding the activities of the positions performed in the 2017-18 fiscal year, including: (a) any identified accomplishments such as process improvements or major IT procurements that were done efficiently or effectively; (b) any savings that DOA estimates resulted from the initiative; and (c) plans for additional improvements or projects in the 2018-19 fiscal year.

9. POSITIONS FOR STATE CONTROLLER'S OFFICE

[LFB Paper 116]

	Funding	Positions
PR	- $189,800	4.00

Governor/Joint Finance: Delete $94,900 annually ($68,000 in salaries and $26,900 in fringe benefits) from DOA's PR appropriation for the federal resource acquisition program and transfer 2.0 vacant positions from the appropriation to the agency's financial services appropriation. Provide 4.0 positions annually to DOA's financial services appropriation associated with the deletion (or transfer to DOA) of 1.0 position from each of the following agencies and annually delete salaries and fringe benefits funding associated with the positions: (a) Natural Resources ($46,300); (b) Safety and Professional Services ($47,800); (c) Transportation ($79,300); and (d) Workforce Development ($78,300). Reallocate $450,000 annually in DOA's financial services appropriation from supplies and services to salaries ($322,400) and fringe benefits ($127,600).

The Executive Budget Book indicates that changes to funding and position authority are recommended "to better align staffing with workload changes resulting from the implementation of the enterprise resource planning system," commonly known as STAR (State Transforming Agency Resources). Additionally, while each of the positions identified for deletion or transfer was initially determined to be vacant, the Transportation and Workforce Development positions are occupied as of February, 2017. The bill does not provide for transfer of any incumbents holding the positions.

10. TRANSFER POSITION FROM TOURISM FOR FINANCIAL MANAGEMENT

	Funding	Positions
PR	$104,600	1.00

Governor/Joint Finance: Transfer 1.0 position from the Department of Tourism to DOA for the provision of financial management services to the Department of Tourism. Provide $52,300 annually to DOA associated with salary ($37,500) and fringe benefits ($14,800). Provide that the incumbent employee transferred to DOA would retain his or her employee rights and status held immediately before the transfer, and provide that if the employee transferred to DOA has attained permanent status, he or she would not be required to serve a probationary period. [See "Tourism."]

11. TRANSFER STATE PROSECUTORS OFFICE TO THE PROSECUTOR BOARD

	Funding	Positions
GPR	- $257,400	- 1.00

Joint Finance: Transfer the assets and liabilities, tangible personal property, contracts, pending matters, and rules and orders primarily related to the State Prosecutors Office that currently exists under DOA, as determined by the Secretary of DOA, to the Prosecutor Board. The Prosecutor Board is a new agency created under the bill. Specify that the effective date of the transfer is February 1, 2018. Associated with this transfer, reduce funding and position authority in DOA by $75,700 in 2017-18 and $181,700 in 2018-19 and 1.0 position annually.

Provide that DOA must consult with the Prosecutor Board, as opposed to the District Attorneys, in maintaining, promoting, and coordinating automated justice information systems. Require DOA to provide the State Prosecutors Office with general access to a case management system currently used by the Department of Justice to manage case-related information and to share information among prosecutors.

Modify current law related to the appointment of a special prosecutor to provide that, if a District Attorney requests the appointment of a special prosecutor or if a court appoints a special prosecutor on its own motion, the District Attorney must notify the State Prosecutors Office (as opposed to the Department of Administration) that the DA or the court, whichever is appropriate, is unable to obtain assistance from another prosecutorial unit or from an assistant attorney general. Further, provide that a judge or DA must submit an affidavit to the State Prosecutors Office (as opposed to DOA), attesting that one of the necessary conditions for appointment of a special prosecutor exists. Provide that appointment of the special prosecutor must be approved by the State Prosecutors Office, and not DOA. [Under current law, the DA or the court must submit information and receive approval for special prosecutor appointments from DOA since the current law State Prosecutors Office is housed within DOA.]

Provide that the administrator of the Division of Personnel Management within DOA must establish one or more classifications for assistant district attorneys in consultation with the State Prosecutors Office. [Under current law, such consultation is not required.] Modify current law to provide that a District Attorney may appoint temporary counsel as may be authorized by the Prosecutor Board, as opposed to the Department of Administration. [See "District Attorneys."]

Information Technology

1. REDUCE NONSTATE IT SERVICES EXPENDITURE AUTHORITY

PR	- $10,000,000

Governor/Joint Finance: Delete $5.0 million annually in supplies and services funding from DOA's information technology (IT) services to nonstate entities (state authorities, units of the federal government, local governments, tribal schools, and private sector entities). The

Department indicates that the deleted expenditure authority is associated with telecommunications expenses that are funded from internal charges to DOA's educational telecommunications access appropriations, which are funded from the Universal Service Fund. The Department indicates that the effect of the reduction would be to pay such telecommunications expenses directly from the relevant appropriations.

2. MODIFY EDUCATIONAL TELECOMMUNICATIONS ACCESS PROGRAM AND TRANSFER FEDERAL FUNDS [LFB Paper 115]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$7,500,000	- $1,500,000	$6,000,000
SEG-REV	$7,500,000	$0	$7,500,000

Governor: Provide $7.5 million in 2017-18 from the state segregated Universal Service Fund (USF) to DOA's appropriation for telecommunications access to school districts and teacher training grants. Base funding is $10,105,100 annually. Rename the appropriation to "telecommunications access for educational agencies, infrastructure grants, and teacher training grants." Extend the July 1, 2017, sunset date for the information technology (IT) infrastructure grant program to July 1, 2019. Authorize DOA to provide up to $15,000,000 in 2017-18 and $7,500,000 in 2018-19 for IT infrastructure grants. Specify that a school district would be eligible for IT infrastructure grants if school district membership in the previous school year divided by the school district's area in square miles is: (a) 26 or less for 2017-18 grants; and (b) 13 or less for 2018-19 grants. Further, specify that IT infrastructure includes a portable device that creates an area of wireless internet coverage (commonly known as a "hotspot") and that grant funding could be used for: purchasing and installing such devices on buses; and purchasing such devices for individuals to borrow from schools. Other elements of the IT infrastructure grant program would remain the same, including a requirement that DOA give priority to applications from school districts with greater percentages of low-income students.

Repeal the following USF appropriations under DOA and transfer expenditure authority, totaling $5,879,100 annually, to the renamed appropriation for educational agencies, infrastructure grants, and teacher training grants: (a) telecommunications access for private and technical colleges and libraries (-$5,016,000 SEG annually); (b) telecommunications access for private schools (-$694,300 SEG annually); (c) telecommunications access for state schools for the blind and visually impaired and deaf and hard of hearing (-$82,500 SEG annually); and (d) telecommunications access for juvenile correctional facilities (-$86,300 SEG annually). Specify that at the end of each biennium, any unencumbered balance in the combined appropriation would be transferred to the Public Service Commission (PSC) appropriation for broadband expansion grants. The Budget in Brief indicates that the consolidation of appropriations is intended "to assure funds are fully utilized." Under current law, separate appropriations exist for each of the above types of educational entities and funding may not be transferred between appropriations without legislative approval. Under the bill, expenditures for each type of educational entity could be greater or less than current law expenditure authority.

Transfer from DOA's federal e-rate reimbursement appropriation in 2017-18: (a) $7.5 million FED to the USF; and (b) $5.0 million FED to the PSC's appropriation for broadband expansion grants. The state receives federal e-rate aid as reimbursement for a percentage of eligible telecommunications expenses for schools and libraries. E-rate moneys are used for ongoing program expenditures not covered by USF appropriations, as well as to pay down remaining debt from expenses prior to 2003-04 to finance educational technology infrastructure. The Universal Service Fund is funded through assessments on annual gross operating revenues from intrastate telecommunications providers. [See "Public Service Commission."]

Joint Finance: Specify that the eligibility for IT infrastructure grants be 16 pupils per square mile or less in both years of the 2017-19 biennium. Reduce funding to DOA's appropriation for telecommunications access for educational agencies, infrastructure grants, and teacher training grants by $1.5 million in 2017-18.

3. INFORMATION TECHNOLOGY PERMANENT POSITIONS CONVERTED FROM CONTRACTOR STAFF [LFB Paper 116]

	Funding	Positions
PR	- $4,175,200	54.00

Governor: Provide adjustments of -$463,100 and 37.0 positions in 2017-18 and -$3,712,100 and 54.0 positions in 2018-19 to convert existing information technology (IT) contractor staff to permanent state positions. Funding reductions represent the net estimated savings associated with reduced supplies and services expenditures for contractual services and increased expenses for permanent position salaries and fringe benefits (as well as other material expenses associated with creating permanent staff). Expenditure authority modifications and position authority would be provided to the following DOA appropriations for IT services: (a) the enterprise resource planning system (-$216,400 and 15.0 positions in 2017-18 and -$2,830,600 and 15.0 positions in 2018-19); and (b) printing, mail, communication, and IT services to state agencies and veterans services (-$246,700 and 22.0 positions in 2017-18 and -$881,500 and 39.0 positions in 2018-19). The enterprise resource planning system, commonly known as STAR (State Transforming Agency Resources), is the state's system for managing human resources, payroll, finance, budgeting, and procurement.

Expenditure authority modifications by type of expense would be provided as follows: (a) permanent position salaries ($564,000 in 2017-18 and $1,183,500 in 2018-19 for the enterprise resource planning system and $905,800 in 2017-18 and $2,392,100 in 2018-19 for IT services to state agencies); (b) fringe benefits ($223,100 in 2017-18 and $468,200 in 2018-19 for the enterprise resource planning system and $385,300 in 2017-18 and $946,300 in 2018-19 for IT services to state agencies); (c) supplies and services (net reductions of -$1,003,500 in 2017-18 and -$4,482,300 in 2018-19 for the enterprise resource planning system and -$1,537,800 in 2017-18 and -$5,249,600 in 2018-19 for IT services to state agencies); and (d) one-time financing for a partial payment of contractor costs as DOA completes the hiring process for contractors to be employed as permanent state staff ($1,029,700 in 2018-19 for IT services to state agencies).

Joint Finance: Specify that DOA report to the Joint Committee on Finance by August 31, 2018, regarding the activities of the permanent positions converted from contractor staff

performed in the 2017-18 fiscal year, including: (a) accomplishments such as system or process improvements, progress or completion of projects, or finished work products; (b) any additional savings or efficiencies that DOA can estimate resulted from the work of the positions; and (c) plans for additional improvements, projects, or work products for the 2018-19 fiscal year.

4. REALLOCATE POSITION AND EXPENDITURE AUTHORITY FOR ENTERPRISE RESOURCE PLANNING SYSTEM [LFB Paper 116]

Governor/Joint Finance: Provide the following adjustments to DOA appropriations to reflect work that is done by DOA employees to support the operation of the enterprise resource planning system, commonly known as STAR (State Transforming Agency Resources): (a) materials and services to state agencies and certain districts, -$907,000 PR and -7.4 PR positions annually; (b) capital planning and building construction services, -$149,000 PR and -1.0 PR position annually; (c) printing, mail, communication, and information technology services to state agencies, -$3,438,500 PR and -29.1 PR positions annually; and (d) enterprise resource planning (ERP) system, $2,951,800 PR and 37.5 PR positions annually. The state manages finance, budgeting, procurement, human resources, and payroll through the ERP system.

Currently, the ERP system appropriation has no position authority. The position authority and funding that would be reallocated under the budget provision reflect staff resources currently being used to operate the system. Expenditures in each appropriation associated with the operation of the system are charged to and paid from the ERP system appropriation. Therefore, the costs of the system are not recovered from the respective fund sources of each DOA appropriation from which position authority would be reallocated. The costs for the system, which are charged to the ERP system appropriation, are recovered from annual assessments to every state agency based on an allocation of costs according to each agency's percentage share of the following measures relative to totals for all agencies: number of authorized full-time equivalent positions, procurement spending, and adjusted state operations expenditures.

5. MODIFY SELF-FUNDED PORTAL APPROPRIATION AND REQUIRE ANNUAL REPORT [LFB Paper 117]

PR	$1,677,500

Governor: Modify DOA's information technology and communication services self-funded portal appropriation from an annual appropriation to a continuing appropriation and provide $751,300 in 2017-18 and $926,200 in 2018-19. Require DOA to submit to the Legislature an annual report on the administration of the self-funded portal. The bill does not specify other details regarding the content of the report. Base funding for the appropriation is $7,107,800 annually. Currently, spending in a given year may not exceed the amounts in the schedule of appropriations. Under the bill, the amounts in the schedule would represent the best estimate of expenditures. Therefore, expenditures could exceed these amounts if estimated revenue to the appropriation is sufficient.

The appropriation exists for the purpose of receiving and disbursing fee moneys received by the state to provide web-based technology services through the state's web portal to state agencies, state authorities, units of the federal government, local governmental units, tribal

schools, individuals, and entities in the private sector. In May, 2013, the state signed a contract with a private entity to provide web-based government services to the above organizations or individuals. According to the submitted portal business plan, some services provided through the portal would be free of charge, while other services may charge users a fee. Under the contract, all portal fee revenues received by the state, less any statutory fees, merchant processing fees, state revenue sharing portal fees, and any liquidated damages, must be paid to the private entity for the services provided.

Joint Finance: Modify the provision to maintain the appropriation as an annual appropriation. Specify that the annual report also be submitted to the Joint Committee on Finance and that the report: (a) be submitted by October 1 of each year for the fiscal year that ended immediately preceding the date of the report; (b) include a financial statement of the state's self-funded portal revenues and expenditures for the fiscal year; (c) list the services available through the portal, including the addition of services available since the previous fiscal year; (d) indicate the amounts of any fees charged for each of the services; and (e) summarize the activity levels of the services provided. The Department may include any other information it determines is relevant to the administration of the self-funded portal.

6. CENTRALIZE SERVERS AT FEMRITE DATA CENTER

Governor: Require that information technology servers of all executive branch agencies, except the University of Wisconsin System, must be physically located at the state data center on Femrite Drive in the City of Madison. Specify that the Secretary of DOA may grant an exemption from the requirement if an agency demonstrates to the satisfaction of the Secretary that a valid business reason exists for an exemption. Currently, the servers of many, but not all, agencies are located at the Femrite Data Center.

Joint Finance: Delete provision as a non-fiscal policy item.

7. REPEAL GOVERNOR'S WISCONSIN EDUCATIONAL TECHNOLOGY CONFERENCE

PR	- $300,400

Governor/Joint Finance: Repeal the appropriation for administration of the Governor's Wisconsin educational technology conference and delete appropriation funding of $150,200 annually for supplies and services. Eliminate the requirement that DOA: (a) coordinate an annual conference on educational technology, hosted by the Governor, for elementary, secondary, and post-secondary educators; and (b) establish a fee schedule for attending the conference for the purpose of recovering only the actual costs incurred in conducting the conference. The appropriation has been inactive for several years.

Facilities

1. FUNDING FOR OPERATION OF NEW STATE FACILITIES

PR	$7,491,500

Governor/Joint Finance: Provide $3,427,500 in 2017-18 and $4,064,000 in 2018-19 to begin managing three state facilities: the recently purchased Femrite Data Center, the new State Archive Preservation Facility (located at the former site of DOA's Central Services Facility in Madison), and the new Hill Farms State Office Building complex. Expenditure authority would be provided as follows: the State Archive Preservation Facility ($1,214,300 in 2017-18 and $1,811,900 in 2018-19); the Femrite Data Center ($1,557,200 in 2017-18 and $1,596,100 in 2018-19); and parking expenses associated with the Hill Farms State Office Building complex ($656,000 annually). Program revenue for each respective appropriation associated with operating the facilities is generated from rent charged to state agencies occupying space in state-owned facilities, and monthly employee parking charges and other parking fees (including payments by other users of parking such as visitors).

2. FEMRITE DATA CENTER LEASE SAVINGS

PR	- $1,577,900

Governor/Joint Finance: Delete $813,300 in 2017-18 and $764,600 in 2018-19 associated with reduced costs for DOA's Division of Enterprise Technology (DET) to occupy space in the Femrite Data Center. The state assumed ownership of the facility after purchasing it in June, 2016. The reduced funding reflects estimates by DOA of lower rent charges for occupying state-owned space than the charges DET paid when the facility was privately leased.

3. RENEWABLE ENERGY APPROPRIATION [LFB Paper 120]

Governor/Joint Finance: Create a PR appropriation for electric energy derived from renewable resources, funded at $325,400 PR annually. Delete funding of $325,400 PR annually from DOA's appropriation for facility operations and maintenance. Revenue would be provided from payments by any of the following agencies: (a) DOA; (b) Corrections; (c) Health Services; (d) Public Instruction; (e) Veterans Affairs; and (f) the University of Wisconsin System. Separate renewable energy appropriations would be created under each of the above agencies in addition to DOA. The Executive Budget Book indicates the purpose of the provision is "to increase transparency for these expenditures."

Under 2005 Act 141, DOA is required to establish goals for these agencies such that, by December 31, 2011, 20% of annual electric energy generated or purchased by the state for power, heating, or cooling purposes for state-owned or leased facilities would be derived from renewable resources. The bill provision applies specifically to the agencies that are the subject of the Act 141 requirement.

4. BUILDING PROGRAM PROJECT THRESHOLDS

	Funding	Positions
PR	- $20,600	- 0.25

Governor: Delete $10,300 and 0.25 position annually from DOA's capital planning and building construction services appropriation associated with several changes to state building program thresholds. Funding reductions would be from salaries ($7,400) and fringe benefits ($2,900). The administration indicates the reductions would result from "a projected decrease in workload associated with preparation of documents and contract materials." The provision would make changes to the following: (a) the state building trust fund; (b) enumeration requirement; (c) small projects review; (d) construction contract approvals; (e) construction project committee; (f) signature approval; and (g) construction cost adjustment. [See "Building Commission."]

Joint Finance: Delete statutory provisions as non-fiscal policy items and maintain the recommended funding and position reduction.

5. FACILITY SECURITY CONTINUING APPROPRIATION [LFB Paper 121]

Governor: Create a program revenue (PR) continuing appropriation estimated at $0 annually under DOA for security services provided to other state agencies at multi-tenant buildings or other state facilities. Currently, DOA provides certain security services through the Division of Capitol Police, which is funded from an annual PR appropriation. Expenditure authority for such security costs would be limited to the amount of revenue available in the appropriation generated from charges to state agencies for security services at multi-tenant buildings or other state facilities.

Joint Finance: Modify the provision by creating an annual PR appropriation under DOA for security services provided to other state agencies at multi-tenant buildings or multi-tenant facilities, funded at $175,000 PR annually. In addition, reduce expenditure authority to DOA's materials and services to state agencies appropriation by $175,000 PR annually.

6. STUDY CONSOLIDATION OF FACILITIES STAFF

Governor: Require DOA to study the potential consolidation of state facilities duties in a "shared services model" for all executive branch agencies. Specify that DOA must include a request relating to the study in its 2019-21 agency budget request. The Executive Budget Book indicates that the study would focus on consolidating state facilities staffing in particular.

Joint Finance: Delete provision as a non-fiscal policy item.

7. COST-BENEFIT ANALYSIS OF LEASE AND PURCHASE OPTIONS

Joint Finance: Specify that DOA may not enter into, extend, or renew an executive branch agency lease with an annual rent of more than $500,000 unless the Secretary of DOA signs the lease, a copy of the proposed lease is submitted electronically to the Chief Clerk of each house of the Legislature for distribution, and DOA notifies the Joint Committee on Finance of the proposed lease and provides the following information and a summary report of the

information (including the terms of the lease, the lease rate per square foot, and the comparable options) to the Committee: (a) a cost-benefit analysis comparing the lease with purchasing the space or another suitable space; (b) an evaluation of comparable lease options within a 10-mile radius of the property proposed in the lease or, if there are not sufficient comparable properties within a 10-mile radius to perform a meaningful comparison, a wider radius as needed to ensure the lease rate per square foot does not exceed the lease rate per square foot on comparable properties or the market rate by more than 5%.

Further, specify that if the Co-Chairpersons of the Committee do not notify the Secretary within 14 working dates after the date of notification that the Committee has scheduled a meeting for the purpose of reviewing the proposed lease, the lease may be entered into, extended or renewed. Specify that, if the Co-Chairpersons of the Committee notify the Secretary within 14 working dates after the date of notification that the Committee has scheduled a meeting for the purpose of reviewing the proposed lease, the lease may be entered into, extended, or renewed only upon approval of the Committee.

Procurement

1. INCREASE PASSENGER VEHICLE REPLACEMENT THRESHOLDS

PR	- $1,484,800

Governor/Joint Finance: Delete $742,400 annually in supplies and services from DOA's appropriation for transportation, records, and document services associated with a planned increase in vehicle replacement thresholds. The Department indicates that the revised criteria for replacement have not yet been determined. Under current practice, to replace a vehicle already in its fleet an agency must demonstrate that the vehicle is no longer operable or that the vehicle has reached the required age or will have been driven a sufficient number of miles to be replaced. In 2014, replacement criteria were revised and vary depending on the weight and type of vehicle (between 100,000 and 200,000 miles or between eight and 12 years).

2. INCREASE CERTAIN PROCUREMENT THRESHOLDS

Governor: Increase the statutory threshold for a purchase requiring the solicitation of bids to $100,000. Specify that, if an agency has been delegated purchasing authority by DOA, the agency to which authority is delegated would invite bids to be submitted. Under current law, bids are not required if the estimated cost does not exceed $50,000 and the authority to solicit bids is limited to DOA.

Increase the statutory threshold allowing DOA to solicit competitive sealed proposals from $25,000 to $100,000. Specify that an agency to which purchasing authority has been delegated may solicit a competitive sealed proposal under the same circumstances. Repeal a statutory

provision specifying that competitive sealed proposals are not required if the estimated cost does not exceed $50,000. Under current law and under the bill, if the Secretary of DOA or the Secretary's designee determines that the use of competitive sealed bidding is not practicable or not advantageous to the state, DOA may solicit competitive sealed proposals.

Specify that certain procurement bidding requirements may be waived for supplies, material, equipment, or contractual services, other than printing and stationery, if it is in the best interest of the state to do so. [The bill does not specify who would be responsible for determining whether it is in the interest of the state to waive bidding requirements.] Specify that the Secretary of DOA be provided authority to issue a waiver of certain procurement bidding requirements without approval by the Governor if the cost of the purchase is estimated to exceed $25,000 up to a maximum of $150,000. Specify that approval of the waiver by the Governor would be required for purchases estimated to exceed $150,000. Under current law, if the Secretary of DOA determines that it is in the best interest of the state, with the approval of the Governor, he or she may waive statutory bidding requirements and may purchase supplies, material, equipment, or contractual services, other than printing and stationery, from a private source. Under current law and under the bill, if the cost is expected to exceed $25,000, DOA must first publish a Class 2 notice or post a notice on the Internet describing the purchase to be made, stating the intent to make the purchase from a private source without soliciting bids or competitive sealed proposals, and stating the date on which the contract or purchase order will be awarded. The date of the award must be at least seven days after the date of the last insertion or date of posting on the Internet.

Specify that the effective date of the provisions would be July 1, 2017, or the day after publication of the bill, whichever is later, as follows: (a) the bids threshold would first apply to bids solicited on the effective date; (b) the proposal threshold would first apply to proposals invited on the effective date; and (c) the sole source threshold would first apply to purchases made on the effective date.

Joint Finance: Delete provision as a non-fiscal policy item.

3. CONTRACT APPROVAL BY DOA SECRETARY FOR INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

Governor: Specify that no executive branch agency, other than the University of Wisconsin System, may enter into a contract for information technology (IT) or telecommunications materials, supplies, equipment, or contractual services prior to review and approval of the contract by the Secretary of DOA if the total amount of the contract exceeds $150,000. If the amount of the contract is $150,000 or less, it still must be reviewed and approved by DOA (and not specifically the Secretary), as is required under current law for an IT or telecommunications contract of any amount.

Joint Finance: Delete provision as a non-fiscal policy item.

4. REPEAL VENDORNET FUND ADMINISTRATION

SEG	- $169,400

Governor/Joint Finance: Repeal the appropriation under DOA for administration of the VendorNet fund, and delete appropriated supplies and services funding of $84,700 annually. The VendorNet fund is a state segregated fund no longer actively used, which was created under 1995 Act 27 as the information technology investment fund, and later renamed the VendorNet fund under 1999 Act 9. From 1996 through 2002, revenue to the fund was generated from fees assessed to vendors that wished to be automatically notified of state bids in particular commodity areas, and to have online access to bid specifications and vendor information. The fund has not received vendor fee revenue since 2002.

The bill provision does not affect DOA's operation of the web-based VendorNet subscription service. The VendorNet website provides information relating to the provision of goods and services to the state such as bids and contracts, for which vendors, state agencies, and municipalities can register and use the website as a resource.

Housing

1. HOMELESS SHELTER EMPLOYMENT SERVICES GRANT PROGRAM [LFB Paper 202]

PR	$1,000,000

Governor: Provide $500,000 annually from the Department of Children and Families (DCF) federal temporary assistance for needy families (TANF) funds. Create a grant program under DOA for funding homeless case management services at shelter facilities. Specify that DOA may award up to 10 grants annually in amounts of up to $50,000 each to shelter facilities. Require that grant funds must be used for providing intensive case management services to homeless families. The following services would be eligible uses of grant funding: (a) financial management services; (b) employment services, including connecting parents who are job training graduates or who have a recent work history with their local workforce development board and assisting them with using the job center website maintained by the Department of Workforce Development; (c) services intended to ensure continuation of school enrollment for children; and (d) services to enroll unemployed or underemployed parents in a food stamp employment and training program or in the Wisconsin Works program.

Specify that at the end of each fiscal year, any unencumbered balance in the DOA appropriation that is attributable to moneys from DCF must revert to the relevant TANF program appropriations, as determined by the Secretary of DOA. [See " Children and Families -- Economic Support and Child Care."]

Joint Finance: Specify that the allowable uses of grant funding would include public-private partnerships between local governments, religious organizations, local businesses, and charitable organizations which deliver immediate housing relocation services, including but not limited to paying rent on behalf of participants in private housing.

2. HOMELESS EMPLOYMENT PILOT PROGRAM [LFB Paper 130]

GPR	$150,000

Governor: Provide $75,000 annually for employment grants to municipalities that administer a homeless employment pilot program. Specify that any municipality may apply for a grant of up to $75,000. A municipality that receives a grant must contribute at least $50,000 of its own funds and must use both the grant and the contribution for the purpose of connecting homeless individuals with permanent employment. Require DOA to give preference to a municipality that obtains an agreement from a nonprofit organization to provide additional employment and support services to homeless individuals participating in the grant program.

The administration indicates funding would be available for a municipality to initiate a pilot program modeled after a City of Albuquerque, New Mexico, program that utilizes a van to conduct outreach to homeless individuals and offer day labor opportunities such as cleaning up municipal parks and public spaces.

Joint Finance: Specify that a county be considered a municipality; and that DOA give preference to a municipality that places a priority on using the grant and matching funds for the purpose of paying the wages of homeless individuals participating in the grant program.

3. REPEAL GEOGRAPHIC DISTRIBUTION OF HOUSING COST GRANTS AND LOANS [LFB Paper 131]

Governor/Joint Finance: Repeal the statutory requirement that housing cost grants and loans must be reasonably balanced among geographic areas of the state. Under the housing cost grants and loans program, DOA makes grants to designated agents who use the funds to make individual grants or loans to low- or moderate-income persons or families. Grants or loans under this program are designed to assist both homebuyers and renters. The Executive Budget Book indicates that the purpose of the provision is to allow homelessness prevention program grants to be distributed "based on performance and need."

4. RENAME TRANSITIONAL HOUSING PROGRAM [LFB Paper 131]

Governor: Rename the "transitional housing" program under DOA the "housing grants" program. Rename the "shelter for homeless and transitional housing grants" appropriation the "shelter for homeless and housing grants" appropriation.

Repeal the requirement that recipients of grants under the program must use the grant to support a program that permits persons to reside in transitional housing facilities for a period not to exceed 24 months. Specify that grants would instead be awarded for the purpose of providing housing and associated supportive services to homeless individuals and families to facilitate their movement to independent living. Under current law, grants are awarded for the purpose of providing transitional housing and associated supportive services to homeless individuals and families.

The Executive Budget Book indicates that the provision would "allow other housing programs, including rapid rehousing and Housing First programs, to be eligible for maximum federal funding." While the specification relating to transitional housing is deleted, transitional housing would still be an eligible grant purpose.

Joint Finance: Specify that the geographic areas among which housing grants must be reasonably balanced would correspond to the areas served by each continuum of care organization designated by the federal Department of Housing and Urban Development.

Division of Gaming

1. TRIBAL GAMING APPROPRIATIONS AND GENERAL FUND REVENUE [LFB Paper 135]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tribal	$51,632,300	$115,600	$51,747,900

Governor: Appropriate $27,553,000 in 2017-18 and $27,568,700 in 2018-19 in tribal gaming revenue paid to the state under the tribal gaming compacts. The appropriations include: (a) allocations totaling $25,412,600 in 2017-18 and $25,406,600 in 2018-19 to various state agencies for programs unrelated to tribal gaming regulation or law enforcement; and (b) appropriations for the regulation of tribal gaming in DOA [$1,974,800 in 2017-18 and $1,996,300 in 2018-19], and tribal gaming law enforcement in the Department of Justice (DOJ) [$165,600 in 2017-18 and $165,800 in 2018-19].

Tribal revenue paid to the state is based on provisions under the current state-tribal gaming compacts. Under the compacts, tribes are scheduled to make payments to the state based on a percentage of net revenue (gross revenue minus winnings). The percentages used to calculate state payments vary by tribe and, in some cases, may vary by year for the same tribe.

Under current law, Indian gaming receipts are credited to: (a) the DOJ Indian gaming law enforcement appropriation; (b) the DOA general program operations appropriation relating to Indian gaming regulation; and (c) a DOA appropriation for Indian gaming receipts in the amount necessary to make all the transfers specified under the appropriation to other state programs. Indian gaming receipts not otherwise credited to, or expended from, these appropriation accounts are deposited in the general fund.

The calculation for the general fund tribal revenue under the bill is summarized in the following table:

2017-19 Tribal Gaming General Fund Revenue
Governor

	2017-18	2018-19
Estimated Tribal Payments	$52,983,100	$52,789,700
Regulatory Payments	350,000	350,000
Vendor Certification Revenue	140,600	140,600
Total Revenue	$53,473,700	$53,280,300
Program Allocations to State Agencies	27,553,000	27,568,700
Tribal Gaming General Fund Revenue	$25,920,700	$25,711,600

As noted, allocations to state agencies, including allocations to DOA and DOJ for regulation and law enforcement, total $27,553,000 in 2017-18 and $27,568,700 in 2018-19 under the bill.

Under the bill, the Governor recommends the appropriation of tribal gaming revenue to 20 state agencies, in 46 program areas, including the DOA regulation and DOJ enforcement appropriations. Each of these program areas is listed and briefly described in the following table. Where there is a net fiscal change associated with any of these appropriations (other than standard budget adjustments), it is included under the budget summaries of the affected agency.

Of these allocations, all except the wellness center [item #44] are to appropriation accounts authorized under current law. Of the remaining 45 program allocations, 28 are identical amounts to those provided in the 2015-17 biennium. Of the 17 allocations that changed, 11 were affected by standard budget adjustments and/or adjustments to the base only [identified in the table below as items #19, #20, #24, #25, #27 thru #30, #38, #41, and #46]. The remaining six are:

a. UW-Green Bay and Oneida Tribe programs assistance grants [item #2, deletion of $247,500 appropriation in 2017-18 and 2018-19];

b. Consolidation of Indian juvenile placements appropriation into high cost out of home placements [items #4 and #5, transfer of $75,000 in item #5 to item #4 and increase funding to item #4 by $247,500 annually];

c. Tribal elderly transportation [item #36, an increase of $148,500 annually for increased transportation services to tribal elders on and off tribal reservations];

d. Stockbridge-Munsee youth wellness center [item #44, create a non-statutory provision that provides $100,000 tribal gaming revenue in each year of the biennium for a feasibility study and business plan for the potential creation of a youth wellness center];

e. General program operations for Indian gaming regulation under the compacts [item #45, a reduction of $35,800 in 2017-18 and $17,900 in 2018-19 due to reductions in materials and services];

2017-19 Tribal Gaming Revenue Appropriations
Governor

	Agency	Program Revenue 2017-18	Program Revenue 2018-19	Purpose
1	Administration	$563,200	$563,200	County management assistance grant program.
2	Administration	0	0	UW-Green Bay and Oneida Tribe programs assistance grants.
3	Administration	79,500	79,500	Tribal governmental services and technical assistance.
4	Children and Families	717,500	717,500	Indian child high-cost out-of-home care placements.
5	Children and Families	0	0	Indian juvenile out-of-home care placements.
6	Corrections	50,000	50,000	American Indian tribal community reintegration program.
7	Health Services	712,800	712,800	Health services: tribal medical relief block grants.
8	Health Services	106,900	106,900	American Indian health projects.
9	Health Services	242,000	242,000	Indian aids for social and mental hygiene services.
10	Health Services	445,500	445,500	Indian substance abuse prevention education.
11	Health Services	250,000	250,000	Reimbursements for high-cost mental health placements by tribal courts.
12	Health Services	133,600	133,600	Minority health program and public information campaign grants.
13	Health Services	961,700	961,700	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
14	Health Services	445,500	445,500	Elderly nutrition; home-delivered and congregate meals.
15	Health Services	22,500	22,500	American Indian diabetes and control.
16	Higher Educational Aids Board	405,000	405,000	Tribal College Payments.
17	Higher Educational Aids Board	779,700	779,700	Indian student assistance grant program for American Indian undergraduate or graduate students.
18	Higher Educational Aids Board	454,200	454,200	Wisconsin Grant program for tribal college students.
19	Historical Society	201,100	201,100	Collection preservation storage facility.
20	Historical Society	217,100	217,100	Northern Great Lakes Center operations funding.
21	Justice	695,000	695,000	Tribal law enforcement grant program.
22	Justice	490,000	490,000	County law enforcement grant program.
23	Justice	631,200	631,200	County-tribal law enforcement programs: local assistance.
24	Justice	95,500	95,600	County-tribal law enforcement programs: state operations.
25	Kickapoo Valley Reserve Management Board	69,400	69,400	Law enforcement services at the Kickapoo Valley Reserve.
26	Natural Resources	84,500	84,500	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
27	Natural Resources	156,800	156,800	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
28	Natural Resources	96,400	96,400	Management of an elk reintroduction program.
29	Natural Resources	77,100	77,100	Reintroduction of whooping cranes.
30	Natural Resources	1,122,100	1,122,100	State snowmobile enforcement program, safety training and fatality reporting.

	Agency	Program Revenue 2017-18	Program Revenue 2018-19	Purpose
31	Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
32	Public Instruction	222,800	222,800	Tribal language revitalization grants.
33	Tourism	24,900	24,900	State aid for the arts.
34	Tourism	8,967,100	8,967,100	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
35	Tourism	160,000	160,000	Grants to local organizations and governments to operate regional tourist information centers.
36	Transportation	396,000	396,000	Tribal elderly transportation grants.
37	University of Wisconsin System	417,500	417,500	Ashland full-scale aquaculture demonstration facility operational costs.
38	University of Wisconsin System (Building Commission)	271,900	265,800	Ashland full-scale aquaculture demonstration facility debt service payments.
39	University of Wisconsin System	488,700	488,700	Physician and health care provider loan assistance.
40	Veterans Affairs	61,200	61,200	Grants to assist American Indians in obtaining federal and state veterans benefits and to reimburse veterans for the cost of tuition at tribal colleges.
41	Veterans Affairs	87,800	87,800	American Indian services veterans benefits coordinator position.
42	Wisconsin Technical College System	594,000	594,000	Grants for work-based learning programs.
43	Workforce Development	314,900	314,900	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
44	Administration	100,000	100,000	Stockbridge-Munsee For Youth Treatment Wellness Center
	Subtotal (Non-Regulatory Items)	$25,412,600	$25,406,600	
45	Administration	$1,974,800	$1,996,300	General program operations for Indian gaming regulation under the compacts.
46	Justice	165,600	165,800	Investigative services for Indian gaming law enforcement.
	Subtotal (Regulation/ Enforcement)	$2,140,400	$2,162,100	
	Total Appropriations	$27,553,000	$27,568,700	

Joint Finance: Reestimate net tribal gaming revenue available for deposit to the general fund by -$11,200 in 2017-18 and $126,800 in 2018-19 associated with the following changes shown in the table below: (a) unobligated funds reversions (increase of $400,000 annually); (b) program reserves (-$47,000 in 2017-18 and -$98,100 in 2018-19); and (c) program allocations to state agencies (-$364,200 in 2017-18 and -$175,100 in 2018-19 relative to the allocations used in calculating GPR-Tribal revenue under the bill).

2017-19 Tribal Gaming General Fund Revenue
Joint Finance

	2017-18	2018-19
Estimated Tribal Payments	$52,983,100	$52,789,700
Regulatory Payments	350,000	350,000
Vendor Certification Revenue	140,600	140,600
Unobligated Funds Reversions	400,000	400,000
Total Revenue	$53,873,700	$53,680,300
Program Allocations to State Agencies	$27,917,200	$27,743,800
Program Reserves	47,000	98,100
Tribal Gaming General Fund Revenue	$25,909,500	$25,838,400

Several changes were made to allocations recommended by the Governor, and are shown in the list of allocations that follows: (a) restored funding to the UW-Green Bay and Oneida Tribe programs assistance grants that would have been eliminated in 2017-18 (Item #2, $247,500 annually for UW-Green Bay and Oneida Tribe programs assistance grants); (b) increase funding by $16,700 in 2017-18 and $27,600 in 2018-19 for Wisconsin Grants for tribal college students (Item #18); and (c) modify Stockbridge-Munsee youth wellness center to provide $200,000 tribal gaming revenue 2017-18 instead of $100,000 each year of the biennium (Item #44).

2017-19 Tribal Gaming Revenue Appropriations
Joint Finance

	Agency	Program Revenue 2017-18	Program Revenue 2018-19	Purpose
1	Administration	$563,200	$563,200	County management assistance grant program.
2	Administration	247,500	247,500	UW-Green Bay and Oneida Tribe programs assistance grants.
3	Administration	79,500	79,500	Tribal governmental services and technical assistance.
4	Children and Families	717,500	717,500	Indian child high-cost out-of-home care placements.
5	Children and Families	0	0	Indian juvenile out-of-home care placements.
6	Corrections	50,000	50,000	American Indian tribal community reintegration program.
7	Health Services	712,800	712,800	Health services: tribal medical relief block grants.
8	Health Services	106,900	106,900	American Indian health projects.
9	Health Services	242,000	242,000	Indian aids for social and mental hygiene services.
10	Health Services	445,500	445,500	Indian substance abuse prevention education.
11	Health Services	250,000	250,000	Reimbursements for high-cost mental health placements by tribal courts.
12	Health Services	133,600	133,600	Minority health program and public information campaign grants.
13	Health Services	961,700	961,700	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
14	Health Services	445,500	445,500	Elderly nutrition; home-delivered and congregate meals.

	Agency	Program Revenue 2017-18	Program Revenue 2018-19	Purpose
15	Health Services	22,500	22,500	American Indian diabetes and control.
16	Higher Educational Aids Board	405,000	405,000	Tribal College Payments
17	Higher Educational Aids Board	779,700	779,700	Indian student assistance grant program for American Indian undergraduate or graduate students.
18	Higher Educational Aids Board	470,900	481,800	Wisconsin Grant program for tribal college students.
19	Historical Society	201,100	201,100	Collection preservation storage facility.
20	Historical Society	217,100	217,100	Northern Great Lakes Center operations funding.
21	Justice	695,000	695,000	Tribal law enforcement grant program.
22	Justice	490,000	490,000	County law enforcement grant program.
23	Justice	631,200	631,200	County-tribal law enforcement programs: local assistance.
24	Justice	95,500	95,600	County-tribal law enforcement programs: state operations.
25	Kickapoo Valley Reserve Management Board	69,400	69,400	Law enforcement services at the Kickapoo Valley Reserve.
26	Natural Resources	84,500	84,500	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
27	Natural Resources	156,800	156,800	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
28	Natural Resources	96,400	96,400	Management of an elk reintroduction program.
29	Natural Resources	77,100	77,100	Reintroduction of whooping cranes.
30	Natural Resources	1,122,100	1,122,100	State snowmobile enforcement program, safety training and fatality reporting.
31	Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
32	Public Instruction	222,800	222,800	Tribal language revitalization grants.
33	Tourism	24,900	24,900	State aid for the arts.
34	Tourism	8,967,100	8,967,100	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
35	Tourism	160,000	160,000	Grants to local organizations and governments to operate regional tourist information centers.
36	Transportation	396,000	396,000	Tribal elderly transportation grants.
37	University of Wisconsin System	417,500	417,500	Ashland full-scale aquaculture demonstration facility operational costs.
38	University of Wisconsin System (Building Commission)	271,900	265,800	Ashland full-scale aquaculture demonstration facility debt service payments.
39	University of Wisconsin-Madison	488,700	488,700	Physician and health care provider loan assistance.
40	Veterans Affairs	61,200	61,200	Grants to assist American Indians in obtaining federal and state veterans benefits and to reimburse veterans for the cost of tuition at tribal colleges.
41	Veterans Affairs	87,800	87,800	American Indian services veterans benefits coordinator position.
42	Wisconsin Technical College Board	594,000	594,000	Grants for work-based learning programs.
43	Workforce Development	314,900	314,900	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.

	Agency	Program Revenue 2017-18	2018-19	Purpose
44	Administration	200,000	0	Stockbridge-Munsee For Youth Treatment Wellness Center
	Subtotal (Non-Regulatory Items)	$25,776,800	$25,581,700	
45	Administration	1,974,800	1,996,300	General program operations for Indian gaming regulation under the compacts.
46	Justice	165,600	165,800	Investigative services for Indian gaming law enforcement.
	Subtotal (Regulation/ Enforcement)	$2,140,400	$2,162,100	
	Total Appropriations	$27,917,200	$27,743,800	

2. DELETE APPROPRIATION FOR UNIVERSITY OF WISCONSIN-GREEN BAY PROGRAMMING [LFB Paper 640]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	- $495,000	$495,000	$0

Governor: Eliminate statutory provisions and an appropriation in the Department of Administration starting in 2017-18 for University of Wisconsin-Green Bay programming. Delete $247,500 starting in 2017-18 under the Department of Administration. [See "University of Wisconsin System."] Funding for this appropriation is from tribal gaming receipts.

Joint Finance: Delete the Governor's recommendation.

3. TRIBAL YOUTH TREATMENT FACILITY [LFB Paper 136]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tribal	$200,000	$0	$200,000

Governor: Create non-statutory provisions to provide $100,000 in tribal gaming revenue in each year of the biennium to the Stockbridge-Munsee to fund a feasibility study and business plan for the potential creation of a youth wellness center. Repeal the provision effective July 1, 2019.

Joint Finance: Transfer $200,000 in tribal gaming revenue in 2017-18 (rather than $100,000 annually) to fund a feasibility study and business plan for the potential creation of a tribal youth wellness center.

4. GENERAL PROGRAM OPERATIONS

PR	- $53,700

Governor/Joint Finance: Delete $35,800 in 2017-18 and $17,900 in 2018-19 in the general program operations appropriation for tribal gaming in materials and services. Base funding in the materials and services appropriation is $635,500 annually. The appropriation funds expenditures such as hiring outside counsel, and stand-alone data system upgrades, which will now be postponed.

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$54,093,400	$53,145,700	$52,964,000	- $181,700	- 0.3%	- $1,129,400	- 2.1%
FED	23,966,000	21,108,800	21,108,800	0	0.0	- 2,857,200	- 11.9
PR	52,483,400	50,560,300	51,639,400	1,079,100	2.1	- 844,000	- 1.6
SEG	65,477,200	65,953,400	66,772,900	819,500	1.2	1,295,700	2.0
TOTAL	$196,020,000	$190,768,200	$192,485,100	$1,716,900	0.9%	- $3,534,900	- 1.8%
BR		$7,000,000	$7,000,000				

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	207.60	197.80	199.40	1.60	- 8.20
FED	84.77	83.77	83.77	0.00	- 1.00
PR	223.02	212.52	213.72	1.20	- 9.30
SEG	132.40	130.40	130.40	0.00	- 2.00
TOTAL	647.79	624.49	627.29	2.80	- 20.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $689,300	0.00
PR	- 142,800	- 3.00
FED	- 504,600	0.00
SEG	- 163,600	0.00
Total	- $1,500,300	- 3.00

Governor/Joint Finance: Provide adjustments to the agency base budget for the following: (a) removal of non-continuing elements from the agency base (-$68,000 PR in 2017-18 and -$200,800 PR in 2018-19, with -3.0 PR positions); (b) full funding of salaries and fringe benefits for continuing positions (-$381,300 GPR, $232,500 PR, -$184,100 FED, and -$188,300 SEG annually); (c) reductions for staff turnover (-$160,700 GPR, -$140,700 PR, and -$72,400 FED annually); (d) full funding of leases and directed moves ($162,500 GPR in 2017-18 and $198,300 GPR in 2018-19, -$96,800 PR in 2017-18 and -$80,000 PR in 2018-19, -$5,000 FED in 2017-18, and $51,900 SEG in 2017-18 and $73,900 SEG in 2018-19); (e) reclassifications and semiautomatic pay progressions ($16,800

GPR in 2017-18 and $17,100 GPR in 2018-19, $59,600 PR annually, $6,700 FED annually, and $43,600 SEG annually); and (f) minor transfers within the same appropriation (from the food safety general program operations GPR appropriation, transfer $22,800 annually for salaries and fringe benefits to meat and poultry inspection; further, convert 0.25 GPR position for food safety operations from the unclassified service to the classified service, and convert 0.25 GPR position for meat and poultry inspection from the classified service to the unclassified service).

2. AGRICULTURAL CHEMICALS -- LICENSES AND SURCHARGES [LFB Paper 144]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	- $4,280,000	$500,000	- $3,780,000
PR-REV	$2,000	$0	$2,000

Governor: Make various changes to fees and surcharges assessed on agricultural chemicals and commercial feed distributed or sold in Wisconsin. Further, amend certain provisions for payments under the agricultural chemical cleanup program.

Under current law and the bill, the Department of Agriculture, Trade and Consumer Protection (DATCP) collects various fees for deposit to the segregated agrichemical management (ACM), agricultural chemical cleanup (ACCP), and environmental funds. ACM expenditures are dedicated primarily to inspection and regulation of individuals and businesses that manufacture, store, or distribute feed, fertilizer, or pesticide products in the state, as well as to DATCP water quality programs. The ACCP fund supports reimbursements of a portion of eligible cleanup expenses for sites with fertilizer or pesticide spills or contamination. In addition, the environmental management account (EMA) of the environmental fund supports programs for contaminated land remediation, abandonment or replacement of contaminated groundwater wells and DATCP chemical collection (clean sweep) grants, among other purposes.

The provisions described in the following sections include several program changes recommended by agricultural chemical revenues and expenditures (RevEx) advisory committees convened by DATCP in 2015 and 2016. The RevEx Project was intended to consider changes to: (a) simplify fee and surcharge assessments and DATCP licensing procedures; (b) reduce segregated fund revenues to address significant balances and structural surpluses in the ACM and ACCP funds; and (c) balance revenues from certain products and industry sectors with DATCP expenditures attributable to that industry segment. The table following this summary item lists the estimated revenue effects of the provisions by fund or account and fiscal year.

Fertilizers and Soil and Plant Additives

Modify fertilizer manufacturer and distribution license expirations to occur on September 30 annually instead of August 14. Provide that fertilizer licenses for the year beginning August 15, 2017, are in effect through September 30, 2018, to realign the license year. Modify soil and plant additive (SPA) license years to expire each September 30 instead of March 31. Provide

SPA licenses taking effect April 1, 2017, last through September 30, 2018, to realign the license year. These changes are intended to align license expiration dates for fertilizers and SPAs, as license holders often have both license types.

Further, to align SPA annual tonnage reporting and associated fee payments with current provisions for fertilizer, specify SPA tonnage reporting is to cover each July 1 to June 30 period, to be reported by the end of each license year (September 30). For the license year beginning October 1, 2018, require SPA tonnage reports and fees to be on the basis of sales from January 1, 2017, to June 30, 2018, to compensate for the change in license dates.

Additionally, require fertilizer and SPA license holders to report to the Department annually before the expiration of their license their intention to maintain, amend, or discontinue their license or permits. This provision is intended to allow the Department to maintain a registry of active permitted products.

Repeal the exception that fertilizer manufacturing license holders do not have to pay the ACCP surcharge for commercial pesticide application licenses or restricted-use pesticide licenses.

Under the bill, total fertilizer fees would increase from $41.20 to $50 ($30 to ACM, and $20 to ACCP), and would also include a new $25 per location bulk distributor fee. Total fertilizer tonnage fees would decrease to 72¢ per ton from 97¢ per ton (23¢ to ACM, 10¢ to ACCP, 10¢ to EMA, and 29¢ to other sources).

Pesticides

Repeal all requirements for pesticide license holders to report gross revenue derived from the sale or distribution of pesticides. Specify that the penalty for failing to register federally exempt 25(b) minimum risk pesticides is $250 per product, beginning January 1, 2018. For pesticides removed from sale in Wisconsin, repeal provisions regarding final license fee payments based on reconciliation of final-year sales. Instead, apply the same fee structure for pesticides for the final license fees for a license holder who stops selling or distributing a pesticide product.

Under the bill as introduced, pesticide registration fees would total $480 per product ($372 to ACM, and $108 to EMA) for all products. This would replace current provisions assessing license fees to products based on a product's annual sales. Additionally, a $30 surcharge per non-household pesticide product would be deposited to the ACCP, making total registration fees $510 for those products.

Commercial Feed

Require a minimum fee for inspections of commercial feed totaling fewer than 200 tons annually; these minimum fees would be $46 for feed inspection and $4 for weights and measures inspection.

Provide that the first entity that sells or distributes feed in the state, or that brings feed into the state, must pay the inspection fee. Under current law, any commercial feed brought into the

state is exempt from this requirement. Repeal the requirement that receipts of sale of feed must include notice of whether inspection fees have been paid. However, the bill would retain provisions that inspection fees need not be paid if a receipt provides proof of previous inspection fee payment.

Repeal the exempt buyer provision for manufacturers or distributors of feed that sell feed to outside of the state, effective March 1, 2018. Under current law, exempt buyers are eligible to receive credit from the Department for fees paid on feed sold out of state.

Surcharge Holidays

Repeal and recreate the method by which DATCP is to adjust ACCP surcharges to limit growth in the ACCP fund balance. Require the Department to determine on May 1 annually the amount available in the ACCP fund. If the amount is over $1.5 million, reduce all ACCP surcharges to $0 in the subsequent year. If the amount is between $750,000 and $1.5 million, reduce all ACCP surcharges to one-half their usual amounts in the subsequent year. Under current law, the Department is directed to undergo procedures, including a passive review by the Joint Committee on Finance, to reduce surcharges to maintain the ACCP fund balance at not more than $2.5 million; this proposal would automatically reduce fees in the event the fund reaches the specified balances. The June 30, 2016, ACCP fund balance was approximately $5.7 million.

ACCP Reimbursement Provisions

Increase the maximum total site lifetime reimbursement for ACCP cleanup costs to $650,000 for any costs incurred after July 1, 2017. Further, establish a uniform ACCP deductible of $3,000 for all costs incurred after July 1, 2017. Under current law, the maximum total reimbursement is $400,000 and the deductible is $7,500 for most pesticide license holders and larger businesses or $3,000 for others. Additionally, allow for reimbursement of corrective actions taken in response to discharge from recently constructed bulk storage facilities. Current law prohibits reimbursement for facilities for which DATCP received construction plans after July 2, 2013.

Repeal financial assistance to businesses that reimburse costs associated with capital improvements designed to prevent pollution from agricultural chemicals. Under current law, businesses are eligible for up to 50% cost-share for expenses up to $500,000, minus any costs reimbursed due to cleanup efforts. Current law authorizes up to $250,000 to be spent each year under this provision. The pollution prevention program was authorized under 2007 Act 20, but has never been implemented.

Joint Finance: Modify the Governor's recommendations in the following ways:

Pesticides

Establish a pesticide product registration fee of $500 per product, an increase of $20 from the bill. Clarify bill language to specify that pesticide product registrations shall be paid by companies that sell or distribute pesticides in Wisconsin.

Commercial Feed

Specify that commercial feed inspection fees shall be paid by the first person to sell or distribute commercial feed in Wisconsin, or to a person in Wisconsin.

ACCP Reimbursement Provisions

Restore the $7,500 deductible for pesticide license holders and larger businesses.

Cumulative Fiscal Effect

The following table summarizes the fiscal effect of the preceding provisions. The Committee action to establish the pesticide product registration fee at $500 is estimated to increase ACM SEG revenues by $250,000 annually relative to the Governor's recommendations.

Agricultural Chemical Fee and Surcharge Fiscal Effect

Fund/Account	Source	2015-16 Actual	2017-18 Fiscal Effect	2018-19 Fiscal Effect
Agrichemical management	SEG	$8,237,900	-$740,000	-$615,000
Agricultural chemical cleanup	SEG	2,007,000	-1,005,000	-1,350,000
Environmental management	SEG	1,591,800*	-50,000	-20,000
SEG Subtotal		$11,836,700	-$1,795,000	-$1,985,000
Weights & measures	PR	$140,600*	$0	$2,000
Totals		$11,977,300	-$1,795,000	-$1,983,000

* Agricultural chemical fees only. Other revenues to the account are not shown.

Fee Changes

The following table summarizes license fee, tonnage fee and surcharge changes under the bill. The table also reflects effective dates of fee changes. The table is not comprehensive for all agricultural chemical fees deposited to the ACM fund, to the environmental management account, or to several program revenue accounts that receive agricultural chemical fee revenues, as the bill would not affect all agricultural chemical fees collected by the state. Rather, the table only identifies those fee changes made under the bill. The bill would affect all fees deposited into the ACCP fund.

Agricultural Chemical Fee and Surcharge Changes

	Current Law	Governor	Joint Finance	Effective Date
Fertilizer				
ACCP Surcharges				
Fertilizer License	$11.20	$20	$20	October 1, 2017
Bulk Fertilizer Distribution (per location)	-	$25*	$25	October 1, 2017
Fertilizer Tonnage (per ton)	$0.35	$0.10	$0.10	July 1, 2018 [a]
Pesticides				
License Fees (ACM Fund)				
Pesticide Registration - Household				
Sales of $0-$24,999	$141	$372	$392	January 1, 2018
Sales of $25,000-$74,999	$626	$372	$392	January 1, 2018
Sales of $75,000+	$1,376	$372	$392	January 1, 2018
Pesticide Registration - Industrial				
Sales of $0-$24,999	$221	$372	$392	January 1, 2018
Sales of $25,000-$74,999	$766	$372	$392	January 1, 2018
Sales of $75,000+	$2,966	$372	$392	January 1, 2018
Pesticide Registration - Non-Household				
Sales of $0-$24,999	$226	$372	$392	January 1, 2018
Sales of $25,000-$74,999	$796	$372	$392	January 1, 2018
Sales of $75,000+	$2,966**	$372	$392	January 1, 2018
License Surcharges (ACCP Fund)				
Pesticide Registration - Non-Household				
Sales of $0-$24,999	$2.80	$30	$30	January 1, 2018
Sales of $25,000-$74,999	$96	$30	$30	January 1, 2018
Sales of $75,000+	0.6%	$30	$30	January 1, 2018
Restricted-Use Pesticide Dealer	$22.40	$20	$20	January 1, 2018
Pesticide Application Business	$30.40	$20	$20	January 1, 2018
Pesticide Individual Applicator	$11.20	$10	$10	January 1, 2018
Pesticide Application Business***	-	$25*	$25	January 1, 2018
License Fees (Environmental Fund)				
Wood Preservatives				
Sales of $0-$24,999	$5	repeal	repeal	January 1, 2018
Sales of $25,000-$74,999	$170	repeal	repeal	January 1, 2018
Sales of $75,000+	1.1%	repeal	repeal	January 1, 2018
Pesticide Registration - All Products	$94	$108	$108	January 1, 2018
Hazardous Household Waste Fee (per product)	$30	repeal	repeal	January 1, 2018
Commercial Feed				
Feed Inspection (ACM Fund)	$0.23/ton	$0.23/ton ($46 min.)	$0.23/ton ($46 min.)	January 1, 2018 [b]
Weights and Measures Inspection (PR)	$0.02/ton	$0.02/ton ($4 min.)	$0.02/ton ($4 min.)	January 1, 2018 [b]

* Newly proposed.
** Also requires payment of 0.2% gross annual sales.
*** For licensed application businesses that also manufacture or distribute pesticides in bulk.
[a] For sales beginning on this date.
[b] For feed distributed beginning on this date.

3. AGRICULTURAL CHEMICAL CLEANUP REIMBURSEMENTS [LFB Paper 145]

SEG	- $1,200,000

Joint Finance: Reestimate reimbursements of agricultural chemical cleanups at $900,000 annually, a decrease of $600,000 from the adjusted base of $1.5 million. The amount budgeted would reflect DATCP projections for program activity beginning in the 2017-19 biennium.

4. ELIMINATE STRAY VOLTAGE PROGRAM [LFB Paper 537]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $1,095,700	- 5.00	$515,700	1.20	- $580,000	- 3.80

Governor: Delete $547,400 in 2017-18 and $548,300 in 2018-19 and 5.0 positions associated with DATCP implementation of the Public Service Commission's (PSC) stray voltage program. The bill would repeal the stray voltage program, which seeks to identify and resolve farm electric wiring and distribution problems that otherwise may negatively impact livestock. Additionally, the bill would repeal requirements for DATCP to develop and distribute educational materials on stray voltage in cooperation with UW-Extension and the Technical College System Board. The bill would repeal authority of DATCP and PSC to charge assessments or fees for stray voltage activities, and it would repeal two DATCP annual appropriations, including one supported by DATCP fees on rural electric cooperatives, and another supported by PSC fees on large public utilities and farms receiving assistance under the program.

Joint Finance: Restore the stray voltage program and associated statutory authorities in DATCP. Modify the Governor's recommendation to instead delete 3.8 positions and $290,000 PR annually, including 2.8 vacant positions and 1.0 veterinarian. Provide that funding will continue to be provided from assessments on utilities and rural electric cooperatives. Under the bill, DATCP's stray voltage program would be budgeted $257,400 PR in 2017-18 and $258,300 PR in 2018-19 with 1.2 positions. [See the entry under "Public Service Commission" for additional information.]

5. COUNTY LAND AND WATER CONSERVATION STAFFING GRANTS [LFB Paper 147]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	- $1,350,000	$1,800,000	$450,000

Governor: As a standard budget adjustment, delete $675,000 environmental fund SEG from the nonpoint account for grants for county land and water conservation staff. Funding is associated with amounts provided on a one-time basis in the 2015-17 biennium.

DATCP makes grants to counties for land and water conservation staff that perform work related to achieving state goals for soil conservation and water quality. Grants are generally intended to provide for up to three county staff persons at rates of 100% funding for the first position, 70% funding for a second position and 50% funding for a third or any subsequent position. Grants are funded from a combination of GPR and nonpoint SEG. The Governor's recommendation would provide $8,064,100 each year, including $5,036,900 nonpoint SEG and $3,027,200 GPR.

Joint Finance: Provide an additional $900,000 nonpoint SEG annually on an ongoing basis for county conservation staffing grants, for a total of $5,936,900 nonpoint SEG and $3,027,200 GPR annually.

6. SOIL AND WATER RESOURCE MANAGEMENT GRANTS [LFB Paper 148]

SEG	$1,650,000

Governor/Joint Finance: Provide an additional $825,000 SEG annually from the nonpoint account of the environmental fund for soil and water resource management (SWRM) grants and contracts. Funding is intended primarily to support cost sharing for nutrient management planning and other management practices to prevent soil erosion and nutrient runoff to waters of the state. In general, state law requires that landowners must receive an offer of cost-sharing of at least 70% of the cost of installing a structure or practice if the landowner is to be required to modify an existing structure or operation. Funding for these activities comes from both nonpoint SEG and DATCP general obligation bonding authority; non-structural practices cannot be supported by bonding and are funded from nonpoint SEG.

Revisions being promulgated to administrative rule ATCP 50 would align the rule with federal standards updated in December, 2015, and also would increase the annual state cost-sharing rate for nutrient management planning from $7 per acre to $10 per acre. It is expected that a portion of funds provided for soil and water resource management grants would support the anticipated increase in cost share expenditures under the new ATCP 50. The total budgeted amount for soil and water resource management grants and contracts would be $3,325,000 annually in the 2017-19 biennium.

7. SOIL AND WATER RESOURCE MANAGEMENT BONDING

BR	$7,000,000

Governor/Joint Finance: Provide $7,000,000 in general obligation bonding authority to support cost-sharing grants under the SWRM program. SWRM cost-sharing grants funded by bond revenues support landowner installation of structural best management practices, such as those intended to reduce soil erosion from agricultural lands and to provide for manure storage and containment. State law generally requires that agricultural operations must receive a minimum offer of cost-sharing if the operation is to be required to change existing practices or structures to address nonpoint source water pollution. Bonding authority for these purposes has been increased by $7 million each biennium beginning in 2007-09, and the Department typically provides $3.5 million per year for grants to landowners. Principal and interest payments on the

bonds are supported by the nonpoint account of the segregated environmental fund. The bill budgets nonpoint SEG of $4.2 million in 2017-18 and $4.6 million in 2018-19 for these purposes.

8. PRODUCER-LED WATERSHED PROTECTION GRANTS [LFB Paper 148]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$500,000	- $500,000	$0

Governor: Create an appropriation with $250,000 annually under DATCP's agricultural resource management program for producer-led watershed protection grants. The program was created under 2015 Act 55, and provides grants directly to producer-led groups for nonpoint source pollution abatement activities. The bill would create a separate annual GPR appropriation for the program, and repeal the requirement to provide $250,000 annually from the nonpoint SEG appropriation for soil and water resource management cost-sharing grants, which funded the program in the 2015-17 biennium.

Joint Finance: Delete provision. Funding for producer-led watershed protection grants would remain supported by up to $250,000 nonpoint SEG each fiscal year from the annual appropriation for soil and water resource management grants. Further, increase the maximum grant under the program from $20,000 to $40,000 per fiscal year for any single producer-led group or legal entity acting on a group's behalf.

9. SOIL AND WATER CONSERVATION GRANT ALLOCATION PRIORITY [LFB Paper 148]

Governor: Require DATCP, in coordination with the Department of Natural Resources (DNR), to prioritize projects in, near, or affecting impaired waters or agricultural enterprise areas (AEAs) when considering grant allocations under the annual joint allocation plan.

Impaired waters are those identified by DNR as not meeting state water quality standards. A list of those impaired waters is submitted biennially to the Environmental Protection Agency under requirements of the Clean Water Act. The 2016 list included approximately 1,300 water bodies. AEAs are designated by DATCP and consist of land targeted for agricultural preservation, development, or expansion. There are currently 33 AEAs covering 1,117,100 acres in 24 counties.

The joint allocation plan provides funding for grants to counties and municipalities for projects that address or prevent nonpoint source water pollution. Funding supports cost-share grants, land conservation staff, urban nonpoint source projects, targeted runoff management grants, notice of discharge grants, and nutrient management education. In 2017, total DATCP and DNR grants allocated under the plan are $21,281,400 from a variety of state and federal fund sources.

Joint Finance: Modify the Governor's proposal to apply prioritization criteria to only the allocation of cost-share grants for nutrient management planning, rather than all joint allocation plan grants.

10. ELIMINATE FARM-TO-SCHOOL PROGRAM [LFB Paper 140]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $132,800	- 1.00	$132,800	1.00	$0	0.00

Governor: Repeal the farm-to-school program, which is intended to connect schools and local farms to provide students with locally sourced fruit, vegetables, and dairy products, while also supporting local agriculture.

Delete $66,400 annually and 1.0 position associated with administration of the farm-to-school program. The position is responsible for promoting communication and coordination between farmers, schools and other entities, and for providing technical assistance and training. The bill would repeal two appropriations supporting the farm-to-school program: (a) an annual appropriation for program staff and operations; and (b) an annual appropriation for farm-to-school grants. (The grant appropriation has never been authorized funding.)

Additionally, eliminate the Farm-to-School Council, which is charged with providing DATCP guidance and consultation on implementation of the program. The Farm-to-School Council is appointed primarily by the DATCP Secretary, and consists mostly of farmers, school food service personnel, children's health experts, and others with interests in agriculture, education, or nutrition.

Joint Finance: Delete provision.

11. FARMLAND PRESERVATION PLANNING GRANTS [LFB Paper 142]

GPR	- $328,400

Joint Finance: Repeal the June 30, 2016, sunset of the farmland preservation planning grant program, and delete $164,200 annually to reflect anticipated grant demand in the 2017-19 biennium.

Farmland preservation plans are adopted by counties to establish a county's policy for farmland preservation and agricultural development, and counties are generally required to update plans at least every 10 years. Farmland preservation planning is a basis for seeking various agricultural preservation designations that may qualify lands for the farmland preservation tax credit. DATCP provides planning grants on a reimbursement basis, and may cover up to 50% of the county's cost of preparing a farmland preservation plan. 2015 Act 55 provided $374,200 GPR annually for planning grants during 2015-17, and the bill as introduced includes the same annual funding. However, current law establishes a sunset for the

appropriation of June 30, 2016, after which no new awards may be provided by DATCP for planning grants. The provision would eliminate the sunset to make grants permanent, and provide $210,000 GPR annually.

12. LIVESTOCK PREMISES IDENTIFICATION

SEG	$200,000

Joint Finance: Provide $100,000 agrichemical management (ACM) SEG annually in a new appropriation for administration of the livestock premises registration program, in addition to the currently provided $250,000 GPR annually.

The statutes require any person keeping livestock to register the premises at which the animals are kept. The law, which took effect in 2005, is primarily intended to allow DATCP animal health staff to respond to potential disease outbreaks by being able to quickly trace animals identified as potential carriers of pathogens. There is no fee for registration of premises, and registrant information is kept confidential with limited exceptions. Premises registration currently is carried out under a contract between DATCP and the nonprofit Wisconsin Livestock Identification Consortium (WLIC).

13. COUNTY AND DISTRICT FAIR AIDS

GPR	$50,000

Joint Finance: Provide an additional $25,000 annually for aids to county and district fairs. DATCP has base funding of $406,400 GPR each year for fair aids, and the statutes provide the Department may reimburse fairs for award premiums on such categories as livestock, educational exhibits, agricultural implements and tools, and certain other categories. Awards are distributed for: (a) 95% of the first $8,000 paid in net premiums; and (b) 70% of all net premiums paid in excess of $8,000. Awards are capped at $10,000 per fair, subject to further proration if total eligible reimbursements exceed the appropriated amount. The provision would increase total funding to $431,400 GPR annually.

14. POSITION REDUCTIONS [LFB Paper 141]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $605,600	- 3.10	$210,800	0.60	- $394,800	- 2.50
PR	- 126,200	- 1.00	- 6,600	0.00	- 132,800	- 1.00
SEG	- 318,400	- 2.00	41,200	0.00	- 277,200	- 2.00
Total	- $1,050,200	- 6.10	$245,400	0.60	- $804,800	- 5.50

Governor: Delete $525,100 annually ($302,800 GPR, $63,100 PR, and $159,200 SEG) and 6.10 positions as shown in the following table.

DATCP Annual Positions Reductions

Appropriation	FTE	Annual Reduction	Fund Source
Agricultural Development (general operations)	-1.50	-$75,500	GPR
Agrichemical Management (general operations)	-2.00	-159,200	SEG
Central Agency Services (general operations)	-1.60	-227,300	GPR
Telephone Solicitation Regulation	-1.00	-63,100	PR
Total	-6.10	-$525,100	

The deleted positions consist of the following: (a) 0.5 economic development consultant, (b) 1.0 agricultural program specialist, (c) 1.5 hydrogeologists, (d) 0.5 office associate, (e) 1.0 policy initiatives advisor, (f) 0.6 training coordinator, and (g) 1.0 program and policy analyst. The Department indicates all positions except the office associate are vacant.

Joint Finance: Restore 0.6 GPR position for DATCP central agency operations and $122,700 annually ($105,400 GPR, -$3,300 PR and $20,600 SEG) to correct erroneous calculations of positions and costs.

15. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Positions
GPR	- 5.70
PR	- 1.50
FED	- 1.00
Total	- 8.20

Governor/Joint Finance: Delete 5.7 GPR, 1.5 PR and 1.0 FED positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following central administrative services appropriations: (a) general program operations (-5.7 GPR positions); (b) central services (-1.5 PR positions); and (c) federal indirect cost reimbursements (-1.0 FED position). Beginning in 2018-19, funding of $558,400 GPR, $118,900 PR, and $76,900 FED associated with the positions would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to and employed by DOA, the individuals holding those positions would continue to be located at DATCP.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies

for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration – Transfers."]

16. LABORATORY EQUIPMENT AND SERVICE CHARGES

PR	$700,000

Governor/Joint Finance: Provide $300,000 in 2017-18 and $400,000 in 2018-19 for the DATCP Bureau of Laboratory Services (BLS), primarily for increased costs for maintenance contracts and replacement of laboratory equipment. BLS analyzes samples gathered during inspections and regulatory actions under the food safety and agrichemical management programs. The Bureau charges these programs for its services, with the charges reflected as expenditures to the food safety and agrichemical management programs, and as revenues to the laboratory. Total authorized expenditure authority for general laboratory services is $3.2 million in 2017-18 and $3.3 million in 2018-19 under the bill.

17. COMPUTER SYSTEM EQUIPMENT, STAFF AND SERVICES

PR	$650,000

Governor/Joint Finance: Provide $300,000 in 2017-18 and $350,000 in 2018-19 for additional expenditures on information technology services throughout the Department. DATCP information technology services are funded from assessments charged to appropriations of other DATCP programs. The funding would support anticipated increases in costs during the 2017-19 biennium. Total authorized expenditures for DATCP computer system equipment, staff and services is approximately $2.8 million annually under the bill.

18. DEBT SERVICE REESTIMATE [LFB Papers 170 and 477]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $17,200	$250,300	$233,100
SEG	650,200	- 21,700	628,500
Total	$633,000	$228,600	$861,600

Governor: Provide the following adjustments to debt service appropriations to reflect estimated principal and interest payments on previously issued general obligation bonds: (a) -$300 GPR in 2017-18 for debt service on past upgrades to the Wisconsin Veterinary Diagnostic Laboratory (WVDL); (b) $28,000 GPR in 2017-18 and -$44,900 GPR in 2018-19 for bonds issued for landowner cost-sharing and enrollment incentive payments under the Conservation Reserve Enhancement Program (CREP), a state-federal land and water conservation program; and (c) $221,400 SEG in 2017-18 and $428,800 SEG in 2018-19 from the nonpoint account of the environmental fund for bonds issued to support cost-sharing grants to landowners for structural best management practices installed under the soil and water resource management (SWRM) program.

Joint Finance: Provide an additional $77,600 GPR in 2017-18 and $172,700 GPR in

2018-19 to reflect the May, 2017, reestimate of principal and interest payments for CREP. Further, delete $74,200 SEG in 2017-18 and provide an additional $52,500 SEG in 2018-19 for SWRM grants.

Debt service is budgeted as follows: (a) for WVDL upgrades, $4,200 GPR in 2017-18 and $4,500 GPR in 2018-19; (b) for CREP, $934,800 GPR in 2017-18 and $957,000 GPR in 2018-19; and (c) for SWRM grants, $4.2 million SEG in 2017-18 and $4.6 million SEG in 2018-19.

19. PROGRAM REVENUE REDUCTIONS

PR	- $1,853,000

Governor/Joint Finance: Reestimate several program revenue continuing appropriations to reflect anticipated revenues and expenditures in 2017-19. Reductions would be allocated among the following program areas:

DATCP Program Revenue Reestimates

Program	Appropriation	Annual Reduction
Agricultural Development	Services and materials	-$42,000
Agricultural Resource Management	Plant protection	-159,600
Agricultural Resource Management	Interagency services	-46,400
Central Administrative Services	Gifts and grants	-331,200
Central Administrative Services	Central services	-262,300
Total		-$841,500

The appropriations above are continuing appropriations, meaning DATCP may expend all monies received for the purposes identified in the appropriation. The reestimates are intended to align budgeted expenditures for the year with anticipated revenues.

Additionally, delete expenditure authority from the following annual appropriations:

DATCP Program Revenue Reductions

Program	Appropriation	Annual Reduction
Food Safety and Consumer Protection	Sale of supplies	-$15,000
Central Administrative Services	Publications and other services	-70,000
Total		-$85,000

The provision is intended to reduce expenditure authority to reflect actual expenditure levels for each appropriation in recent years.

20. FEDERAL REVENUE REESTIMATES

FED	- $2,398,000

Governor/Joint Finance: Reduce budgeted expenditures in the following program areas to reflect estimated federal funding to be received by the Department in 2017-19:

DATCP 2017-19 Federal Revenue Reestimates

Appropriation	Annual Reduction
Trade and consumer protection (Petroleum tank regulation)	-$140,000
Animal health services	-200,000
Agricultural development (Business development)	-50,000
Agricultural development (Farm assistance)	-457,000
Agricultural resource management (U.S. Env. Protection Agency aids)	-32,000
Agricultural resource management (U.S. Dept. of Agriculture aids)	-220,000
Central administrative services	-100,000
Total	-$1,199,000

21. VETERINARY EXAMINING BOARD REESTIMATE [LFB Paper 146]

PR	$560,000

Joint Finance: Reestimate expenditures for the Veterinary Examining Board (VEB) appropriation by $280,000 in each of 2017-18 and 2018-19. The reestimate reflects expenditures at DATCP associated with the Board, which was transferred from the Department of Safety and Professional Services under 2015 Act 55. VEB operations would be budgeted at $323,900 in 2017-18, including $43,900 for 1.0 expiring project position, and $280,000 beginning in 2018-19.

22. WORKING LANDS PROGRAMS

SEG	$8,000

Governor/Joint Finance: Provide an additional $4,000 annually from the working lands fund for DATCP administration of farmland preservation programs, primarily for increased supplies and services costs. Under the Working Lands Initiative (WLI), DATCP administers several land-use instruments under which local governments and agricultural landowners designate rural lands for long-term agricultural and related uses. Such designations may allow for landowners to claim the refundable farmland preservation tax credit against income taxes due. Total budgeted expenditures under the appropriation would be $12,000 each year of the 2017-19 biennium.

23. POSITION REALIGNMENT

PR	- $45,400
FED	45,400
Total	$0

Governor/Joint Finance: Transfer $22,700 annually for salaries and fringe benefits from the food regulation PR appropriation to the meat safety FED inspection appropriation. As part of the transfer, convert 0.25 PR position under food regulation from the unclassified service to the classified service, and convert 0.25 FED position under meat safety inspection from the classified service to the unclassified service.

24. PRINTING, MAILING, AND PUBLISHING ELECTRONIC DISTRIBUTION OPTION

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $2,800	$2,800	$0

Governor: Allow the Department to meet its printing, mailing, and publishing requirements by making most materials available electronically instead of in print. Reduce expenditure authority by $1,400 GPR annually for lower anticipated costs under this provision. Exclude from this provision: (a) certain legal notices; (b) notices of public hearings before a governmental body; (c) documents requiring mailing by certified or registered mail; and (d) notices of meetings as required by law. Authorize the Secretary of the Department of Administration to waive requirements for printing, mailing, publishing, or electronic distribution if it is determined that waiving a requirement will reduce expenditures while keeping the information accessible to the public and protecting the public health and welfare. [See "Administration - General Agency Provisions."]

Joint Finance: Delete provision as a non-fiscal policy item, and restore $1,400 GPR annually.

25. ALLOW DATCP TO SERVE BY CERTIFIED MAIL

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	- $10,000	$10,000	$0

Governor: Modify the statutes to allow DATCP to serve a complaint, notice, order, or other process of the Department either: (a) in the manner provided for service of a summons in civil actions, which generally is to be in-person service; or (b) by registered mail or certified mail to an address provided by the individual being served and on file with the Department of Financial Institutions or DATCP. Additionally, allow service of a subpoena either: (a) in the manner currently provided for service of a subpoena under s. 885.03, which is typically to be via in-person presentation; or (b) by registered or certified mail. Further, reduce expenditure authority by $5,000 PR annually for lower anticipated costs under this provision. Current law does not permit the use of certified mail. Both certified and registered mail provide proof of mailing at the time of mailing and delivery or attempted delivery.

Joint Finance: Delete provision as a non-fiscal policy item, and restore $5,000 PR annually.

26. VETERINARY EXAMINING BOARD ADDICTION IDENTIFICATION AND ASSISTANCE

Governor/Joint Finance: Require the Veterinary Examining Board (VEB) to promulgate rules to address allegations that a person holding a Board credential has practiced while impaired by alcohol or other drugs. Specify that the Board develop procedures to assist any licensed person who requests or pursues treatment. Additionally, require that the Board facilitate early identification and rehabilitation of those affected by drug or alcohol dependence, but that VEB assistance procedures may be used in conjunction with formal disciplinary measures under current law. The provision also allows the Board to contract with third parties to administer assistance procedures under this rule.

This provision is intended to provide a similar procedure in DATCP to the one already in place under administrative rule SPS 7 of the Department of Safety and Professional Services, whose rules applied to VEB before its transfer to DATCP in 2015. In addition, the provision would require, rather than allow, the Department to have such a procedure for addressing allegations and providing treatment to licensed professionals affected by drug or alcohol dependence.

Under this provision, the Department may promulgate an emergency rule, without the finding of an emergency, for a period of 150 days, subject to one 60-day extension. Specify promulgation of an emergency rule is to occur within 60 days of the bill's effective date.

27. ELIMINATE BIOENERGY COUNCIL

Governor: Repeal the Bioenergy Council within DATCP. Specify that all assets, liabilities, contracts and records of the Council are to be transferred to DATCP. The Council is charged with identifying best management practices for sustainable biomass and biofuels production. Its members consist of industry stakeholders, conservation groups, and state agency staff. The Council last met in July, 2014.

Joint Finance: Delete provision as a non-fiscal policy item.

28. AGRICULTURAL EDUCATION AND WORKFORCE DEVELOPMENT COUNCIL TRANSFER

Governor/Joint Finance: Transfer the Agricultural Education and Workforce Development Council from DATCP to the Department of Workforce Development (DWD). Specify that the Council executive committee is to include the Secretary of Workforce Development or his or her designee. The provision does not otherwise modify the membership or duties of the Council.

The Council does not receive direct appropriations of state funding. Rather a PR appropriation provided for gifts and grants received by the Council would transfer from DATCP to DWD.

29. STUDY TRANSFER OF CAFO REGULATORY RESPONSIBILITY

Governor: Require DATCP and DNR to jointly study the possibility of transferring DNR regulatory activities associated with concentrated animal feeding operations (CAFOs) to DATCP. Require the Departments to report their findings to the Governor, Joint Committee on Finance, and other standing committees of the Legislature, as appropriate, by December 31, 2018. [See "Natural Resources – Environmental Quality."]

Joint Finance: Delete provision as a non-fiscal policy item.

30. OBSOLETE GRANTS [LFB Paper 143]

Joint Finance: Delete the appropriation in DATCP's agricultural assistance program for exposition center grants under s. 20.115(4)(f) of the statutes. Additionally, delete s. 93.29 of the statutes, which establishes requirements for provision of exposition center grants. Exposition center grants were created under 1993 Act 16 to support an expansion to the Dane County Exposition (Alliant Energy) Center. The appropriation was sunset on June 30, 2014, and is no longer necessary.

Additionally, delete the appropriation in DATCP's agricultural assistance program for grants for agricultural facilities under s. 20.115(4)(qm) of the statutes. The appropriation was created under 2007 Act 20 with one-time funding to provide grants that support agricultural facilities. All funds were spent, and the appropriation has no ongoing funding.

31. FUEL STANDARDS

Joint Finance: Specify that compliance with minimum product grade specifications for gasoline-ethanol fuel blends, as outlined under ASTM D4814-17 or the most current version of testing methods adopted by DATCP, may be demonstrated by testing either the blended fuel, or the base stock from which the blend is produced. Allow DATCP to promulgate rules that require both the blended fuel and base stock be compliant with ASTM D4814-17, but specify such rules will not take effect sooner than July 1, 2019. ASTM International, previously known as the American Society for Testing and Materials, is an organization that establishes technical standards for various materials, products and services. ASTM 4814-17 is the current automotive fuel standard for spark-ignition engines.

32. FARMER ASSISTANCE CONFIDENTIALITY

Joint Finance: Modify s. 93.51(3)(d) of the statutes, related to providing technical and planning assistance to farmers through the Farm Center, to specify that DATCP may release aggregate data at not less than a countywide level, provided information released does not contain reference to the identity of an individual or individual farm. Under current law, all information obtained in the process of providing assistance through the Farm Center must be kept confidential.

APPROPRIATION OBLIGATION BONDS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$1,540,707,000*	$769,976,700	$769,976,700	$0	0.0%	- $770,730,300	- 50.0%

*Base level funding overstates estimated GPR expenditures in 2016-17, since it was established using conservative calculations for setting the appropriation amount specified in the appropriation obligation bond indenture.

FTE Position Summary

There are no full time positions associated with appropriation obligation bonds.

Budget Change Items

1. APPROPRIATION OBLIGATION BOND DEBT SERVICE REESTIMATE -- PENSION BONDS

GPR	- $738,100,500
GPR-Lapse	- 701,091,300
Net GPR	- $37,009,200

Governor/Joint Finance: Reduce funding by $382,960,200 in 2017-18 and by $355,140,300 in 2018-19 to reflect the required debt service appropriation level associated with the appropriation obligation bonds issued to pay the state's Wisconsin Retirement System unfunded prior service liability as well as the accumulated sick leave conversion credit program liability. Reduce the related GPR-lapse by $378,027,000 in 2017-18 and by $323,064,300 in 2018-19. Under the legal agreements governing the appropriation bonds, the annual debt service appropriation for repayment of the bonds in the second year of each biennium must equal the maximum possible payment that could be made in that year or the following year. Because a large principal payment scheduled in 2017-18 has been restructured, GPR appropriations in 2017-18 and 2018-19 would be reduced from the base level funding ($662,930,000).

2. APPROPRIATION OBLIGATION BOND DEBT SERVICE REESTIMATE -- TOBACCO BONDS

GPR	- $32,629,800
GPR-Lapse	31,124,400
Net GPR	- $63,754,200

Governor/Joint Finance: Reduce funding by $30,639,700 in 2017-18 and by $1,990,100 in 2018-19 to reflect the required debt service appropriation level associated with the appropriation obligation bonds issued in 2009 to finance the outstanding bonds of the Badger Tobacco Asset Securitization Corporation, under which the state regained the rights to its tobacco settlement payments. Reduce the related GPR-lapse by $1,602,800 in 2017-18 and increase the GPR-lapse by $32,727,200 in 2018-19. Under the legal agreements governing the appropriation bonds, the annual debt service appropriation for repayment of the bonds in the second year of each biennium must equal the maximum possible payment that could be made in that year or the following year. Compared to the base level funding ($107,423,500), smaller payments are scheduled in 2017-18 and 2018-19. However, a principal payment of $34.3 million is scheduled in 2019-20, so the funding level and related lapse in 2018-19 reflect this additional amount.

BOARD FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$95,800	$86,000	$86,000	$0	0.0%	- $9,800	- 10.2%
FED	2,706,200	2,851,000	2,851,000	0	0.0	144,800	5.4
TOTAL	$2,802,000	$2,937,000	$2,937,000	$0	0.0%	$135,000	4.8%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
FED	7.00	7.00	7.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $9,800
FED	144,800
Total	$135,000

Governor/Joint Finance: Provide $66,500 (-$5,300 GPR and $71,800 FED) in 2017-18 and $68,500 (-$4,500 GPR and $73,000 FED) in 2018-19 to reflect the following standard budget adjustments: (a) full funding of continuing position salaries and fringe benefits ($64,500 FED annually); and (b) full funding of lease payments and directed move costs (-$5,300 GPR and $7,300 FED in 2017-18 and -$4,500 GPR and $8,500 FED in 2018-19).

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from the Board for People with Developmental Disabilities (BPDD) to DOA, the bill allows that on July 1, 2018, all positions in BPDD relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at BPDD, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
FED	$105,400	$105,400	$105,400	$0	0.0%	$0	0.0%
PR	3,167,000	3,252,800	3,252,800	0	0.0	85,800	2.7
TOTAL	$3,272,400	$3,358,200	$3,358,200	$0	0.0%	$85,800	2.6%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
PR	9.50	9.50	9.50	0.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

PR	$85,800

Governor/Joint Finance: Provide increases of $41,800 in 2017-18 and $44,000 in 2018-19 for adjustments to the base budget as follows: (a) $39,400 annually for full funding of continuing salaries and fringe benefits; and (b) $2,400 in 2017-18 and $4,600 in 2018-19 for full funding of lease costs and directed moves.

BOARD ON AGING AND LONG-TERM CARE

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$2,733,400	$2,720,300	$2,847,500	$127,200	4.7%	$114,100	4.2%
PR	3,575,600	4,210,400	3,824,100	- 386,300	- 9.2	248,500	6.9
TOTAL	$6,309,000	$6,930,700	$6,671,600	- $259,100	- 3.7%	$362,600	5.7%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	18.18	18.18	19.18	1.00	1.00
PR	22.32	26.32	23.32	- 3.00	1.00
TOTAL	40.50	44.50	42.50	- 2.00	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 155]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $13,100	$0	- $13,100
PR	117,900	3,400	121,300
Total	$104,800	$3,400	$108,200

Governor: Provide $52,800 (-$6,600 GPR and $59,400 PR) in 2017-18, and $52,000 (-$6,500 GPR and $58,500 PR) in 2018-19 to fund the following standard budget adjustments: (a) full funding of continuing position salaries and fringe benefits ($16,900 GPR and $30,400 PR annually); and (b) full funding of lease and directed moves costs (-$23,500 GPR and $29,000 PR in 2017-18 and -$23,400 GPR and $28,100 PR in 2018-19).

Joint Finance: Increase funding by $100 PR in 2017-18 and $3,300 PR in 2018-19 to support the Board's lease costs in the 2017-19 biennium.

2. OMBUDSMAN AND ADVOCACY SERVICES FOR IRIS PARTICIPANTS [LFB Paper 156]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	0.00	$127,200	1.00	$127,200	1.00
PR	516,900	4.00	- 389,700	- 3.00	127,200	1.00
Total	$516,900	4.00	- $262,500	- 2.00	$254,400	2.00

Governor: Provide 3.0 positions, beginning in 2017-18, and 1.0 additional position, beginning in 2018-19 (for a total of 4.0 positions in 2018-19), and $225,900 PR in 2017-18 and $291,000 PR in 2018-19 for the Board to provide ombudsman and advocacy services to individuals over the age of 60 years who are enrolled in, or are potentially eligible to enroll in IRIS (Include, Respect, I Self-Direct), the state's Medicaid-funded, self-directed long-term care program.

Currently, ombudsman staff respond to complaints and concerns regarding resident rights, care and treatment, guardianships, and resources and options available to individuals residents or tenants of licensed or certified long-term care settings, as well as persons receiving home and community-based services through the state's managed long-term care programs [Family Care, PACE (the Program for All-inclusive Care for the Elderly), and the Partnership Program]. This item would modify statutory provisions relating to the Board's ombudsman and advocacy services to include individuals who are enrolled in, or potentially eligible to enroll in IRIS.

Joint Finance: Delete 1.0 position (1.0 GPR position and -2.0 PR positions) in 2017-18 and delete 2.0 positions (1.0 GPR position and -3.0 PR positions) in 2018-19, so that the Board would be authorized 2.0 positions (1.0 GPR position and 1.0 PR position), beginning in 2017-18, to provide ombudsman and advocacy services to IRIS participants.

Reduce funding by $116,900 ($54,500 GPR and -$171,400 PR) in 2017-18 and by $145,600 ($72,700 GPR and -$218,300 PR) in 2018-19, to reflect the net fiscal effect of: (a) reducing funding to support 2.0 positions, rather than 4.0 positions, as recommended by the Governor; (b) budgeting the new positions for nine months, rather than 12 months in 2017-18; (c) funding the positions 50% with GPR budgeted in BOALTC and 50% with medical assistance administrative federal funds claimed by DHS and transferred to BOALTC as program revenue; and (d) increasing funding for travel expenses for the new positions.

3. GOVERNING STATUTES

Governor/Joint Finance: Modify provisions relating to the agency's governing statutes to conform the statutes with: (a) new federal rules, which took effect on July 1, 2016, relating to states' long-term care ombudsman and advocacy services; and (b) the agency's current operations and practices, as follows.

Eligibility for Services. Replace current references to the agency's services for "aged or

disabled persons" with references to person who are 60 years of age or older. Currently, the agency does not provide ombudsman and advocacy services for individuals under the age of 60 years.

Require the agency to investigate complaints from persons 60 years of age or older concerning improper conditions who receive long-term care in certified or licensed long-term care facilities or under programs administered by state of federal government agencies. Currently, the agency is required to investigate such complaints from any "aged or disabled person" who receives long-term care.

Covered Programs. Specify that the agency's ability to monitor and make recommendations to actual or potential enrollees extends to the community options program (COP), the Family Care program, the Family Care partnership program, the Program for All-inclusive Care for the Elderly (PACE) and the state's self-directed long-term care program, IRIS (Include, Respect, I Self-Direct). Create statutory definitions for these programs.

Prohibit Contracting for Ombudsman Services. Repeal a current provision that authorizes the agency to contract with one or more organizations to provide advocacy services.

Board Membership. Specify that all seven board members must be members of the public with a demonstrated interest in the problems of delivering and financing long-term care for persons who are over the age of 60 or who are Medicare beneficiaries. Currently, board members must have demonstrated a continuing interest in the problems of providing long-term care.

Provide that no person who currently owns, or who within the previous five years owned or had any operational or substantial financial or employment interest in any other affiliation with any long-term care provider or health insurance company may be appointed to, or retained as a member of the Board. Prohibit any person who is, or has been an employee or volunteer of the Board to be appointed to or retained as a Board member.

Duties Pertaining to Rule Making. Expand the requirement that the ombudsman program monitor the development and implementation of policies, rules, and statutes relating to long-term care facilities and programs for persons who are 60 years of age or older, to include evaluation and recommendations concerning these same policies, rules, and statutes.

State Long-Term Care Ombudsman. Clarify that the Executive Director of the agency serves as the state long-term care ombudsman.

Initiating Legislation. Clarify that, rather than initiating legislation, the agency is required to collaborate with appropriate state agencies to resolve systemic concerns and make recommendations to the Governor and the Legislature regarding legislation to remedy identified inadequacies.

Judicial Proceedings. Repeal the agency's authority to provide legal representation for judicial proceedings regarding Family Care services or benefits, but retain the agency's authority to provide individual case advocacy services in administrative hearings.

Compliance with Federal Law. Update federal citations to include references to the new

federal rules promulgated by the Department of Health and Human Services, which outline the functions and duties of the long-term care ombudsman and the agency.

Willful Interference. Prohibit any person from intentionally interfering with the actions of an ombudsman by successfully preventing, interfering with, or impeding the ombudsman from carrying out his or her functions and responsibilities, or an attempt at the aforementioned.

Definitions. Define the following: (a) "access," as the ability to contact with a person or to obtain, examine, or retrieve information or data pertinent to the activities of the Board with respect to the person; (b) "disclosure," as the release, transfer provision of access to, or divulging in any manner of information outside the entity holding the information; (c) "enrollee," as an enrollee in Family Care, Family Care Partnership, or PACE; (d) "immediate family member, as a member of a client's household or a relative of a client with whom the client has a close personal or significant financial relationship." Create, through cross-references, definitions of Family Care, Family Care Partnership, PACE, and IRIS.

Modify the current definition of "ombudsman" to include any employee or volunteer who is a representative of the office and who is designated by the state long-term care ombudsman to fulfill the ombudsman duties specified in federal rules. Redefine "client" as an individual who requests, or is receiving ombudsman services. Currently, a "client" is defined as an individual who request services, or a resident on whose behalf a request is made.

Repeal obsolete definitions of "beneficiary," "homestead credit program," "household," "household income," "income," and "physician," as they relate to the agency's program services and clients.

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from the Board on Aging and Long-Term Care (BOALTC) to DOA, the bill allows that on July 1, 2018, all positions in BOALTC relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to

DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at BOALTC, even though the positions would be employees of DOA.

BONDING AUTHORIZATION

General Obligation Bonding	Joint Finance Amount
Administration	
Energy Conservation Projects	$20,000,000
Agriculture, Trade and Consumer Protection	
Soil and Water	7,000,000
Building Commission	
Other Public Purposes (All Agency Projects)	186,168,000
Housing State Agencies	97,000,000
La Crosse Center	5,000,000
St. Ann Center for Intergenerational Care, Inc.; Bucyrus Campus	5,000,000
Brown County Innovation Center	5,000,000
Corrections	
Correctional Facilities	44,333,000
Environmental Improvement Fund	
Clean Water Fund	-40,460,000
Safe Drinking Water Loan Program	5,800,000
Health Services	
Mental Health Facilities	22,695,000
Military Affairs	
Armories and Military Facilities	10,218,100
Natural Resources	
Dam Safety Projects	4,000,000
Nonpoint Source	6,150,000
Urban Nonpoint Source Cost Sharing	3,700,000
SEG Revenue Supported Facilities	5,805,800
Transportation	
Freight Rail	12,000,000
Harbor Assistance	14,100,000
Southeast Wisconsin Megaprojects (Foxconn Legislation)	252,400,000
University of Wisconsin	
Academic Facilities	210,912,000
Self-Amortizing Facilities	31,502,300
Veterans Affairs	
Veterans Facilities	4,332,600
Self-Amortizing Facilities	8,046,400
Self-Amortizing Mortgage Loans	-273,300,000
Total -- General Obligation Bonding	$647,403,200*

Revenue Obligation Bonding	
Transportation	
Transportation Facilities, Major Highway Projects and Southeast Wisconsin Megaprojects	$123,900,000
GRAND TOTAL General and Revenue Obligation Bonds	$771,303,200

*Excludes $1,500,000,000 of economic refunding bonds that would be authorized in the bill.

BUDGET MANAGEMENT AND COMPENSATION RESERVES

Budget Change Items

1. COMPENSATION RESERVES [LFB Paper 160, 161, 270, and 642]

Governor: Provide, in the 2017-19 general fund condition statement, total compensation reserves of $29,001,600 in 2017-18 and $71,235,800 in 2018-19 for cost increases related to state employee salaries and fringe benefits. Total compensation reserve amounts by fund source and fiscal year are shown in the following table. [Note that compensation reserves under the Governor's recommendations do not include amounts for cost increases related to University of Wisconsin System (UW) employee salaries and fringe benefits. Under the bill, amounts have been separately budgeted within the UW in order to support these costs (see "University of Wisconsin System").]

Fund Source	2017-18	2018-19
General Purpose Revenue	$14,361,900	$35,276,600
Federal Revenue	3,925,100	9,641,200
Program Revenue	6,482,100	15,921,800
Segregated Revenue	4,232,500	10,396,200
Total	$29,001,600	$71,235,800

The GPR and all funds compensation reserve amounts under the bill related to fringe benefits include the following: (a) $18,818,100 GPR ($38,000,300 all funds) in 2017-18 and $30,841,100 GPR ($62,278,800 all funds) in 2018-19 to support prior period and inflationary increases for employee fringe benefits; (b) -$4,082,700 GPR (-$8,244,400 all funds) in 2017-18 and -$8,165,300 GPR (-$16,488,600 all funds) in 2018-19 associated with savings estimated from an anticipated repeal of the federal Affordable Care Act's health insurer fee (otherwise known as a market share fee or premium tax); (c) -$1,493,500 GPR (-$3,015,900 all funds) in 2017-18 and -$2,987,000 GPR (-$6,031,800 all funds) in 2018-19 associated with savings estimated from the elimination of certain domestic partnership benefits under Chapter 40 of the statutes; (d) -$2,722,200 GPR (-$5,497,100 all funds) in 2017-18 and -$3,433,100 GPR (-$6,932,600 all funds) in 2018-19 associated with savings from the state's high deductible health care plan; and (e) -$357,800 GPR (-$722,500 all funds) in 2017-18 and -$610,300 GPR (-$1,232,400 all funds) in 2018-19 associated with savings from employees opting out of the state's health insurance coverage net of the cost to provide $2,000 annual opt-out incentive payments. [For additional information on the elimination of certain domestic partnership benefits, see "Employee Trust Funds."]

The GPR and all funds compensation reserve amounts under the bill related to salaries for state employees include the following: (a) $15,431,200 GPR ($31,161,000 all funds) in 2018-19

intended to support a 2% general wage adjustment for state employees on September 30, 2018, as well as another 2% general wage adjustment for state employees on May 26, 2019; and (b) $4,200,000 GPR ($8,481,300 all funds) annually to support market wage adjustments for state employees in the classified service.

With regards to the 2% general wage adjustments for state employees, note that amounts are included in compensation reserves for a 2% general wage adjustment for state legislators and executive constitutional officers (not including District Attorneys) when these elected officials become eligible for a pay increase under the Wisconsin State Constitution. Elected officials qualifying for any increased salary amounts would generally be those elected in November, 2018. Further, note that amounts are not included under compensation reserves to support salary increases for judges and justices, assistant and deputy district attorneys, assistant state public defenders, assistant and deputy attorneys general, and elected district attorneys. Funding for salary increases for judges and justices, assistant and deputy district attorneys, and assistant state public defenders is provided elsewhere in the budget, and information on these increases may be found under sections of this document for the "Supreme Court," "District Attorneys," and "Public Defender." Funding is not provided under the bill for a general wage adjustment for elected District Attorneys since no elected District Attorney is eligible to receive a wage adjustment during the 2017-19 biennium. [Elected District Attorneys may not receive a salary modification until the District Attorney completes his or her current term of office.] Funding is not provided under the bill to support a salary increase for assistant and deputy attorneys general. However, the Department of Justice is authorized under current law to utilize existing resources to support annual salary increases for assistant attorneys general under a pay progression plan.

Generally, compensation reserves represent reserves in the budget to provide funding for any increases in state employee salary and fringe benefit costs that may be required in the biennium, but for which funding is not included in the individual agency budgets as a part of the biennial budget. The reserve funds are not allocated at the time of budget development to individual agencies because neither the amount of any salary or fringe benefit cost increases, nor the specific amount of funding needed by each individual agency, is known at the time of budget development. Typically, amounts within compensation reserves are funds to pay for: (a) the employer share of increased premium costs in the forthcoming fiscal biennium for state employee health insurance; (b) the costs of any general wage adjustments or negotiated pay increases; (c) increases in the employer share of contributions to the state retirement fund for employees' future state retirement benefits; and (d) pension obligation bond payments for the state's unfunded prior service liability for retirement benefits, the accumulated sick leave conversion credit program, and income continuation benefits.

Joint Finance: Modify amounts provided in 2017-19 for compensation reserves by -$22,182,900 in 2017-18 and $45,931,800 in 2018-19. As a result, compensation reserves would total $6,818,700 in 2017-18 and $117,167,500 in 2018-19. Total compensation reserves, as modified by the Joint Committee on Finance, are identified by fund source in the following table.

Compensation Reserves, By Fund Source,
As Modified by the Joint Committee on Finance

Fund Source	2017-18	2018-19
General Purpose Revenue	$3,080,500	$52,081,600
Federal Revenue	796,900	13,329,800
Program Revenue	2,421,000	44,181,400
Segregated Revenue	520,300	7,574,700
Total	$6,818,700	$117,167,500

Advance the date of implementation of state employee (non-UW and UW) compensation increases from 2% on September 30, 2018, and 2% on May 26, 2019, to 2% on July 1, 2018, and 2% on January 1, 2019.

Delete the bill provision that would prohibit the UW Board of Regents from requesting funds from the state's compensation reserves during the 2017-19 biennium to fund compensation and fringe benefits cost increases. Associated with the elimination of this provision, increase funding in compensation reserves to support anticipated UW System salary and fringe benefits cost increases during the 2017-19 biennium, and eliminate funding appropriated directly to the UW System for this purpose. [See "University of Wisconsin System"]

Amounts in compensation reserves reflect the net of anticipated salary and fringe benefits costs increases during the 2017-19 biennium, less estimated savings associated with various budget provisions and health insurance actions. The following table identifies the components of the compensation reserves calculation, as recommended by the Governor, as well as the modifications made by the Joint Committee on Finance. For additional information regarding the repeal of domestic partnership benefits, the required draw-down of state health program reserves, estimated savings from health insurance plan negotiations, and the directive to the Group Insurance Board (GIB) to realize additional savings in the state's health insurance program, see "Employee Trust Funds."

GPR and All-Funds Compensation Reserves Components, as Modified by the Joint Committee on Finance

	Governor			Joint Finance Modifications			Compensation Reserves Total		
	2017-18	2018-19	2017-19 Biennium	2017-18	2018-19	2017-19 Biennium	2017-18	2018-19	2017-19 Biennium
Non-UW									
Prior Period and Inflationary Increases for Non-UW State Employee Fringe Benefits	$18,818,100	$30,841,100	$49,659,200	$0	$0	$0	$18,818,100	$30,841,100	$49,659,200
General Wage Adjustments	0	15,431,200	15,431,200	0	-136,000	-136,000	0	15,295,200	15,295,200
General Wage Adjustments Date Advancement	0	0	0	0	12,500,000	12,500,000	0	12,500,000	12,500,000
General Wage Adjustments for Judges and Justices	0	0	0	0	694,400	694,400	0	694,400	694,400
Market Wage Adjustments	4,200,000	4,200,000	8,400,000	-2,100,000	-2,100,000	-4,200,000	2,100,000	2,100,000	4,200,000
ACA Health Insurer Fee Savings	-4,082,700	-8,165,300	-12,248,000	742,300	1,484,400	2,226,700	-3,340,400	-6,680,900	-10,021,300
High Deductible Health Care Plan Savings	-2,722,200	-3,433,100	-6,155,300	0	0	0	-2,722,200	-3,433,100	-6,155,300
Domestic Partnership Repeal Savings	-1,493,500	-2,987,000	-4,480,500	617,900	1,235,900	1,853,800	-875,600	-1,751,100	-2,626,700
Opt-out Incentive Savings	-357,800	-610,300	-968,100	0	0	0	-357,800	-610,300	-968,100
Required Draw-Down of State Health Program Reserves	0	0	0	-4,792,500	-9,584,900	-14,377,400	-4,792,500	-9,584,900	-14,377,400
Estimated Savings from Health Insurance Plan Negotiations	0	0	0	-4,221,300	-8,442,500	-12,663,800	-4,221,300	-8,442,500	-12,663,800
Directive to GIB to Realize Additional Savings in the State's Health Insurance Program	0	0	0	-2,868,300	-5,736,500	-8,604,800	-2,868,300	-5,736,500	-8,604,800
Non-UW GPR Subtotal	$14,361,900	$35,276,600	$49,638,500	-$12,621,900	-$10,085,200	-$22,707,100	$1,740,000	$25,191,400	$26,931,400
Non-UW All Funds Subtotal	$29,001,600	$71,235,800	$100,237,400	-$25,487,900	-$20,365,500	-$45,853,400	$3,513,700	$50,870,200	$54,383,900
University of Wisconsin System*									
Prior Period and Inflationary Increases for UW Employee Fringe Benefits	$0	$0	$0	$14,979,900	$25,060,100	$40,040,000	$14,979,900	$25,060,100	$40,040,000
General Wage Adjustments	0	0	0	0	15,538,800	15,538,800	0	15,538,800	15,538,800
General Wage Adjustments Date Advancement	0	0	0	0	13,200,000	13,200,000	0	13,200,000	13,200,000
Market Wage Adjustments	0	0	0	0	0	0	0	0	0
Self Insurance Savings	0	0	0	0	0	0	0	0	0
ACA Health Insurer Fee Savings	0	0	0	-2,656,700	-5,313,400	-7,970,100	-2,656,700	-5,313,400	-7,970,100
High Deductible Health Care Plan Savings	0	0	0	-710,800	-1,124,800	-1,835,600	-710,800	-1,124,800	-1,835,600
Domestic Partnership Repeal Savings	0	0	0	-572,500	-1,145,000	-1,717,500	-572,500	-1,145,000	-1,717,500
Opt-out Incentive Savings	0	0	0	-248,800	-424,400	-673,200	-248,800	-424,400	-673,200
Required Draw-Down of State Health Program Reserves	0	0	0	-3,811,900	-7,623,700	-11,435,600	-3,811,900	-7,623,700	-11,435,600
Estimated Savings from Health Insurance Plan Negotiations	0	0	0	-3,357,500	-6,715,000	-10,072,500	-3,357,500	-6,715,000	-10,072,500
Directive to GIB to Realize Additional Savings in the State's Health Insurance Program	0	0	0	-2,281,200	-4,562,400	-6,843,600	-2,281,200	-4,562,400	-6,843,600
UW GPR Subtotal	$0	$0	$0	$1,340,500	$26,890,200	$28,230,700	$1,340,500	$26,890,200	$28,230,700
UW All Funds Subtotal	$0	$0	$0	$3,305,000	$66,297,300	$69,602,300	$3,305,000	$66,297,300	$69,602,300
Compensation Reserves Total - GPR	$14,361,900	$35,276,600	$49,638,500	-$11,281,400	$16,805,000	$5,523,600	$3,080,500	$52,081,600	$55,162,100
Compensation Reserves Total - All Funds	$29,001,600	$71,235,800	$100,237,400	-$22,182,900	$45,931,800	$23,748,900	$6,818,700	$117,167,500	$123,986,200

*Note that the Governor recommended that funding for anticipated compensation cost increases for the UW System during the 2017-19 biennium be provided directly to the UW System, as opposed to compensation reserves. As a result, no funding was recommended by the Governor for the UW System in compensation reserves.

2. SELF-INSURANCE LAPSE [LFB Paper 161]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Lapse	$30,441,100	- $30,441,100	$0

Governor: Specify that, if the Group Insurance Board (GIB) executes a contract to provide self-insured group health plans on a regional or statewide basis to state employees for calendar years 2018 and 2019 (other than the current self-insured plan known as the "standard plan"), the Secretary of DOA must calculate the GPR savings in 2017-18 and 2018-19 for state agencies other than the University of Wisconsin (UW) System. Further, specify that if such a contract is executed, the Secretary of DOA must reduce the estimated GPR expenditures for compensation reserves in 2017-18 and 2018-19 by an amount equal to the state agency savings, and lapse the estimated savings to the general fund.

Under 2015 Act 119, the GIB must notify the Joint Committee on Finance if it intends to execute a contract to provide self-insured group health plans on a regional or statewide basis to state employees. Under the act, the Committee is provided 21 working days to review the proposed contract. If the Co-chairs of the Committee notify the GIB within the period of review that the Committee has scheduled a meeting for consideration of the contract, the GIB may not execute the contract without the approval of the Committee. If a meeting is not scheduled, the GIB may execute the contract.

The general fund condition statement in the bill assumes lapses of $10,147,000 in 2017-18 and $20,294,100 in 2018-19 associated with GIB executing a contract to provide self-insured group health plans.

Under the bill, a per pupil aid increase of $188 in 2017-18 and $380 in 2018-19 is provided, under certain conditions, for each school district. If a contract to provide self-insured group health plans is executed and if there are lapses to the general fund, school districts would be eligible for an additional per pupil aid amount of $12 in 2017-18 (to $200) and $24 in 2018-19 (to $404) in 2018-19 [see "Public Instruction -- Categorical Aids"].

With regard to possible self-insured group health plan savings for the UW System, compensation reserves do not include amounts for cost increases related to UW System employee salaries and fringe benefits. Under the bill, amounts have been separately budgeted within the UW System in order to support these costs. Self-insured group health plan savings of $9,853,000 GPR in 2017-18 and $19,705,900 GPR in 2018-19 are assumed for the UW System. Salary and fringe adjustments provided to the UW are net of assumed savings, and total $126,500 GPR in 2017-18 and $11,517,900 GPR in 2018-19. [See "University of Wisconsin System."]

In summary, the bill estimates expenditure reductions for state employees, including UW System employees, from executing a contract to provide self-insured group health plans at $20.0 million GPR in 2017-18 and $40.0 million GPR in 2018-19. Estimated reductions for all fund sources, including GPR, would correspond to $44.8 million in 2017-18 and $89.6 million in

2018-19.

Joint Finance: Delete provisions. [See "Employee Trust Funds."]

3. TRANSFER FUNDS TO BUDGET STABILIZATION FUND [LFB Paper 162]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Transfer	$20,000,000	- $20,000,000	$0

Governor: Transfer $20.0 million from the general fund to the budget stabilization fund in 2017-18. In January, 2017, the budget stabilization fund had $281.8 million on deposit in the state investment fund.

Joint Finance: Delete provision.

4. REQUIRED GENERAL FUND STRUCTURAL BALANCE [LFB Paper 163]

Joint Finance: Provide that s. 20.003(4m) of the statutes, which requires that no bill may be passed by the Legislature if estimated general fund expenditures exceed estimated revenues in the second year of the biennium, would not apply to the action of the Legislature in adopting any legislation during the 2017-18 legislative session.

Additionally, require that the general fund structural balance requirement in s. 20.003(4m) would also apply to the executive budget bill or bills. This would require the Governor, when submitting a budget proposal, to insure that general fund revenues would exceed general fund net appropriations.

5. JUDICIAL COMPENSATION [LFB Paper 590]

Joint Finance: Increase compensation reserves by $694,400 GPR in 2018-19 for a 2% salary increase for judges and justices on September 30, 2018, as well as another 2% salary increase for judges and justices on May 26, 2019. The timing and level of the salary increases for judges and justices are similar to the timing and level of salary increases budgeted for general state employees under compensation reserves.

The Governor recommended appropriating funding for judicial salary increases directly to the Court System. The Joint Committee on Finance deleted this provision, and, as a result, funding for judicial salary increases would be provided in compensation reserves. [See "Supreme Court"]

BUILDING COMMISSION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$61,292,200	$75,513,900	$68,144,900	- $7,369,000	- 9.8%	$6,852,700	11.2%
PR	2,924,200	5,008,000	5,008,000	0	0.0	2,083,800	71.3
SEG	2,048,400	2,048,400	2,048,400	0	0.0	0	0.0
TOTAL	$66,264,800	$82,570,300	$75,201,300	- $7,369,000	- 8.9%	$8,936,500	13.5%

FTE Position Summary

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

Budget Change Items

1. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$14,221,700	- $7,369,000	$6,852,700
PR	2,083,800	0	2,083,800
Total	$16,305,500	- $7,369,000	$8,936,500
GPR-Lapse	0	300,000	300,000

Governor: Increase funding by $4,061,200 GPR in 2017-18 and by $10,160,500 GPR in 2018-19 to reflect the reestimate of GPR debt service costs on state general obligation bonds and commercial paper debt issued for GPR-supported bonds as shown in the following table. Increase funding by $620,100 PR in 2017-18 and $1,463,700 PR in 2018-19 for debt service on PR-supported bonds.

Joint Finance: Decrease estimated GPR debt service in 2017-18 by $6,063,000 and in 2018-19 by $1,306,000. Estimate GPR-Lapses attributable to interest earnings on the bond

security and redemption fund of $150,000 annually. In addition, adjust the opening balance by $1,816,300 to reflect estimated debt service savings in 2016-17.

2. GENERAL OBLIGATION BONDING REFUNDING AUTHORITY

Governor/Joint Finance: Increase the bonding authorization for refunding of any outstanding tax-supported or self-amortizing state general obligation debt by $1,500,000,000, from its current level of $5,285,000,000 to $6,785,000,000. These bonds could only be issued if the debt refinancing meets the current law requirement that the true interest costs of the state must be reduced.

These economic refunding bonds would be used to refinance the state's outstanding debt in order to take advantage of lower financing rates. These bonds could not be used to carry out a structural refunding similar to those carried out in recent years. Under those debt restructuring actions, the state issued refunding bonds and used the proceeds on those bonds to make payments on current year principal due on its general obligation debt. This action increased the average life of the debt refunded, and because the debt was outstanding longer, the state incurred higher interest costs.

3. BUILDING COMMISSION PROJECT AND CONTRACTING THRESHOLDS

Governor: Make the following modifications to the statutes governing the execution of the state building program:

State Building Trust Fund. Increase from $760,000 to $900,000 the project cost threshold at which the Building Commission may authorize money from the state building trust fund to be available for any project. Moneys deposited to the state building trust fund may be used with authorization from the Building Commission, or in emergency situations, the Governor.

Enumeration Requirement. Increase from $760,000 to $900,000 the project cost threshold at which projects involving design and construction of a state facility, building or structure, the repair, remodeling, or improvement of an existing facility, or the acquisition of land are required to be enumerated in the biennial state building program.

Small Projects Review. Specify that the Building Commission may prescribe simplified policies and procedures for any construction project involving a cost not more than $185,000. Consistent with current law, this process would not apply to any contract for a UW gifts and grants project that is let through single prime contracting.

Construction Contract Approvals. Specify that the state may not enter into contract for the construction, reconstruction, remodeling of, or addition to any building structure, or facility, in connection with a building project with a cost that exceeds a project cost threshold of $250,000 without approval of the state building commission. The project cost threshold is set at $185,000 under current law.

Construction Project Committee. Require the Secretary of the Department of

Administration (DOA) to establish a committee for each construction project under the Department's supervision, except certain emergency projects, for the purpose of selecting a project architect or engineer. Specify that if the estimated cost of a construction project is at or exceeds a threshold of $6,800,000, the selection committee would use a request-for-proposal process to select the project architect or engineer based on qualifications.

Signature Approval. Increase from $60,000 to $250,000 the contract and change order cost threshold for engineering or architectural services, or construction or limited trades work, at which the signature of the Governor is required for approval. Specify that signature by the Secretary of DOA or the Secretary's designee would be required for contract and change order costs of $250,000 or less. Under current law, the Governor may delegate approval authority for contracts or change orders to the Secretary of DOA for expenditures of less than $150,000.

Construction Cost Adjustment. Require DOA to annually, by December 31, adjust all of the above threshold dollar amounts, rounding up to the nearest $50,000, based on the percentage increase or decrease in construction costs, during the preceding 12 months. In addition to the threshold amounts, the adjustment would apply to the current $250,000 cost threshold for any project proposed or approved by the State Fair Park Board subject to Building Commission reporting, recommendation, and construction contract approval requirements. The percentage change would be determined using the appropriate cost index published in the Engineering News-Record, or its successor.

Initial Applicability. Specify that the provisions relating to the building trust fund and enumeration thresholds for the biennial building program would first apply to authorizations occurring on the effective date of the bill. The modifications affecting contracts subject to Building Commission approval and the requirement of signature approval for contracts of a certain amount would also apply on the effective date of the bill.

Joint Finance: Remove item as a non-fiscal policy provision.

BUILDING PROGRAM

Budget Change Items

1. 2017-19 ENUMERATED PROJECTS [LFB Papers 175, 176, and 177]

	Bldg. Comm. (Chg. to Base)	Jt. Finance (Chg. to BC)	Net Change
All Funds	$759,101,900	$209,135,000	$968,236,900

Building Commission: Provide $759,101,900 from all funding sources of 2017-19 building program financing authority for: (a) specific enumerated projects ($397,811,300); and (b) all agency projects ($361,290,600).

Specify that funding for enumerated and all agency projects be drawn from the following sources: (a) $427,896,200 from new general obligation bonding authority; (b) $121,602,700 from general obligation bonding authority that is currently authorized; (c) $11,880,000 of new revenue supported bonding authority; (d) $58,536,500 from agency operating funds; (e) $43,672,200 from federal funds; and (f) $95,514,300 from gifts, grants, and other receipts.

The funding sources for the 2017-19 building program by agency are shown in Table 1.

Joint Finance: Modify the Building Commission's recommendation to enumerate the additional projects shown in the following table.

	Fund Source			
	General Obligation Bonding			
	GFSB	PRSB	PR Cash	Total
Administration				
State Capitol Basement Renovations	$1,000,000	$0	$0	$1,000,000
Corrections				
Geriatric Prison Facility	7,000,000	0	0	7,000,000
Health Services				
Mendota Mental Health Institute -- Boiler #1 Replacement	5,723,000	0	0	5,723,000
UW System				
Eau Claire -- Governors Hall Addition and Renovation	0	19,307,000	0	19,307,000
Madison -- Parking Lot 62 Ramp Replacement	0	20,647,000	3,000,000	23,647,000
Madison -- Lathrop Drive/Bascom Hill Utility repairs -- Phase I	23,839,000	8,817,000	0	32,656,000
Parkside -- Wyllie Hall Renovation -- Phase I	35,201,000	685,000	0	35,886,000
Platteville -- Boebel Hall Addition and Renovation -- Phase II	23,772,000	0	0	23,772,000
Platteville -- New Sesquicentennial Hall	54,602,000	587,000	0	55,189,000
River Falls -- May Hall Addition and Renovation	0	4,955,000	0	4,955,000
Total -- Changes to Building Commission	$151,137,000	$54,998,000	$3,000,000	$209,135,000

The funding sources for the 2017-19 building under Joint Finance are shown in Table 2. The major agency projects enumerated as part of the 2017-19 state building program under Joint Finance are listed in Table 3.

TABLE 1

Building Commission Recommended Financing Sources for the 2017-19 Building Program

	New General Obligation Bonds			Revenue	Existing General Obligation	Agency Operating	Gifts, Grants,		
	GPR	PR	SEG	Bonds	Bonds	Funds	and Other	Federal	Total
Administration	$0	$75,000,000	$0	$0	$4,000,000	$0	$0	$0	$79,000,000
Building Commission	15,000,000	0	0	0	0	0	72,268,200	0	87,268,200
Corrections	18,851,000	0	0	0	0	0	0	0	18,851,000
Health Services	16,972,000	0	0	0	0	1,000,000	0	0	17,972,000
Military Affairs	10,218,100	0	0	0	0	0	0	20,444,600	30,662,700
Natural Resources	0	0	4,805,800	0	1,681,000	0	1,772,100	0	8,258,900
State Fair Park	0	0	0	0	0	0	7,920,000	0	7,920,000
University of Wisconsin System	73,498,000	0	0	0	49,107,000	3,500,000	2,180,000	0	128,285,000
Veterans Affairs	4,332,600	4,550,700	0	0	3,495,700	418,700	0	5,145,800	17,943,500
Wisconsin Historical Society	0	0	0	0	0	0	1,650,000	0	1,650,000
Subtotal	$138,871,700	$79,550,700	$4,805,800	$0	$58,283,700	$4,918,700	$85,790,300	$25,590,400	$397,811,300
All Agency									
Facilities Maintenance and Repair	$97,868,000	$12,500,000	$1,000,000	$2,445,000	$18,708,400	$29,874,400	$5,304,900	$10,466,300	$178,167,000
Utilities Repair and Renovation	60,000,000	5,500,000	0	2,241,000	20,562,700	19,582,400	3,727,700	2,289,500	113,903,300
Health, Safety and Environmental Protection	20,000,000	4,000,000	0	3,350,000	47,900	800,000	191,400	4,627,000	0 33,016,300
Energy Conservation	0	0	0	0	20,000,000	0	0	0	20,000,000
Preventative Maintenance Program	800,000	0	0	100,000	0	0	0	0	900,000
Programmatic Remodeling and Renovation	0	0	0	3,569,000	4,000,000	3,361,000	500,000	699,000	12,129,000
Land and Property Acquisition	0	0	0	0	0	0	0	0	0
Capital Equipment and Acquisition	3,000,000	0	0	175,000	0	0	0	0	3,175,000
Subtotal	$181,668,000	$22,000,000	$1,000,000	$11,880,000	$63,319,000	$53,617,800	$9,724,000	$18,081,800	$361,290,600
TOTAL	$320,539,700	$101,550,700	$5,805,800	$11,880,000	$121,602,700	$58,536,500	$95,514,300	$43,672,200	$759,101,900

TABLE 2

Joint Finance Committee Recommended Financing Sources for the 2017-19 Building Program

	New General Obligation Bonds			Revenue	Existing General Obligation	Agency Operating	Gifts, Grants,		
	GPR	PR	SEG	Bonds	Bonds	Funds	and Other	Federal	Total
Administration	$1,000,000	$75,000,000	$0	$0	$4,000,000	$0	$0	$0	$80,000,000
Building Commission	15,000,000	0	0	0	0	0	72,268,200	0	87,268,200
Corrections	25,851,000	0	0	0	0	0	0	0	25,851,000
Health Services	22,695,000	0	0	0	0	1,000,000	0	0	23,695,000
Military Affairs	10,218,100	0	0	0	0	0	0	20,444,600	30,662,700
Natural Resources	0	0	4,805,800	0	1,681,000	0	1,772,100	0	8,258,900
State Fair Park	0	0	0	0	0	0	7,920,000	0	7,920,000
University of Wisconsin System	210,912,000	54,998,000	0	0	49,107,000	6,500,000	2,180,000	0	323,697,000
Veterans Affairs	4,332,600	4,550,700	0	0	3,495,700	418,700	0	5,145,800	17,943,500
Wisconsin Historical Society	0	0	0	0	0	0	1,650,000	0	1,650,000
Subtotal	$290,008,700	$134,548,700	$4,805,800	$0	$58,283,700	$7,918,700	$85,790,300	$25,590,400	$606,946,300
All Agency									
Facilities Maintenance and Repair	$97,868,000	$12,500,000	$1,000,000	$2,445,000	$18,708,400	$29,874,400	$5,304,900	$10,466,300	$178,167,000
Utilities Repair and Renovation	60,000,000	5,500,000	0	2,241,000	20,562,700	19,582,400	3,727,700	2,289,500	113,903,300
Health, Safety and Environmental Protection	20,000,000	4,000,000	0	3,350,000	47,900	800,000	191,400	4,627,000	0 33,016,300
Energy Conservation	0	0	0	0	20,000,000	0	0	0	20,000,000
Preventative Maintenance Program	800,000	0	0	100,000	0	0	0	0	900,000
Programmatic Remodeling and Renovation	0	0	0	3,569,000	4,000,000	3,361,000	500,000	699,000	12,129,000
Land and Property Acquisition	0	0	0	0	0	0	0	0	0
Capital Equipment and Acquisition	3,000,000	0	0	175,000	0	0	0	0	3,175,000
Subtotal	$181,668,000	$22,000,000	$1,000,000	$11,880,000	$63,319,000	$53,617,800	$9,724,000	$18,081,800	$361,290,600
TOTAL	$471,676,700	$156,548,700	$5,805,800	$11,880,000	$121,602,700	$61,536,500	$95,514,300	$43,672,200	$968,236,900

TABLE 3

Joint Finance State Agency 2017-19 Enumerated Major Projects
Total Project Authority (All Funding Sources)

	Enumeration
Administration	
Southeast Wisconsin Law Enforcement Facility -- Milwaukee	$75,000,000
State Capitol Basement Renovations	1,000,000
State Office Building Replacement -- Land Only -- Milwaukee	4,000,000
Total	$80,000,000
Building Commission	
La Crosse Center	$47,000,000
St. Ann Center for Intergenerational Care, Inc.; Bucyrus Campus	5,268,200
Brown County STEM Innovation Center	15,000,000
Total	$87,268,200
Corrections	
Fox Lake Correctional Institution -- Drinking Water System Improvements	$3,000,000
Geriatric Prison Facility	7,000,000
Waupun Correctional Institution -- Behavior Housing Unit Life Safety Improvements	6,981,000
Wisconsin Secure Program Facility -- New Inmate Programs Building -- Boscobel	8,870,000
Total	$25,851,000
Health Services	
Mendota Mental Health Institute -- Lorenz Hall West Secure Treatment Units -- Madison	$17,972,000
Mendota Mental Health Institute -- Boiler #1 Replacement	5,723,000
Total	$23,695,000
Military Affairs	
National Guard Readiness Center Addition and Renovation -- Appleton	$24,170,900
National Guard Readiness Center Renovation Phase II -- Milwaukee	6,491,800
Total	$30,662,700
Natural Resources	
High Cliff State Park -- Family Campground Expansion -- Harrison	$841,700
Peninsula State Park -- South Nicolet Bay Campground Toilet/Shower Building Replacement	839,300
Science Operations Center -- Purchase and Chronic Wasting Disease Processing Center Addition	4,805,800
Peninsula State Park -- Eagle Tower Reconstruction	1,772,100
Total	$8,258,900
State Fair Park	
Cream Puff Pavilion -- West Allis	$6,000,000
Dairy Education Center -- West Allis	1,920,000
Total	$7,920,000
Wisconsin Historical Society	
Old World Wisconsin -- Old Brewery and Biergarten -- Eagle	$1,650,000
University of Wisconsin System	
Eau Claire -- Governors Hall Addition and Renovation	$19,307,000
Extension -- Lowell Hall Floors 2-4 Renovation	4,005,000
Madison -- Lathrop Drive/Bascom Hill Utility Repairs -- Phase I	32,656,000
Madison -- Parking Lot 62 Ramp Replacement	23,647,000
Milwaukee -- Northwest Quadrant Renovation	52,180,000

	Enumeration
University of Wisconsin System (continued)	
Milwaukee -- Sandburg Hall Renovation -- Phase I	$33,500,000
Parkside -- Wyllie Hall Renovation -- Phase I	35,886,000
Platteville -- Boebel Hall Addition and Renovation -- Phase II	23,772,000
Platteville -- New Sesquicentennial Hall	55,189,000
River Falls -- May Hall Addition and Renovation	4,955,000
System -- Classroom Renovations/Instructional Technology Improvements	10,000,000
Whitewater -- Utility Corridor Improvements/Chiller Plant Upgrade	28,600,000
Total	$323,697,000
Veterans Affairs	
Wisconsin Veterans Home at King -- Electrical Substation Replacement	$2,996,000
Wisconsin Veterans Home at King -- Water Improvements	2,382,000
Wisconsin Veterans Home at King -- Food Service System Upgrades	7,001,000
Central Wisconsin Veterans Memorial Cemetery at King -- Crypts, Irrigation, and Flag Plaza	1,833,500
Southern Wisconsin Veterans Memorial Cemetery at Union Grove -- Headstone Alignment	3,731,000
Total	$17,943,500
All Agency	
Facility Maintenance and Repair	$178,167,000
Utility Repair and Renovation	113,903,300
Health, Safety and Environmental Protection	33,016,300
Energy Conservation	20,000,000
Preventive Maintenance	900,000
Programmatic Remodeling and Renovation	12,129,000
Capital Equipment Acquisition	3,175,000
Total	$361,290,600
Grand Total	$968,236,900

2. BONDING AUTHORIZATIONS IN BUILDING PROGRAM

Building Commission: Provide $449,878,200 of new general obligation bonding authority for: (a) 2017-19 building program projects ($427,896,200); and (b) projects from prior building programs ($21,982,000).

Joint Finance: Increase the Building Commission's recommendation by the following: (a) $1,000,000 of Building Commission -- other public purpose bonding; (b) $7,000,000 of Corrections bonding; (c) $5,723,000 of Health Services bonding; (d) $137,414,000 of UW System -- general fund supported bonding; and (e) $54,998,000 of UW System -- program revenue supported bonding. In total, there would be $656,013,200 of new general obligation bonding for: (a) 2017-19 building program projects ($634,031,200); and (b) projects from prior building programs ($21,982,000).

TABLE 4

Joint Finance 2017-19 Building Program Bonding Authorizations

Purpose	Amount
Administration	
Energy Conservation Projects	$20,000,000
Building Commission	
Other Public Purposes	186,168,000
Housing State Agencies	97,000,000
La Crosse Center	5,000,000
St. Ann Center for Intergenerational Care, Inc.; Bucyrus Campus	5,000,000
Brown County Innovation Center	5,000,000
Corrections	
Correctional Facilities	44,333,000
Health Services	
Mental Health Facilities	22,695,000
Military Affairs	
Armories and Military Facilities	10,218,100
Natural Resources	
SEG Revenue Supported Facilities	5,805,800
University of Wisconsin	
Academic Facilities	210,912,000
Self-Amortizing Facilities	31,502,300
Veterans Affairs	
Veterans Facilities	4,332,600
Self-amortizing Facilities	8,046,400
GRAND TOTAL	$656,013,200

3. MODIFICATIONS TO PRIOR BUILDING PROGRAMS

Building Commission/Joint Finance: Modify prior building programs as follows:

a. 2013-15 Building Program

(1) Under projects financed by GPR-supported bonding, increase the amount for the Green Bay Correctional Institution -- north and south cell halls improvements project from $3,750,000 to $22,232,000. This increase in bonding under Corrections is shown in item #2.

(2) Under projects financed by PR-supported bonding, delete the Platteville residence hall and dining facility and its enumeration for $29,287,000 as well as the Whitewater indoor tennis building and its enumeration for $3,500,000.

b. 2015-17 Building Program

(1) Under projects financed by existing GPR-supported bonding, increase the amount for the Willow River State Park -- Little Falls Dam repair or replacement -- Hudson project from $3,041,700 to $6,541,700. This increase in bonding is shown in Item #2. Similarly, for that same project, increase existing stewardship bonding from $5,000,000 to $12,500,000. This provision allocates additional unused stewardship bonding authority from prior years to partially fund the Willow River State Park -- Little Falls Dam repair replacement -- Hudson project.

4. PLANNING FOR NATIONAL GUARD READINESS CENTERS

Building Commission/Joint Finance: Require the Building Commission to allocate $627,800 of building trust funds, matched by $1,883,900 of federal funds, to develop preliminary plans and specifications for the construction of National Guard readiness centers in Black River Falls, Viroqua, Wausau, and Wisconsin Rapids.

5. PLANNING CONCERNING CORRECTIONAL FACILITIES

Building Commission: Require the Building Commission to allocate $600,000 from the building trust fund for a comprehensive, long-range master plan concerning Department of Corrections facilities that the Department of Administration would conduct.

Joint Finance: Specify that the DOA study would be directed by a nine-person committee comprised of three members appointed by the Governor (one of whom would serve as chair), and six legislators jointly appointed by the Speaker and Senate Majority Leader. Require the Committee to report on the plan to the Governor and the appropriate standing committees of the Legislature by September 15, 2018. Specify that this committee would terminate upon submission of the plan.

6. GERIATRIC CORRECTIONAL FACILITY

Joint Finance: Require the Department of Corrections to establish a geriatric correctional institution and provide the facilities necessary for that institution. Specify that no bonds could be issued for the geriatric correctional institution enumerated under the 2017-19 building program for $7,000,000 without the approval of the Joint Committee on Finance. Provide that the Department of Corrections could request the approval of the Committee for bond issuance and the release of GPR funding from the Committee's appropriation (see Program Supplements) once the Department has identified the location of the institution and determined the staffing and other operating costs of the institution.

7. LA CROSSE CENTER [LFB Paper 178]

Building Commission/Joint Finance: Enumerate a $47,000,000 multi-use convention center in the City of La Crosse under the 2017-19 state building program. Authorize the Building Commission to provide $5,000,000 of GPR-supported bonding to assist the City of La Crosse in the remodeling and expansion of the La Crosse Center. The fiscal effect is shown in the totals under Items #1 and #2.

Require that the state funding commitment be in the form of a grant to the City of La Crosse. Specify that before approving any state funding commitment for the remodeling and expansion of the center, the Building Commission would be required to make a determination that the City of La Crosse has secured additional funding for the project of at least $42,000,000 from nonstate revenue sources. Require that if the Building Commission makes a grant for the remodeling and expansion of the center, the state would retain an ownership interest in the facility equal to the amount of the state's grant if for any reason the space that is remodeled and expanded with funds from the grant is not used for meetings and conventions or sports and entertainment.

Specify that the Legislature finds and determines that the meetings and conventions and the sports and entertainment industries are of vital importance in creating jobs and contributing to state economic development and tourism and are statewide responsibilities of statewide dimension. Further specify that it is in the public interest, and it is the public policy of this state, to assist the City of La Crosse in the remodeling and expansion of the La Crosse Center.

Specify that the Building Commission may not make a grant to the City of La Crosse for the remodeling and expansion of the La Crosse Center unless the Department of Administration (DOA) has reviewed and approved plans for the project, although DOA may not supervise any services or work or let any contracts for the project. Further specify that contracts for the project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

8. ST. ANN CENTER FOR INTERGENERATIONAL CARE; BUCYRUS CAMPUS [LFB Paper 178]

Building Commission/Joint Finance: Enumerate a $25,268,200 project for completion of the St. Ann Center for Intergenerational Care, Inc. Bucyrus Campus in the City of Milwaukee under the 2017-19 state building program. Authorize the Building Commission to provide $5,000,000 in GPR-supported bonding to assist in the completion of the Bucyrus Campus. The fiscal effect is shown in the totals under Items #1 and #2.

Require that the state funding commitment be in the form of a grant to the St. Ann Center for Intergenerational Care, Inc. Specify that before approving any state funding commitment for

the completion of the Bucyrus Campus, the Building Commission would be required to make a determination that St. Ann Center for Intergenerational Care has secured additional funding for the project of at least $20,268,200 from nonstate revenue sources. Require that if the Building Commission makes a grant for completion of the Bucyrus Campus, the state would retain an ownership interest in the Bucyrus Campus equal to the amount of the state's grant if for any reason the facility is not used for the provision of intergenerational care.

Specify that the Legislature finds and determines that the improvement of the health and well-being of residents of all ages of this state and the promotion of community and economic development are statewide responsibilities of statewide dimension. The Legislature also finds and determines that the St. Ann Center for Intergenerational Care, Inc. provides vital intergenerational care at its Bucyrus Campus in the City of Milwaukee, including services for individuals suffering from Alzheimer's disease and dementia, services for individuals with mental and physical disabilities, services for minority and economically disadvantaged children and their families, and services that encourage entrepreneurship and business development. Further specify that it is in the public interest, and it is the public policy of this state, to assist the St. Ann Center for Intergenerational Care, Inc. in the completion of its Bucyrus Campus.

Specify that the Building Commission may not make a grant to the St. Ann Center for Intergenerational Care for completion of the Bucyrus Campus unless DOA has reviewed and approved plans for the project, although DOA may not supervise any services or work or let any contracts for the project. Further specify that contracts for the project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

9. BROWN COUNTY INNOVATION CENTER [LFB Paper 178]

Building Commission: Enumerate a $15,000,000 innovation center in Brown County under the 2017-19 state building program. Authorize the Building Commission to provide $5,000,000 in GPR-supported bonding to assist Brown County in the construction of a science, technology, engineering, and mathematics innovation center in the Brown County Research and Innovation Park. The fiscal effect is shown in the totals under Items #1 and #2.

Require that the state funding commitment be in the form of a grant to Brown County. Specify that before approving any state funding commitment for the construction of the innovation center, the Building Commission would be required to make a determination that Brown County has secured additional funding for the project of at least $10,000,000 from nonstate revenue sources. Require that if the Building Commission makes a grant for the construction of the center, the state would retain an ownership interest in the center equal to the amount of the state's grant if for any reason the center is not used as a science, technology, engineering, and mathematics innovation center.

Specify that the Legislature finds and determines that meeting manufacturing workforce needs and supporting innovation and entrepreneurship in the manufacturing industry in this state are of vital importance in expanding the state manufacturing industry, creating jobs, and improving the municipal, regional, and state economies and are statewide responsibilities of statewide dimension. Further specify that it is in the public interest, and it is the public policy of this state, to assist Brown County in the construction of a science, technology, engineering, and mathematics innovation center in the Brown County Research and Innovation Park.

Specify that the Building Commission may not make a grant to Brown County for the construction of a science, technology, engineering, and mathematics innovation center unless DOA has reviewed and approved plans for the project, although DOA may not supervise any services or work or let any contracts for the project. Further specify that contracts for the project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

Joint Finance: Modify provision to specify that the innovation center would be located on or adjacent to the UW-Green Bay campus.

10. WARREN KNOWLES-GAYLORD NELSON STEWARDSHIP 2000 SUBPROGRAM UNOBLIGATED BONDING AUTHORITY

Building Commission/Joint Finance: Specify that "unobligated amount" includes the amount by which annual bonding authority in 2014-15 and 2015-16 exceeded the amounts that the Department of Natural Resources obligated in those fiscal years from the Warren Knowles-Gaylord Nelson Stewardship 2000 bonding appropriation for the land acquisition, property development and local assistance, and recreational boating aids subprograms. Further specify that this definition excludes the amount by which annual bonding authority in 2014-15 and 2015-16 exceeded the amounts obligated in those fiscal years to provide grants awarded to nonprofit conservation organizations as part of the land acquisition subprogram. Under this provision, stewardship bonding authority for the Willow River State Park -- Little Falls Dam repair or replacement -- Hudson project is increased by $7,500,000.

11. STATEMENT OF BUILDING PROGRAM CONTINUATION

Building Commission/Joint Finance: Continue the building and financing authority enumerated under previous building programs into the 2017-19 biennium. Each building program is approved only for the current biennium; this provision would continue past state building programs into the 2017-19 biennium.

12. PROJECT LOANS

Building Commission/Joint Finance: Authorize the Building Commission, during the 2017-19 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 2017-19 building program projects funded from non-GPR sources.

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$1,990,000	$1,990,000	$1,990,000	$0	0.0%	$0	0.0%
FED	1,265,400	1,295,400	1,295,400	0	0.0	30,000	2.4
PR	2,797,000	3,002,000	3,002,000	0	0.0	205,000	7.3
SEG	30,000	30,000	30,000	0	0.0	0	0.0
TOTAL	$6,082,400	$6,317,400	$6,317,400	$0	0.0%	$235,000	3.9%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
FED	1.00	1.00	1.00	0.00	0.00
PR	5.00	5.00	5.00	0.00	0.00
TOTAL	6.00	6.00	6.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

FED	$30,000
PR	205,000
Total	$235,000

Governor/Joint Finance: Adjust the base budget for: (a) full funding of continuing position salaries and fringe benefits ($15,000 FED and $104,000 PR annually); and (b) full funding of lease and directed moves costs (-$1,900 PR in 2017-18 and -$1,100 PR in 2018-19).

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from the Board to DOA, the bill allows that on July 1, 2018, all positions of the Board relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions were transferred to DOA, DOA indicates that the employees would remain housed at the Board, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

CHILDREN AND FAMILIES

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$918,595,400	$925,712,200	$925,615,200	- $97,000	0.0%	$7,019,800	0.8%
FED	1,415,872,800	1,434,430,000	1,395,870,500	- 38,559,500	- 2.7	- 20,002,300	- 1.4
PR	221,607,800	223,543,400	223,543,400	0	0.0	1,935,600	0.9
SEG	18,549,400	18,549,400	18,549,400	0	0.0	0	0.0
TOTAL	$2,574,625,400	$2,602,235,000	$2,563,578,500	- $38,656,500	- 1.5%	- $11,046,900	- 0.4%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	231.92	232.17	231.92	- 0.25	0.00
FED	375.27	376.93	376.93	0.00	1.66
PR	190.82	176.31	174.31	- 2.00	- 16.51
TOTAL	798.01	785.41	783.16	- 2.25	- 14.85

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	$2,120,800	0.00
FED	- 2,082,900	- 2.00
PR	- 985,600	0.00
Total	- $947,700	- 2.00

Governor/Joint Finance: Make adjustments to the base budget of -$489,600 in 2017-18 and -$458,100 in 2018-19 for: (a) turnover reduction (-$290,600 GPR, -$83,600 FED, and -$305,900 PR annually); (b) removal of non-continuing items (-$79,900 FED and -2.00 FED positions in 2017-18 and -$159,800 FED and -2.00 FED positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$426,200 GPR, -$153,600 FED, and -$282,100 PR annually); (d) overtime ($737,800 GPR, $20,700 FED, and $4,200 PR annually); (e) night and weekend differential pay ($130,100 GPR, $11,300 FED, and $1,300 PR

annually); (f) full funding of lease and directed moves costs ($886,400 GPR, -$731,700 FED, and $72,200 PR in 2017-18 and $932,200 GPR, -$701,100 FED, and $107,200 PR in 2018-19); and (g) minor transfers within the same appropriation. These amounts do not include adjustments for administrative costs of the Wisconsin Shares child care subsidy program or the Wisconsin Works (W-2) program ($329,200 FED in 2017-18 and $233,500 FED and -1.0 FED position in 2018-19), which are included in separate entries under "Economic Support and Child Care."

2. FEDERAL AND PROGRAM REVENUE REESTIMATES [LFB Paper 185]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	$8,859,700	- $824,100	$8,035,600
PR	3,648,000	0	3,648,000
Total	$12,507,700	- $824,100	$11,683,600

Governor: Provide increases of $8,853,000 ($6,607,400 FED and $2,245,600 PR) in 2017-18 and $3,654,700 ($2,252,300 FED and $1,402,400 PR) in 2018-19 to reflect the reestimates in the following table:

Program and Federal Revenue Reestimates

	2017-18	2018-19
Abstinence Grant Funding (FED)	$641,900	$641,900
Chafee Education and Training Vouchers Funding (FED)	42,000	42,000
Chafee Foster Care Independence Program Funding (FED)	112,000	112,000
Child Abuse Prevention and Treatment Act (CAPTA) Funding (FED)	495,700	495,700
CAPTA Training and Technical Assistance Funding (FED)	-155,700	-155,700
Child Support Noncustodial Parent Employment Demonstration (FED)	-205,100	-400,000
Community Services Block Grant Funding (FED)	733,500	733,500
Domestic Abuse Funding (FED)	182,700	182,700
Home Visiting Funding (FED)	2,773,100	2,506,500
Race to the Top Funding (FED)	-3,481,000	-7,184,900
Refugee Assistance Funding (FED)	-181,700	-181,700
State Foster Care and Adoption Assistance (FED)	234,000	234,000
Title IV-B, Part 1 (FED)	-16,100	-16,100
Title IV-B, Part 2 (FED)	85,800	-103,900
Title IV-E (FED)*	5,185,300	5,185,300
Noncustodial Parent Access and Visitation Program Funding (FED)	161,000	161,000
Domestic Abuse Grants (PR)	-33,200	-33,200
Fee Collections (PR)	1,965,500	1,537,600
Income Augmentation Funds for SAFE Milwaukee (PR)	100,000	-300,000
Social Services Block Grant Operations Funding (PR)	221,300	221,300
Social Services Block Grant Aids (PR)	-8,000	-23,300
FED Total	$6,607,400	$2,252,300
PR Total	2,245,600	1,402,400
Total	$8,853,000	$3,654,700

*Reestimates for Title IV-E include $419,700 in 2017-18 and $404,400 in 2018-19 which were already included into the cost to continue estimates for children and family aids, see "Children and Families," below. Estimated program revenue should be reduced by these amounts.

Joint Finance: Reduce federal Title IV-E reimbursements by $419,700 in 2017-18 and $404,400 in 2018-19 in order to avoid double counting available resources. This funding was already incorporated into the cost to continue estimates for children and family aids.

3. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
PR	- 9.60	- 2.00	- 11.60

Governor: Delete 9.60 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the administrative and support services appropriation. Funding associated with the positions ($905,100) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the Department of Children and Families (DCF) but would become DOA employees rather than employees of DCF.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Transfer an additional 2.0 training positions from DCF to DOA in 2018-19. Associated funding for the positions would be reallocated within DCF to supplies and services to pay shared agency service charges assessed by DOA.

4. TRANSFER VACANT POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING [LFB Paper 112]

	Funding	Positions
PR	- $198,800	- 1.00

Governor/Joint Finance: Transfer 1.0 vacant position to the Department of Administration "to strengthen information technology and services procurement and purchasing." Delete $99,400 annually from DCF's administrative and support services appropriation associated with salary and fringe benefits for the position. [See "Administration --

Transfers."]

5. FUNDING AND POSITION REALIGNMENTS

	Funding	Positions
GPR	- $8,000	0.00
FED	131,000	1.07
PR	- 977,200	- 4.71
Total	- $854,200	- 3.64

Governor/Joint Finance: Decrease funding by $427,100 (-$4,000 GPR, $65,500 FED, and -$488,600 PR) annually, and reassign positions (1.07 FED and -4.71 PR), beginning in 2017-18, to more accurately reflect the needs and organizational structure of DCF. The adjustments reflect salary, fringe, supplies and services, and positions, but do not include adjustments for administrative costs of the W-2 program ($426,800 FED and 3.64 FED positions annually), which are included in a separate entry under "Economic Support and Child Care."

6. SURPLUS RETENTION LIMITATIONS FOR PROVIDERS OF RATE-BASED SERVICES

Joint Finance: Modify statutory contracting requirements for rate-based services as detailed below. These changes would take effect on January 1, 2018, and would first apply to contracts commencing performance after that date.

Current law enables DCF, the Department of Health Services (DHS), the Department of Corrections (DOC), and counties to enter into rate-based contracts with private agencies (and counties) to provide social services, child welfare, economic support, public assistance, and correctional services to the public. Rate-based contracts procure client services on the basis of a unit rate per client. Current law permits such providers to retain up to 5% of the contract amount if revenues exceed the cost of the services. These surplus funds must be for the purposes of addressing a funding deficit in previous or future years under that contract. The state or county may specify a maximum retention amount in the contract that is lower than 5%. Current law also allows providers to accumulate surpluses over multiple contract periods to address deficits in previous or future contract periods. However, if at the end of the contract period the accumulated surplus exceeds 10% of the amounts under all current contracts, the provider must return the funds in excess of 10% upon request of the purchaser and use any excess funds not returned to reduce the per client rate for the rate-based service in the next contract period. If the surplus is in excess of 10% under all current contracts for four consecutive contract periods, then 50% of the accumulated amounts must be used to reduce the per-client rate in the next contract period.

The Joint Finance provisions would require that a contract for a rate-based service must allow a provider to retain from a surplus up to 5% of the revenue received under the contract unless a different percentage is determined by DCF, DOC, or DHS by rule. As a result, counties would not be able to specify a lower retention percentage in the contract.

DCF, DHS, and DOC would be required to consult with one another and promulgate administrative rules: (a) requiring that contracts for rate-based services allow the provider to retain from a surplus up to a rate of 5%, or other rate determined by DCF, DHS, and DOC, of the revenue received under the contract; and (b) establishing a procedure for reviewing rate-based

service contracts to determine compliance with state law requirements for purchase of care and service. Further, the rates established by DCF, DHS, and DOC by administrative rule would apply uniformly to all rate-based service contracts.

The Joint Finance provisions would repeal several provisions of current law which require: (a) a maximum retention of 10% of all revenue received under all current contracts for the same rate-based service; (b) a provider to return the excess over that 10% cumulative maximum to the purchasers in proportion to a purchaser's share of the surplus and to use any excess which is not returned to reduce the provider's unit rate in the next contracting period; (c) providers to apply 50% of accumulated reserves to reducing the unit rate in the next contracting period if the provider has held for four consecutive contracting periods an accumulated reserve that is equal to or greater than 10% of the revenue received under all current contracts for the rate-based service; (d) retained surplus to be used for deficits in previous or future contract periods or to address programmatic needs of clients served by the rate-based service that generated the surplus; and (e) DCF to develop payment levels which correspond to performance measures of out-of-home care providers. Also, the Joint Finance provisions would repeal obsolete current law regarding accumulated amounts from contract periods ending on or before December 31, 1995 and a requirement for DCF to develop a report for implementing a performance-based contracting system on or before November 1, 2010.

Instead, the Joint Finance provisions would require that if the aggregate surplus retained by a nonprofit provider of a rate-based service under all contract periods ending in the calendar year for that rate-based service exceeds 5% (or the rate established under rule by DCF, DHS, and DOC) of the total revenues under such contracts as of December 31, then the provider of the rate-based service must provide written notice of the amount of the excess to all purchasers under those contracts. The provider would be required to return a purchaser's proportional share of the overall excess if that purchaser provides a written request no later than six months after the date the purchaser receives the written notice of the excess. If DCF, DHS, or DOC determines based on an audit or fiscal review that the amount of the excess identified by the provider is incorrect, then DCF, DHS, and DOC would be able to seek to recover the funds after the six-month period has expired. DCF, DHS, and DOC would have to commence any such audit or fiscal review within six years after the end of the contract period.

The Joint Finance provisions would also increase the dollar threshold for DCF, DHS, and DOC to provide a purchaser with a certified financial and compliance audit report from $25,000 to $100,000.

Finally, similar to current law for DCF and DHS, the Joint Finance provisions would specify that in regards to the purchase of care and services by DOC a "rate-based service" means a service or a group of services, as determined by DOC, that is reimbursed through a prospectively set rate and that is distinguishable from other services or groups of services by the purpose for which funds are provided for that service or group of services and by the source of funding for that service or group of services. Likewise, "provider" would mean a nonstock corporation organized under Wisconsin law that is a nonprofit corporation and that contracts to provide client services on the basis of a unit rate per client service or a county department that contracts to provide client services on the basis of a unit rate per client service.

Children and Families

1. DIVISION OF MILWAUKEE CHILD PROTECTIVE SERVICES REESTIMATE

GPR	$967,100
FED	267,900
Total	$1,235,000

Governor/Joint Finance: Increase funding for the Division of Milwaukee Child Protective Services by $617,500 ($602,400 GPR and $15,100 FED) in 2017-18 and $617,500 ($364,700 GPR and $252,800 FED) in 2018-19 to reflect the net effect of reestimates of aids expenditures, which are comprised of the following components:

a. Increases in aids contracts ($561,300 GPR and $56,300 FED annually); and

b. Changes to federal Title IV-E claiming rates ($41,100 GPR and -$41,200 FED in 2017-18 and -$196,600 GPR and $196,500 FED in 2018-19).

Base level expenditures would be maintained for out-of-home care maintenance aids. The federal funding is available under Title IV-E of the Social Security Act.

2. FOSTER CARE RATE INCREASE [LFB Paper 190]

GPR	$858,200
FED	281,900
Total	$1,140,100

Governor/Joint Finance: Provide $284,200 ($213,900 GPR and $70,300 FED) in 2017-18 and $855,900 ($644,300 GPR and $211,600 FED) in 2018-19 to increase the rates paid to foster parents providing care and maintenance for a child. Foster care rates would increase by 2.5% beginning January 1, 2018, and increase by an additional 2.5% beginning January 1, 2019. The federal funding is available under Title IV-E of the Social Security Act.

The increased funding would support: (a) children and family aids payments for child welfare expenditures outside of Milwaukee County ($172,600 in 2017-18 and $519,500 in 2018-19); (b) child welfare expenditures in Milwaukee County ($105,100 in 2017-18 and $316,700 in 2018-19); and (c) state out-of-home care costs for adoption, foster care, and subsidized guardianship ($6,500 in 2017-18 and $19,700 in 2018-19). Current monthly basic maintenance rates and those under the bill are shown below.

	Current Rates	January 2018	January 2019
Level One	$232	$238	$244
Levels Two and Above			
Under Age 5	$384	$394	$404
Ages 5 through 11	420	431	442
Ages 12 through 14	478	490	502
Ages 15 and Over	499	511	524

3. CHILDREN AND FAMILY AIDS COST-TO-CONTINUE [LFB Paper 191]

GPR	$693,400
FED	227,800
Total	$921,200

Governor/Joint Finance: Increase funding by $460,600 ($346,700 GPR and $113,900 FED) annually for the children and families aids (CFA) allocation to reflect base reestimates and to fully fund foster care rates under current law. The federal funding is available under Title IV-E of the Social Security Act.

4. CHILDREN AND FAMILY AIDS FUNDING INCREASE [LFB Paper 191]

FED	$6,250,000

Governor: Increase funding by $1,250,000 in 2017-18 and by $5,000,000 in 2018-19 for the children and families aids allocation to reflect increased costs of local child welfare agencies. The federal funding is available under Title IV-E of the Social Security Act. Together with the foster care rate increase and the CFA cost-to-continue funding, both of which are detailed above, the total the CFA allocation under the bill is shown in the following table. However, the bill would need to be amended to correctly reflect these totals.

	2017-18	2018-19
2016-17 Adjusted Base	$68,327,900	$68,327,900
Cost to Continue	460,600	460,600
Foster Care Rate Increase	172,600	519,500
CFA Funding Increase	1,250,000	5,000,000
Total CFA Allocation	$70,211,100	$74,308,000

Joint Finance: Modify the bill to accurately reflect the total CFA allocation, as shown above, and to reflect the funding source for the CFA increase as federal Title IV-E funds.

5. TRIBAL HIGH-COST PLACEMENT FUNDING INCREASE AND CONSOLIDATION

PR	$495,000

Governor/Joint Finance: Consolidate the appropriations funded by tribal gaming receipts for unexpected or unusually high-cost of: (a) out-of-home placements of Indian children by tribal courts and subsidized guardianship payments for guardianships of Indian children ordered by tribal courts; and (b) out-of-home placements of Indian juveniles who have been adjudicated delinquent by tribal courts. Also, provide additional spending authority of $247,500 annually for the newly-combined appropriation. Total funding under the bill would be $717,500 annually.

6. SERVICES FOR CHILD VICTIMS OF SEX TRAFFICKING [LFB Paper 192]

GPR	$2,000,000

Governor: Increase funding by $2,000,000 in 2018-19 to reestimate the costs of out-of-home placements, services, and treatment under current law for children and youth who have been or are at risk of alleged sex trafficking. Total funding under the bill would be $2,000,000

GPR in 2017-18 and $4,000,000 GPR in 2018-19.

Further, the bill would grant juvenile courts exclusive original jurisdiction over any child who is a victim of, or at a substantial risk of becoming the victim of, child sex trafficking. Under current law, juvenile courts have exclusive original jurisdiction over any child who is alleged to be in need of protection or services (CHIPS). CHIPS jurisdiction applies to any child who meets certain criteria, including that the child has been a victim of, or is at substantial risk of becoming a victim of, certain types of abuse (such as physical injury and sexual assault). Although abuse is defined under current law as including a violation of the crime of trafficking of a child for the purpose of commercial sex acts, current law does not provide such abuse as being under the exclusive jurisdiction of the juvenile court.

Joint Finance: Modify the bill to provide $1,000,000 annually to expand services for victims of sex trafficking and convert the appropriation from annual to biennial. Including this increase, total funding under the bill would be $3,000,000 annually.

7. YOUNG ADULT EMPLOYMENT ASSISTANCE TAX CREDIT [LFB Paper 193]

Governor: Create a refundable tax credit under the state individual income tax called the young adult employment assistance credit, beginning in tax year 2018, for certain individuals who age out of out-of-home placements under the statutes relating to children in need of protection or services or juveniles in need of protection or services (JIPS). The credit would be equal to 125% of the federal earned income tax credit (EITC) for claimants with no qualifying children, without regard to the age limits under federal law, and would cost an estimated $724,000 GPR in 2018-19. [The fiscal effect is shown under "General Fund Taxes -- Income and Franchise Taxes."]

An individual could claim the credit if the claimant is a young adult defined as: (a) an individual who has aged out of out-of-home care without achieving permanency in either of the two tax years prior to the tax year to which the claim relates, or who did so in the tax year to which the claim relates; or (b) an individual who was previously designated as disabled under the supplemental security income program as a minor, but who, in either of the two tax years prior to the year to which the claim relates, or in the tax year to which the claim relates, lost his or her disability status due to a disability redetermination using the adult disability rules when he or she reaches 18 years of age.

"Aged out" would mean being discharged from out-of-home care due to one of the following instances: (a) termination of a dispositional order made before the individual becomes 18 years old, that places or continues the placement of the individual in out-of-home care, except as provided under the statutes regarding continuation of CHIPS or JIPS dispositional orders; (b) termination of a voluntary transition-to-independent-living agreement; or (c) termination of a voluntary agreement for placement of a child in a foster home or group home.

In order to meet the definition of "aged out," the discharge would have to occur on the date of any of the following: (1) the date that the individual becomes 18 years old; (2) the date that the individual is granted a high school or high school equivalency diploma, or the date on which

the individual becomes 19 years old, whichever occurs first, if the individual is a full-time student at a secondary school or its vocational or technical equivalent and is reasonably expected to complete the program before becoming 19 years old; (3) the date on which the individual is granted a high school or high school equivalency diploma or the date on which the individual becomes 21 years old, whichever occurs first, if the individual is a full-time student at a secondary school or its vocational equivalent and if an individualized education program is in effect for the individual; (4) the date that an individual who is 18 years old or older makes a decision to leave out-of-home care and the CHIPS or JIPS order listed above is dismissed, the voluntary transition to independent living agreement is terminated, or the voluntary placement agreement is terminated; or (5) the date of termination of a CHIPS or JIPS dispositional order that provides for the termination one year or less after the date on which the order was entered.

Individuals claiming the credit could not be a part-year resident or nonresident of the state. No credit may be allowed unless it is claimed within four years of the tax year to which the claim relates and no credit would be allowed for a tax year covering a period of less than 12 months, except in the event of a claimant's death. The bill would extend DOR's administrative authority under the state EITC to the young adult employment assistance credit, and require DOR, DCF and DHS to work together to verify claims for the credit.

As noted, the proposed state credit would be equal to 125% of the federal EITC for individuals who do not have qualifying children. In tax year 2018, it is estimated that the federal EITC for such claimants will equal 7.65% of the claimant's first $6,820 of earned income. The maximum federal credit for that year is estimated at $522. Once the greater of the claimant's earned income or federal adjusted gross income (AGI) exceeds $8,540, the $522 maximum credit amount will be phased down to zero when the claimant's earned income or AGI exceeds $15,360. The new state credit would be phased up and phased out using these same income levels. The maximum state credit would be $652. Federal law also specifies that childless claimants must be at least 25 years old and not more than age 65. These age restrictions would not apply to the proposed state credit.

Finally, the budget bill also includes a provision that would automatically sunset new tax credits that take effect after December 31, 2016. The sunset would occur seven years after the credit takes effect. Therefore, the proposed young adult employment assistance credit would sunset after tax year 2024.

Joint Finance: Delete provision.

8. RUNAWAY AND HOMELESS YOUTH

GPR	$200,000

Joint Finance: Create a new appropriation and provide $100,000 annually to DCF to support grants to programs selected by DCF that provide services for runaway and homeless youth.

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES [LFB Paper 200]

Governor: The following table shows the Wisconsin Works (W-2) and TANF related revenue estimates and expenditures recommended by the Governor. Items that would be modified by the budget bill are addressed in detail in the entries that follow according to the item number listed in the right-hand column of the table. "TANF" refers to the federal temporary assistance for needy families program.

Revenues Available for W-2 and TANF Related Programs

As shown in Table 1, the administration estimates total revenues for W-2 and TANF related programs at $775.6 million in 2017-18 and $708.5 million in 2018-19. State funding would include $174.4 million ($160.4 million GPR, $4.9 million PR, and $9.1 million SEG) in 2017-18 and $174.0 million ($160.4 million GPR, $4.5 million PR, and $9.1 million SEG) in 2018-19. The program revenue includes the state's share of AFDC overpayment recoveries, child support collections that are assigned to the state by public assistance recipients, and child care licensing fees. The segregated revenue is from DOA's public benefits funding.

Ongoing federal funding is estimated at $413.1 million in 2017-18 and $392.9 million in 2018-19. Federal funds include monies from the TANF block grant, the child care development block grant, and recoveries of overpayments to W-2 recipients. The carryover of all funding sources from the 2016-17 ending TANF balance is estimated at $188.1 million.

The largest change in revenue comes from the anticipated carryover funding from 2016-17. This is primarily due to a substantial reduction of benefit payments under the W-2 employment program. Initially budgeted at $83.0 annually under 2015 Act 55, actual expenditures were $51.3 million in 2015-16 and are estimated to be $53.5 million in 2016-17. DCF indicates that there was a substantial decline in program participation after 2014, due in part to job gains after the 2008-2009 recession ended.

An offsetting decrease in revenue is due to penalties imposed by the federal Department of Health and Human Services (DHHS) for the failure of Wisconsin's TANF program to meet certain work participation rates required under federal law (discussed in more detail below). As shown in Table 1, federal funding for 2018-19 is estimated to decrease by $20.2 million.

It should be noted that Congress has extended the TANF program until September 30, 2018. The budget bill assumes the federal TANF program would continue at the same funding levels through the 2017-19 biennial budget.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 and TANF related programs would be $634.0 million in 2017-18 and $669.5 million in 2018-19. These amounts include all funds, and represent a decrease from the base budget of $16.0 million in 2017-18 and

an increase of $19.4 million in 2018-19. The changes in funding represent reestimates, increased funding for some existing programs and several new programs, and decreased funding for other existing programs, which are described in the entries below. Expenditures include: W-2 contracts and cash grants; the Transform Milwaukee and Transitional Jobs programs; child care subsidies; benefits for the kinship care program, the caretaker supplement, and emergency assistance; state administration and other support services; grants to several organizations; and expenditures in other programs.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. The projected TANF-related balance at the end of the 2017-19 biennium would be $39.1 million which could be carried over into the 2019-21 biennium. However, ongoing expenditures would be estimated to exceed ongoing revenue by $102.5 million in 2018-19.

TABLE 1

W-2 and TANF Related Revenue and Expenditures Under the Governor's Budget Bill

			Change Over Base		
	2017-18	2018-19	2017-18	2018-19	Item
Revenues					
State General Purpose Revenue (GPR)	$160,373,800	$160,373,800	$0	$0	
TANF Block Grant (FED)	313,896,000	293,706,900	0	-20,189,100	
Child Care Development Fund (FED)	94,928,600	94,928,600	3,739,700	3,739,700	
TANF and CCDF Recoveries (FED)	4,287,600	4,287,600	0	0	
Carryover from Prior Year (All Funds)	188,111,300	141,536,100	90,984,400	44,409,200	
Child Support Collections (PR)	2,942,800	2,635,800	-68,000	-375,000	29
Child Care Licensing Fees (PR)	1,650,000	1,650,000	-65,900	-65,900	29
AFDC Recoveries, State Share (PR)	160,600	160,600	0	0	
SSBG from DHS (PR)	100,000	100,000	0	0	
Public Benefits Funding (SEG)	9,139,700	9,139,700	0	0	
Total Available	$775,590,400	$708,519,100	$94,590,200	$27,518,900	
Expenditures					
Wisconsin Works					
Subsidized Employment Benefits	$54,173,300	$54,173,300	-$28,826,700	-$28,826,700	2, 3
Worker Supplement	2,700,000	2,700,000	2,700,000	2,700,000	4
Service Contracts	55,000,000	55,000,000	-3,336,500	-3,336,500	5
Other TANF Employment Programs					
Transform Milwaukee/Transitional Jobs	7,000,000	8,000,000	0	1,000,000	7
Child Care					
Direct Child Care Subsidies	289,215,200	308,167,800	8,495,500	27,448,100	8, 9
Child Care State Administration	36,189,400	36,030,000	2,713,900	2,554,500	10
Quality Care for Quality Kids	15,652,700	15,652,700	160,000	160,000	11
Other Benefits					
Kinship Care Benefits	22,012,100	22,741,200	577,100	1,306,200	12
Caretaker Supplement for Children of SSI Recipients	27,339,100	27,339,100	-3,999,100	-3,999,100	13
Emergency Assistance	7,000,000	7,000,000	-1,400,000	-1,400,000	14
Child Support Related to W-2					
Children First	1,140,000	1,140,000	0	0	
Administrative Support					
State Administration	15,987,000	15,902,900	604,500	520,400	15
Local Fraud Aids	605,500	605,500	0	0	
Grant Programs					
Grants to Boys and Girls Clubs of America	1,275,000	1,275,000	100,000	100,000	16
Wisconsin Community Services	400,000	400,000	0	0	
Fostering Futures - Connections Count	360,300	560,300	0	200,000	17
GED Testing	115,000	115,000	0	0	
Adult Literacy	41,600	41,600	0	0	
Legal Services	500,000	500,000	0	0	
Homeless Grants	500,000	500,000	500,000	500,000	18
Early Absenteeism	0	500,000	0	500,000	19
Early Learning Texting	35,000	60,000	35,000	60,000	20
Academic Career Planning	50,000	0	50,000	0	21
Public Messaging Campaign	400,000	600,000	400,000	600,000	22
Families and Schools Together	250,000	250,000	250,000	250,000	23
Offender Reentry	187,500	250,000	187,500	250,000	24
Expenditures in Other Programs					
Earned Income Tax Credit	69,700,000	82,700,000	0	13,000,000	25
SSBG Transfer to DHS/Community Aids	14,653,500	14,653,500	0	0	
Child Welfare Safety Services	6,282,500	7,314,300	889,800	1,921,600	26
Child Welfare Prevention Services	5,289,600	5,289,600	3,900,000	3,900,000	27
Total Expenditures	$634,054,300	$669,461,800	-$15,999,000	$19,408,500	
TANF Balance:	$141,536,100	$39,057,300			

Joint Finance: Table 2 shows the W-2 and TANF related revenue estimates and expenditure changes made by the Joint Committee on Finance.

As shown in Table 2, total revenues for W-2 and TANF related programs are estimated at $819.4 million in 2017-18 and at $783.0 million in 2018-19. Compared to the Governor's proposal, these numbers represent an increase in revenues of $43.8 million in 2017-18 and $15.1 million in 2018-19 (the carryover into 2018-19 is already accounted for in 2017-18). These increases reflect reestimates of penalties to the TANF block grant and the amount of the TANF balance carried over from 2016-17 into 2017-18. Penalties to the TANF block grant are estimated as $5.1 million in 2018-19, whereas they were previously estimated under the bill as $20.2 million. The anticipated decrease in penalties is due to DCF's performance under a compliance plan with DHHS.

Overall expenditures for W-2 and TANF related programs under the bill would be $618.5 million in 2017-18 and $647.2 million in 2018-19. Compared to the Governor's recommendations, these amounts represent a decrease of $15.6 million in 2017-18 and $22.3 million in 2018-19. The biggest changes are an increase in TANF funding to support the expansion of the eligibility exit threshold for direct child care subsidies, decreases in funding for the SSI caretaker supplement, W-2 benefits, and W-2 service contracts, removal of the Governor's recommended TANF increase for the earned income tax credit, and deletion of the proposed public messaging campaign, as shown in Table 2 and described in the entries below.

As indicated in Table 2, there would be an estimated balance in TANF funding of $135.8 million on June 30, 2019, which could be carried over into the 2019-21 biennium. However, ongoing expenditures would be estimated to exceed ongoing revenue by $65.1 million in 2018-19.

TABLE 2

W-2 and TANF Related Revenue and Expenditures Under the Joint Finance Committee

			Change to Governor		
	2017-18	2018-19	2017-18	2018-19	Item #
Revenues					
State General Purpose Revenue (GPR)	$160,373,800	$160,373,800	$0	$0	
TANF Block Grant (FED)	313,896,000	308,814,900	0	15,108,000	
TANF Contingency Fund (FED)	0	0	0	0	
Child Care Development Fund (FED)	94,928,600	94,928,600	0	0	
TANF and CCDF Recoveries (FED)	4,287,600	4,287,600	0	0	
Carryover from Prior Year (All Funds)	231,901,500	200,885,700	43,790,200	59,349,600	
Child Support Collections (PR)	2,942,800	2,635,800	0	0	29
Child Care Licensing Fees (PR)	1,650,000	1,650,000	0	0	29
AFDC Recoveries, State Share (PR)	160,600	160,600	0	0	
SSBG from DHS (PR)	100,000	100,000	0	0	
Public Benefits Funding (SEG)	9,139,700	9,139,700	0	0	
Total Available	$819,380,600	$782,976,700	$43,790,200	$74,457,600	
Expenditures					
Wisconsin Works					
Subsidized Employment Benefits	$42,500,000	$44,625,000	-$11,673,300	-$9,548,300	2, 3
Worker Supplement	2,700,000	2,700,000	0	0	4
Service Contracts	52,000,000	54,600,000	-3,000,000	-400,000	5
Other TANF Employment Programs					
Transform Milwaukee/Transitional Jobs	7,000,000	8,000,000	0	0	7
Child Care					
Direct Child Care Subsidies	289,215,200	310,369,200	0	2,201,400	8, 9
Child Care State Administration	36,189,400	36,030,000	0	0	10
Quality Care for Quality Kids	15,652,700	15,652,700	0	0	11
Other Benefits					
Kinship Care Benefits	22,012,100	22,741,200	0	0	12
SSI - Caretaker Supplement	26,938,000	26,938,000	-401,100	-401,100	13
Emergency Assistance	7,000,000	7,000,000	0	0	14
Child Support Related to W-2					
Children First	1,140,000	1,140,000	0	0	
Administrative Support					
State Administration	15,987,000	15,902,900	0	0	15
Local Fraud Aids	605,500	605,500	0	0	
Grant Programs					
Grants to Boys and Girls Clubs of America	1,275,000	1,275,000	0	0	16
Wisconsin Community Services	400,000	400,000	0	0	
Fostering Futures - Connections Count	360,300	560,300	0	0	17
GED Testing	115,000	115,000	0	0	
Adult Literacy	41,600	41,600	0	0	
Legal Services	500,000	500,000	0	0	33
Homeless Grants	500,000	500,000	0	0	18
Early Absenteeism	0	0	0	-500,000	19
Early Learning Texting	0	0	-35,000	-60,000	20
ACP Enhancement	0	0	-50,000	0	21
Public Messaging Campaign	0	0	-400,000	-600,000	22
FAST	250,000	250,000	0	0	23
Offender Reentry	187,500	250,000	0	0	24
Expenditures in Other Programs					
Earned Income Tax Credit	69,700,000	69,700,000	0	-13,000,000	25
SSBG Transfer to DHS/Community Aids	14,653,500	14,653,500	0	0	
Child Welfare Safety Services	6,282,500	7,314,300	0	0	26
Child Welfare Prevention Services	5,289,600	5,289,600	0	0	27
Total Expenditures	$618,494,900	$647,153,800	-$15,559,400	-$22,308,000	
TANF Balance:	$200,885,700	$135,822,900	$59,349,600	$96,765,600	

2. WISCONSIN WORKS BENEFITS [LFB Paper 200]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	- $57,653,400	- $21,221,600	- $78,875,000

Governor: Decrease funding for W-2 subsidized employment benefits by $28,826,700 in 2017-18 and 2018-19. W-2 benefit payments increased significantly during the 2008-2009 recession and decreased substantially after 2014. As a result, the current base funding levels no longer accurately reflect anticipated caseloads and benefit payments for the 2017-19 biennium. Total TANF funding for W-2 benefits would be $54,173,300 annually.

Joint Finance: Decrease funding for W-2 benefits by $11,673,300 in 2017-18 and by $9,548,300 in 2018-19 to reflect more recent estimates of base-year caseloads and benefit payments, which are lower than previously estimated. Total TANF funding for W-2 benefits would be $42,500,000 in 2017-18 and $44,625,000 in 2018-19.

3. CONTROLLED SUBSTANCE SCREENING, TESTING, AND TREATMENT ELIGIBILITY REQUIREMENTS FOR WISCONSIN WORKS EMPLOYMENT POSITIONS [LFB Paper 203]

Governor: Require controlled substance screening, testing, and treatment as a condition of eligibility for W-2 employment positions, as described below. It is estimated that the costs of these activities would be absorbable under existing appropriations.

Under current law, individuals are required to complete a questionnaire that screens for the abuse of a controlled substance as a condition of eligibility for participation in the following work programs administered by DCF: (a) the Transform Milwaukee and Transitional Jobs subsidized employment programs; (b) W-2 services and benefits for noncustodial parents; and (b) Children First, which is a work experience and job training program for persons not meeting their child support obligations. Based on the answers to the questionnaire, if DCF (or the agency with which DCF has contracted to administer a work program) determines that there is a reasonable suspicion that an individual who is otherwise eligible for a work program is abusing a controlled substance, the individual must undergo a test for the use of a controlled substance in order to remain eligible. If the individual refuses to submit to a test, the individual would not be eligible until the individual complies with the requirement to undergo a test for the use of a controlled substance.

If the test results are negative, the eligibility requirements for testing, screening, and treatment are fulfilled. If the test results are positive and the individual does not present satisfactory evidence of a valid prescription for the controlled substance, then the individual must participate in substance abuse treatment in order to remain eligible. The individual satisfactorily completes the controlled substance screening, testing, and treatment requirements for the work program if the individual completes treatment and tests negative or positive with a valid prescription at the completion of treatment. While undergoing treatment, the individual must

submit to random testing for the use of a controlled substance, and the test results must be negative, or positive with evidence of a valid prescription, in order for the individual to remain eligible. If any test results are positive and the individual does not have a valid prescription, the individual can restart treatment one time and remain eligible so long as all subsequent test results are negative or positive with a valid prescription.

The bill would replace the requirement for screening via a questionnaire with "controlled substance abuse screening," which would mean a questionnaire, a criminal background check, or any other controlled substance abuse screening mechanism identified by DCF by rule. As a result, DCF would be able to specify alternative screening methods.

The bill would apply the above controlled substances screening, testing, and treatment eligibility requirements to applicants of the following W-2 work experience programs: (a) the temporary employment match program (TEMP); (b) community service jobs; and (c) transitional jobs. However, controlled substance screening and testing eligibility requirements would not apply if an individual is: (a) a custodial parent of child younger than eight weeks old; (b) a woman who is in a pregnancy that is medically verified and that is shown by medical documentation to be at risk; (c) a participant in a W-2 employment position who moves to unsubsidized employment and receives case management services; or (d) a dependent child.

The bill would apply the controlled substances screening, testing, and treatment eligibility requirements for W-2 positions to all of an individual's group members, which would be defined as all adult members of an applicant's W-2 group whose income or assets are included in determining the individual's eligibility for W-2 employment positions. As a result, an individual would not be eligible for a W-2 employment position unless that individual and all adult group members satisfy the screening, testing, and treatment eligibility requirements. However, the screening and testing requirements would not apply if an individual is: (a) a custodial parent of child younger than eight weeks old; (b) a woman who is in a pregnancy that is medically verified and that is shown by medical documentation to be at risk; or (c) specified as exempt under rules promulgated by DCF.

The bill would specify that if an applicant for a W-2 employment position or any of the applicant's group members fails to satisfy the screening, testing, or treatment eligibility requirements, then the applicant would remain partially eligible for monthly grants under a community service job or transitional placement. However, DCF would be required to pay the monthly grant to a protective payee. The protective payee would have to hold the money and use it exclusively for the benefit of the applicant's dependent children. DCF would reduce the monthly grant to reflect that the monthly grant is to be used exclusively for the dependent children. The applicant would remain partially eligible for twelve months or, if earlier, the date on which the applicant becomes eligible for full participation in a W-2 employment position (such as by complying with controlled substance screening, testing, and treatment eligibility requirements).

Finally, the bill would authorize DCF to promulgate emergency rules to implement and establish the protective payee structure and monthly grant eligibility under community service jobs and transitional jobs without the finding of an emergency. DCF would be required to submit

a statement of scope of proposed emergency rules within 120 days of the bill's effective date. The drug screening, testing, and treatment provisions would first apply to applicants for W-2 employment positions on the effective date of the rules or emergency rules promulgated by DCF, whichever is earlier.

Joint Finance: Modify the Governor's recommendation to clarify in the provisions relating to protective payees that the monthly grant must be used for the exclusive benefit of all dependent children in the individual's W-2 workgroup and not just the individual's dependent children.

4. WISCONSIN WORKS WORKER SUPPLEMENT [LFB Paper 204]

FED	$5,400,000

Governor: Allocate $2,700,000 annually from federal TANF block grant funds to provide eligibility to participants in Wisconsin Works who meet certain federal work participation requirements to receive a supplemental payment of $50 each month for up to twelve months. The supplement would assist participants to maintain unsubsidized employment after participating in a Wisconsin Works employment position.

Federal law requires state TANF programs to achieve minimum work participation rate (WPR) targets: an overall rate requiring 50% of families receiving TANF assistance to participate in work activities, and a two-parent rate requiring 90% of two-parent families receiving TANF assistance to participate in work activities. Wisconsin has not reached either target since federal fiscal year (FFY) 2011, and as a result has been notified by DHHS that Wisconsin is subject to potential penalties of $11.8 million for FFY 2012, $15.1 million for FFY 2013, and $19.8 million for FFY 2014. DCF entered into a corrective compliance plan in order to avoid the FFY 2012 and FFY 2013 penalties and has appealed the penalties for the other years. The corrective compliance plan was not successfully completed, and the anticipated penalties for FFY 2012 and FFY 2013 are reflected in the TANF revenue shown in Table 1.

Additional penalties could apply in future years if the TANF program does not reach the required WPR targets. The worker supplement would improve performance on federal WPR targets by increasing the number of families participating in work activities that receive TANF assistance. Families moving from W-2 employment positions into unsubsidized work would otherwise not be counted for purposes of determining the WPR.

Joint Finance: Modify the Governor's recommendation to require DCF to submit periodic reports regarding performance on WPR targets in the TANF program, progress on any compliance programs with the federal Department of Health and Human Services, and the appeals process for any TANF penalties related to WPR requirements on or before: September 15, 2017; March 16, 2018; September 14, 2018; and March 15, 2019. Further, require DCF to present a plan to improve work participation rates in the state TANF program for the Committee's approval on or before October 1, 2018. DCF would be encouraged to, but not be required to, include a request for a waiver under Section 1115 of the Social Security Act into the plan. If the Committee does not schedule a meeting for the purposes of hearing the plan within 14 days after the plan is submitted, DCF could implement the plan. If the Committee schedules a

meeting to review the plan, DCF would not be able to implement the plan unless the Committee approves or modifies the plan.

5. WISCONSIN WORKS CONTRACTS [LFB Paper 200]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	- $6,673,000	- $3,400,000	- $10,073,000

Governor: Reduce funding for W-2 administrative contracts by $3,336,500 annually, including the costs of subsidized employment placements, work support services, education and training, and agency administration. The decrease in funding reflects estimated decreases in caseloads and capitation payments under the W-2 contracts.

Joint Finance: Reduce funding for service costs under the W-2 contracts by $3,000,000 in 2017-18 and by $400,000 in 2018-19 to reflect more recent estimates of base-year caseloads, which are lower than previously estimated.

6. LEARNFARE SCHOOL ATTENDANCE REQUIREMENT [LFB Paper 205]

Governor/Joint Finance: Expand the Learnfare school attendance requirement to permit sanctions on the basis of attendance rather than enrollment. Under current law, Learnfare requires dependent children between the ages of six through 17, unless otherwise exempt, to be enrolled in school if they are in a W-2 group that includes a participant in a TEMP placement, community service job, or transitional placement. A child fails to meet the school attendance requirement, and is subject to sanctions by DCF, if the child is not enrolled in school or was not enrolled in the immediately preceding semester. The bill would expand the school attendance requirement to include habitual truants, such that a child would fail the attendance requirement by being absent from school without an acceptable excuse for part or all of five or more days during the current or previous semester.

7. TRANSFORM MILWAUKEE AND TRANSITIONAL JOBS PROGRAMS

FED	$1,000,000

Governor/Joint Finance: Increase funding for the Transform Milwaukee and Transitional Jobs programs by $1,000,000 in 2018-19. The additional funding would permit the expansion of the Transitional Jobs program to four additional rural counties: Adams, Clark, Jackson, and Juneau. The Transitional Jobs program currently operates in four geographic regions: (a) Urban Southwest (Beloit); (b) Rural Northwest (Florence, Forest, Langlade, and Menominee Counties); (c) Urban Southeast (Racine County); and (d) Rural Northwest (Ashland, Bayfield, Iron, Rusk, Sawyer, and Taylor Counties). Total funding for the Transform Milwaukee and Transitional Jobs programs would be $7,000,000 in 2017-18 and $8,000,000 million in 2018-19.

8. WISCONSIN SHARES CHILD CARE SUBSIDY PROGRAM

FED	$34,145,000

[LFB Papers 206 and 207]

Governor/Joint Finance: Provide $8,495,500 in 2017-18 and $25,649,500 in 2018-19 for Wisconsin's child care subsidy program, known as "Wisconsin Shares." The funding provided under the bill is comprised as shown in the following table. Federal funding is available under the federal TANF block grant and the Child Care Development Fund (CCDF), which is comprised of funding received under the Social Security Act and the Child Care and Development Block Grant (CCDBG).

	2017-18	2018-19
Base Subsidies	$238,430,300	$240,814,600
EBT Parent Pay Cost to Continue	13,200,000	13,200,000
CCDBG 12-Month Eligibility	0	14,100,000
CCDBG Pre-Termination Grace Period	8,400,000	8,400,000
Health and Safety	1,118,000	1,118,000
YoungStar Bonus	13,211,900	13,881,600
Local Administration and Contracts	14,855,000	14,855,000
Total	$289,215,200	$306,369,200
Adjusted Base (2016-17)	$280,719,700	$280,719,700
Difference from Adjusted Base	$8,495,500	$25,649,500

The bill would provide: (a) $238.4 million in 2017-18 and $240.8 million in 2018-19 to continue child care subsidy payments at estimated base levels, (b) $13.2 million annually to fund the ongoing costs of the parent pay electronic benefit transfer (EBT) system, including changing from retrospective attendance-based payments to authorizations for child care based on enrollment; (c) $14.1 million in 2018-19 for the cost of implementing a minimum eligibility period of 12 months, as required by the CCDBG Reauthorization Act of 2014 (the CCDBG Act); (d) $8.4 million annually for the cost of allowing a three-month period of eligibility for individuals whose work activities have terminated, as required by the CCDBG Act; (e) $1.1 million annually for increased subsidy payments resulting from the anticipated growth in provisionally certified child care providers becoming licensed or regularly certified due to compliance with federal health and safety regulations under the CCDBG Act; (f) $13.2 million in 2017-18 and $13.9 million in 2018-19 for the costs of subsidy adjustments for two-, four- and five-star providers under the YoungStar child care provider ratings system; and (g) $14.9 million annually for local administration, including contracts for onsite care at job centers and migrant child care.

Eligibility and Redetermination of Eligibility. Under federal law, child care subsidies are limited to families with gross income of no more than 85% of the state median income (SMI) for a family of the same size. However, federal law permits states to set more restrictive eligibility criteria. Under state law, initial eligibility for Wisconsin Shares is limited to families with gross income of no more than 185% of the federal poverty level (FPL), which is $37,777 for a family of three in 2017. Once eligible, families retain eligibility until gross income exceeds an eligibility

exit threshold of 200% FPL for two consecutive months, which is $40,840 for a family of three in 2017. Once a case has been closed for more than a calendar month, the family must reapply using the 185% initial eligibility threshold.

The CCDBG Act establishes a 12-month eligibility redetermination period for families receiving CCDF assistance regardless of temporary changes in participation in work, training, or education activities and changes in income so long as income does not exceed the federal threshold amount of 85% of state median income. Thus, the eligibility requirements under the CCDF program are generally considered to be met for a period of 12 months. States have the option to terminate child care subsidies prior to the annual eligibility redetermination if a parent loses employment, but must continue subsidies for at least three months to allow for a job search.

Prior administrative rules required that a parent's eligibility and need for child care had to be redetermined at least every six months. However, pursuant to administrative rules in effect as of September, 2016, Wisconsin Shares eligibility must be redetermined annually and in a timely manner following the receipt of a participating parent's report of a change in circumstances affecting his or her eligibility.

The bill would conform to federal law by providing for a minimum period of eligibility equal to the lesser of three months after the permanent termination of an authorized activity, such as employment, or until DCF, a local agency, or a county department redetermines the individual's eligibility. The bill would also provide that in authorizing hours of child care that DCF must take into consideration the child's learning and development and promote the continuity of care. DCF would not be required to limit authorization of hours to the participating parent's scheduled educational or work activities or to the amount of hours spent in those activities. For example, DCF could continue to authorize the same amount of hours of child care after a termination of employment. These changes would first apply to persons eligible to receive a subsidy who permanently cease participation in an approved activity on the date of publication of the bill.

Further, the bill would provide that a "temporary break" from an authorized activity is itself an authorized activity for purposes of Wisconsin Shares eligibility. A temporary break would be defined as a time-limited absence from an authorized activity due to (a) illness; (b) leave to care for an individual's family member; (c) a student or holiday break; (d) an interruption in work for a seasonal worker who is not working between regular industry working seasons; or (e) any other cessation of an authorized work activity as long as the individual continues to be employed or enrolled in the authorized activity and the absence does not exceed three months. The bill would clarify that any reduction in the use of authorized child care hours due to a temporary break would not result in a reduction of authorized hours due to underutilization. These changes would first apply to persons eligible to receive a subsidy that take a temporary break from approved activities on the date of publication of the bill.

The bill would also provide that children would not lose eligibility for "ageing out" of Wisconsin Shares by reaching the age of 13 (or 19 if disabled) until the participating parent's eligibility is redetermined at the end of the twelve-month period.

The bill would require as a condition of eligibility for the Wisconsin Shares child care

subsidy program that participating children be immunized in the same manner required by state law for public schools, except that the immunization requirement could be waived for reasons of health or religion.

Finally, the bill would create an asset limit of $25,000 for eligibility in the Wisconsin Shares child care subsidy program. Assets would be defined as including an individual's financial resources that are cash or can be quickly converted to cash without incurring penalties, such as checking and savings accounts, except that DCF would be authorized to designate by rule any financial resources as excluded for purposes of the asset limit. The asset limit would not apply to foster parents, subsidized guardians, interim caretakers, or kinship care relatives. The asset limit would first apply to individuals whose eligibility for Wisconsin Shares is determined or redetermined after the date of publication of the bill.

9. MITIGATING BENEFIT DROP-OFF IN WISCONSIN SHARES [LFB Paper 208]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	$1,798,600	$2,201,400	$4,000,000

Governor: Provide $1,798,600 in 2018-19 to allow participating families in Wisconsin Shares to continue eligibility after the family's income increases above the 200% FPL exit threshold.

Under current law, Wisconsin Shares provides child care assistance for working low-income families to enable eligible persons to work or to prepare for employment through W-2, the FoodShare employment and training program, or through a combination of work and education or training. Under the program, the state subsidizes the cost of child care for qualified families by making payments to the child care provider selected by the parent.

Once a participating family's income exceeds the 200% FPL eligibility exit threshold for two consecutive calendar months, the family is no longer eligible for the program. As a result, for participants earning income near the exit threshold, a relatively small increase in income may cause a much larger loss in public assistance benefits.

Current law requires DCF to establish a copayment schedule under which participating parents are required to contribute to the cost of child care. A parent's copayment is based on income, family size, and the number of children in care. However, certain families participating in Wisconsin Shares are exempted from the copayment schedule promulgated by DCF. For example, certain teen parents who are not Learnfare participants are subject to the minimum copayment by statute. Further, by administrative rule the copayment requirements do not apply to certain parents, foster care parents, subsidized guardians, and kinship care relatives who provide care under a court order. Per administrative rule, families authorized for part-time child care for 20 hours or less a week are responsible for only 50% of the amounts listed in the copayment schedule.

The bill would provide continued eligibility to participating families whose incomes have increased above the 200% FPL exit threshold. The family's copayment would increase by $1.00 for every $3.00 by which the family's gross income exceeds the 200% FPL exit threshold. The subsidy amount would be reduced by an amount equal to the increase in the copayment. As a result, the subsidy would scale down with an increase in income rather than sharply dropping at the exit threshold.

Notwithstanding the statutory requirement that participating teen parents are subject to the minimum copayment, the bill would apply the copayment increase in the same manner as other participants. As for children cared for by foster care parents, kinship care relatives, and subsidized guardians, the new eligibility provisions would not apply. Eligibility for such children is determined based on the income of the family home from which the child was removed as of the time of removal from the home. Future increases in income do not affect eligibility.

The effective date of these changes would be the later of July 1, 2018, or the first day of the twelfth month beginning after the date of publication of the bill.

Joint Finance: Provide an additional $2,201,400 in 2018-19 to fund the expansion of eligibility in Wisconsin Shares in order to fully fund the expansion of income eligibility for Wisconsin Shares. In addition, create a new exit threshold for Wisconsin Shares such that if the gross income of a participating individual's family were to exceed 85% of the state median income for a family of the same size, then the individual would not be eligible to receive a child care subsidy.

10. CHILD CARE ADMINISTRATION

	Funding	Positions
FED	$5,268,400	- 2.00

Governor/Joint Finance: Increase expenditure authority in 2017-18 by $2,713,900 and in 2018-19 by $2,554,500 for state administration of child care licensing and regulation activities, Wisconsin Shares, and child care quality improvement programs. Total administrative costs for child care would be $36,189,400 in 2017-18 and $36,030,000 in 2018-19.

The increase in funding primarily reflects information technology costs associated with implementing changes required by the CCDBG Act. Specifically, $2,109,800 annually would support needed alterations to the client assistance for re-employment and economic support (CARES) information technology system to incorporate changes in law for eligibility, copayments, and redetermination. The funding would also reflect: (a) standard budget adjustments ($277,000 in 2017-18 and $281,600 in 2018-19); (b) increased costs for licensing monitoring associated with annual license inspections required under the CCDBG Act ($300,000 annually); (c) information technology costs associated with implementing the extension of eligibility for participating families who earn income above the 200% FPL exit threshold ($164,000 in 2017-18); and (d) reallocation of 2.0 vacant positions to support additional positions in the public assistance collections unit (-$136,900 annually).

Oversight of child care programs run by school districts. Under current law, DCF is authorized to license child care centers care and to visit and inspect their premises and records.

Public school child care programs, which are established by and supervised by school boards, are required to meet the DCF licensure standards but are not required to be licensed by DCF. Private school programs must be certified by DCF in order to receive payments under the Wisconsin Shares child care subsidy program. However, public schools may receive payments under Wisconsin Shares without certification.

Pursuant to the CCDBG Act, DCF must monitor license-exempt programs which receive CCDF funding for compliance with a subset of licensing rules, including annual onsite inspections for compliance with health and safety standards.

The bill would provide DCF authority to supervise child care programs established by a school board if the program receives subsidy payments under Wisconsin Shares. Public school programs would not need to be certified or licensed in order to receive subsidies under Wisconsin Shares. However, if a public school child care program receives Wisconsin Shares subsidies, DCF would be authorized to visit and inspect the facilities and records of public school programs. DCF would also be authorized to prosecute licensing violations.

11. CHILD CARE QUALITY AND AVAILABILITY PROGRAMS

FED	$320,000

Governor/Joint Finance: Provide $160,000 annually to fund an intake contract for the Milwaukee Early Care Administration. Funding would be maintained at base levels for other quality and availability programs, such as resource and referral agencies ($1,298,600 annually), the teacher education and compensation helps (TEACH) program, the rewarding education with wages and respect for dedication (REWARD) program ($3,975,000 annually), the YoungStar child care quality rating and improvement system administrative contract ($9,240,000 annually), the child care information center reference and loan library ($120,000 annually), technical assistance to child care providers ($541,000 annually), and prelicensing training contracts ($318,100 annually). Total TANF funding for child care quality and availability programs would be $15,652,700 in each year.

12. KINSHIP CARE [LFB Paper 190]

FED	$1,883,300

Governor/Joint Finance: Provide an increase of $577,100 in 2017-18 and $1,306,200 in 2018-19 in order to support an estimated 1% annual increase in caseloads and to fully fund increased kinship care benefits. Monthly benefits under the bill would increase from $232 by 2.5% to $238 beginning January 1, 2018, and by 2.5% to $244 beginning January 1, 2019. Total funding allocated to kinship care benefits would be $22,012,100 in 2017-18 and $22,741,200 in 2018-19.

13. CARETAKER SUPPLEMENT [LFB Paper 200]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	- $7,998,200	- $802,200	- $8,800,400

Governor: Decrease funding by $3,999,100 annually to reestimate program costs for the caretaker supplement for children of recipients of SSI, administered by the Department of Health Services. In addition to state and federal SSI benefits, SSI recipients with dependent children receive a caretaker supplement of $250 per month for the first child and $150 per month for each additional child. Total funding under the bill for the caretaker supplement would be $27,339,100 annually.

Joint Finance: Decrease funding by -$401,100 annually to reflect more recent estimates of base-year caseloads and supplement payments, which are lower than previously estimated. Total TANF funding under the bill for the caretaker supplement would be $26,938,000 annually.

14. EMERGENCY ASSISTANCE

FED	- $2,800,000

Governor/Joint Finance: Reduce funding by $1,400,000 annually to reestimate the costs of providing assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, and impending homeliness under the emergency assistance program. Total funding under the bill for emergency assistance would be $7,000,000 annually.

15. STATE ADMINISTRATION OF WISCONSIN WORKS AND OTHER RELATED TANF PROGRAMS

	Funding	Positions
FED	$1,124,900	4.59

Governor/Joint Finance: Provide $604,500 in 2017-18 and $520,400 in 2018-19 for state administration of TANF and TANF-related programs, including W-2, Transform Milwaukee, and kinship care. These amounts include: (a) standard budget adjustments ($52,200 in 2017-18 and -$48,100 and -1.0 position in 2018-19); (b) realignment ($426,800 and 3.64 positions annually); (c) a position partially funded by TANF to administer the learning pilot programs under the bill ($48,700 and 0.75 position in 2017-18 and $64,900 and 0.75 position in 2018-19); and (d) a transfer of vacant positions to provide additional staffing to the public assistance collections unit ($76,800 and 1.2 positions annually).

Total funding under the bill for TANF administration would be $15,987,000 in 2017-18 and $15,902,900 in 2018-19.

16. GRANTS TO BOYS AND GIRLS CLUBS OF AMERICA

FED	$200,000

Governor: Provide $100,000 annually for a grant to a Boys and Girls Club for Milwaukee Public Schools similar to Green Bay's BE GREAT: Graduate program. The bill would otherwise maintain the same level of TANF funding for grants to the Boys and Girls Clubs of America to

support programs that improve social, academic, and employment skills of TANF-eligible youths. Total funding for grants to Boys and Girls Clubs would be $1,275,000 annually.

Joint Finance: Modify the Governor's recommendation to specify that the additional annual funding of $100,000 must be equally distributed amongst Boys and Girls Clubs in Milwaukee, Oshkosh, and Appleton to support the "Be Great: Graduate" program.

17. FOSTERING FUTURES: CONNECTIONS COUNT

FED	$200,000

Governor/Joint Finance: Provide $200,000 in 2018-19 to fund the Fostering Futures: Connections Count grant program, which supports neighbors and community leaders to connect vulnerable families with young children to formal and informal community support programs. Total funding provided under the bill would be $360,300 in 2017-18 and $560,300 in 2018-19.

18. HOMELESS CASE MANAGEMENT SERVICE GRANTS [LFB Paper 202]

FED	$1,000,000

Governor: Provide $500,000 annually for DCF to support 10 annual grants of $50,000 to shelter facilities to provide intensive case management services to homeless families. The services would focus on providing financial management, employment, school continuation, and enrolling unemployed or underemployed parents in W-2 or the FSET program. The Department of Administration would award the grants. Any unused funds would revert back to the relevant appropriations for TANF programs, as determined by the Secretary of DOA.

Joint Finance: Modify the Governor's recommendation to alter the allowable uses of grant funding to include public-private partnerships between local governments, religious organizations, local businesses, and charitable organizations which deliver immediate housing relocation services, including but not limited to paying rent on behalf of participants in private housing.

19. EARLY SCHOOL ABSENTEEISM PILOT PROGRAM [LFB Paper 202]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	$500,000	- $500,000	$0

Governor: Provide $500,000 from TANF block grant funds in 2018-19 and require DCF in 2018-19 and 2019-20 to provide grants to public elementary schools to reduce chronic absenteeism in early grades.

A school would be eligible for a grant if it experiences chronic absenteeism, defined as a child missing 10 percent or more of the school year, and meets other eligibility requirements established by DCF. DCF would have to give priority to schools with the most chronic absenteeism in early grades. After receiving a grant, a school would only be eligible for a

subsequent grant if it achieves the reduction in chronic absenteeism that was specified in the grant agreement during the school year for which the grant was awarded.

DCF would be required to enter into a memorandum of understanding with the Department of Public Instruction (DPI) to cooperate and exchange data for the purposes of determining eligibility, reviewing grant applications, developing outcome measurements, verifying outcomes, and other actions DCF and DPI deem necessary. DCF would not be able to award grants under the pilot program after June 30, 2020.

Joint Finance: Delete provision.

20. EARLY LEARNING TEXT MESSAGING INTERVENTION PILOT PROGRAM [LFB Paper 202]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	$95,000	- $95,000	$0

Governor: Allocate $35,000 in 2017-18 and $60,000 in 2018-19 from TANF block grant funds to create a pilot program to use text message-based intervention to improve early literacy and parental involvement in education for four-year-old preschool students enrolled in head start programs. DCF and DPI would have to enter into a memorandum of understanding to establish their respective roles in developing and implementing the program.

Joint Finance: Delete provision.

21. SUCCESS SEQUENCE IN ACADEMIC CAREER PLANNING [LFB Paper 202]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	$50,000	- $50,000	$0

Governor: Provide $50,000 in 2017-18 from TANF block grant funds for the development of career planning materials relating to the "success sequence." The success sequence refers to the idea that economic success is more likely if an individual graduates high school, maintains a full-time job, and has children while married and after age 21. The Department of Public Instruction would be required to work with DCF to develop the materials and to ensure that the success sequence would be incorporated into academic and career planning services beginning in the 2019-20 school year. DCF would have to approve any instruction and materials prior to their dissemination to pupils. DPI would be authorized to promulgate rules to implement the success sequence.

Joint Finance: Delete provision.

22. PUBLIC MESSAGE CAMPAIGN [LFB Paper 202]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	$1,000,000	- $1,000,000	$0

Governor: Provide $400,000 in 2017-18 and $600,000 in 2018-19 from TANF block grant funds for a public messaging campaign to promote the involvement of fathers in the lives of their children, the implications of teenage pregnancy, and the "success sequence."

Joint Finance: Delete provision.

23. FAMILIES AND SCHOOLS TOGETHER [LFB Paper 202]

FED	$500,000

Governor/Joint Finance: Provide $250,000 annually from TANF block grant funds to support the families and schools together (FAST) program in five Milwaukee elementary schools chosen by DCF. FAST is a prevention/early intervention program that connects schools, families and communities. FAST provides two separate programs for elementary school-aged children (Kids FAST) and for children under the age of three (FAST for Infants & Toddlers). In both programs, parents participate in monthly group meetings over a period of eight weeks to enhance family functioning, strengthen infant or scholastic development, and prevent substance abuse and delinquency. Upon completion of a FAST program, parents are transitioned into FAST Works, a parent-led sustainability program that assists and encourages family members to maintain connections with each other over the next several years.

24. OFFENDER REENTRY DEMONSTRATION PROJECT [LFB Paper 202]

FED	$437,500

Governor/Joint Finance: Provide $187,500 in 2017-18 and $250,000 in 2018-19 from the TANF block grant to fund a five-year offender reentry demonstration program to aid the successful community transition out of incarceration by noncustodial fathers in the City of Milwaukee. DCF would evaluate the demonstration project at the conclusion of the program on or before June 30, 2023.

25. EARNED INCOME TAX CREDIT [LFB Paper 287]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	$13,000,000	- $13,000,000	$0

Governor: Allocate an additional $13,000,000 in 2018-19 from federal TANF block grant funds to pay the refundable portion of the state earned income tax credit. Total TANF funding for the EITC would be $69,700,000 in 2017-18 and $82,700,000 in 2018-19. [For more

information, see "General Fund Taxes -- Income and Franchise Taxes."]

Joint Finance: Delete provision.

26. CHILD WELFARE SAFETY SERVICES [LFB Paper 202]

FED	$2,811,400

Governor/Joint Finance: Increase funding for child welfare safety services by $889,800 in 2017-18 and $1,921,600 in 2018-19. The additional funding would allow expansion of services statewide. The bill would also require counties to provide matching funds at the same percentage currently required for children and family aids funding. Total TANF funding would be $6,282,500 in 2017-18 and $7,314,300 in 2018-19.

27. CHILD WELFARE PREVENTION SERVICES [LFB Paper 202]

FED	$7,800,000

Governor/Joint Finance: Provide $3,900,000 annually for statewide child welfare prevention services. Current law restricts child welfare prevention services funding to Milwaukee County. The bill would allow DCF to use the funding outside of Milwaukee County. The bill would also maintain the same level of funding for the Milwaukee brighter futures program ($577,500 annually) and home visiting services in the City of Milwaukee ($812,100 annually).

28. REALLOCATE VACANT POSITIONS TO PUBLIC ASSISTANCE COLLECTIONS UNIT

	Funding	Positions
PR	$86,000	0.80

Governor/Joint Finance: Reallocate vacant positions within DCF to provide additional staffing for DCF's public assistance collections unit (0.8 positions annually). Associated funding of $43,000 annually from the Department of Health Services (DHS) would be reallocated with the positions.

29. TANF REVENUE ADJUSTMENTS

FED	$574,800
PR	- 574,800
Total	$0

Governor/Joint Finance: Adjust revenue to reflect the following. First, a reassignment of $68,000 PR in 2017-18 and $375,000 PR in 2018-19 to the child support enforcement program of child support collections assigned to the state by public assistance recipients results in increased spending of federal funding to cover the lost revenue ($68,000 FED in 2016-17 and $375,000 FED in 2018-19). Second, a reestimate of child care licensing fees of -$65,900 PR annually also results in increased federal funding to cover the lost revenue ($65,900 FED annually).

30. REDUCING SUMMER MELT PILOT PROJECT

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$156,700	0.25	- $156,700	- 0.25	$0	0.00

Governor: Provide $16,200 and 0.25 position in 2017-18 and $140,500 and 0.25 position in 2018-19 to create a pilot program to test the effectiveness and scalability of text-message based interventions aimed at increasing the share of high school seniors who successfully enroll in a postsecondary educational institution. Under the bill, DCF and DPI would enter into a memorandum of understanding to establish their respective roles in developing, implementing, and evaluating the program. DCF and DPI would have to establish guidelines for a competitive grant process. DCF would provide competitive grants in 2018-19 and 2019-20 to eligible school districts to administer the text message-based intervention program. DCF would have to provide access to a message delivery platform at no cost to the school districts. Schools and school districts would be able to use the grants to offset a portion of the costs associated with the program.

Joint Finance: Delete provision.

31. STUDY ON ABSENTEEISM AND PUBLIC ASSISTANCE

Governor/Joint Finance: Require DCF, and the Department of Public Instruction, DHS, and the Department of Workforce Development, together with any other relevant programs or agencies these agencies identify as appropriate, to collaborate to prepare a report on the population overlap of families that receive public benefits and children who are absent from school for 10 percent of more of the school year. The agencies would be required to report to the Governor and appropriate standing committees of the Legislature on or before December 30, 2018.

32. CHILD CARE BACKGROUND CHECKS [LFB Paper 209]

Governor: Modify the statutes relating to background checks and disqualifications of child care programs, caregivers, and nonclient residents as outlined below.

Current law includes provisions regarding background checks and findings that disqualify persons from being licensed or certified to operate a facility that provides care and services to children, to be employed by such a facility, or to be a nonclient resident of such a facility. These statutes also include an appeal process and a process for persons to demonstrate that they have been rehabilitated after previously committing a relevant offense. The current statutes apply to the following entities: (a) a child welfare agency that is licensed to provide care and maintenance for children, to place children for adoption, or to license foster homes; (b) a licensed foster home; (c) an interim caretaker to whom subsidized guardianship payments are made; (d) a person who is proposed to be named as a successor guardian; (e) a licensed group home or shelter care

facility; (f) an organization that facilitates delegations of the care and custody of children; (g) a temporary employment agency that provides caregivers to another entity; (h) a child care center that is licensed by DCF or established or contracted for by a school board; and (i) a certified child care provider. They also apply to individuals employed as caregivers by such facilities and nonclient residents.

The CCDBG Act and related federal regulations provide various health and safety requirements for child care providers, including the following. The CCDBG Act requires states to establish health and safety requirements in 10 topic areas (such as sudden infant death syndrome and first-aid) and requires child care providers which receive CCDF funding to receive both preservice and ongoing training on these topics. The CCDBG Act also requires states to conduct extensive criminal background checks every five years on all child care staff members having unsupervised access to children, including a search of state and national registries (including each state resided in within the last five years) in five specific areas: state criminal and sex offender registries, state child abuse and neglect registries, the national crime information center, federal bureau of investigation (FBI) fingerprint checks, and the national sex offender registry. The CCDBG Act also specifies certain disqualifying crimes that make a staff member ineligible for child care employment. The CCDBG Act also requires states to protect the privacy of background check information and to provide an appeals process for child care providers, staff members, and adult residents.

In order to conform with federal law and update the licensing procedures and requirements of child care providers, the bill would remove child care providers under (h) and (i) above from the existing state statutes and create similar new provisions that would apply to such entities. The current statutes, with modifications, would continue to apply to the other types of entities identified above.

Summary

As detailed below, the new provisions regarding background checks of child care providers are similar to the current provisions that apply to child care facilities and other entities that provide care and services for children. According to the Legislative Reference Bureau, the most significant changes regarding child care providers are as follows.

First, the bill would require DCF to conduct all background checks of child care providers, caregivers, and nonclient residents. Persons and child care providers seeking a license (from DCF to operate a child care center), a contract (with a school board to operate a child care program), or certification (from DCF, a county department, or agency contracted with DCF), would have to submit a background information request. Under current law, the entity from which a person is seeking a license, certification, contract, or employment conducts the background check.

Second, the bill would conform background checks to federal law. Under current law, the required background check information that must be submitted by child care providers to DCF includes: (a) a criminal history search from the Wisconsin Department of Justice (DOJ); (b) information from the registry of nurses aids maintained by DHS; (c) information maintained by the Department of Safety and Professional Services (DSPS) regarding the status of the person's

credentials; (d) information maintained by DCF regarding any final determination (or contested case decision) of child abuse or neglect against the person; and (e) information regarding the denial of an application to operate a child care facility or other similar entity for committing a relevant offense or lacking a needed credential. Further, current law requires DCF, a county department, school board, and agencies contracted with DCF to obtain information from the state sex offender registry, and in some cases, information maintained by the FBI (DOJ may submit fingerprint cards to the FBI to verify the identity of the person fingerprinted and to obtain the records of his or her criminal arrests and convictions).

Under the bill, DCF would continue to be required to obtain the information above upon a request for a background check by a child care program, and could continue to request this information every year (or at any time DCF considers appropriate). In addition, upon a request for a background check, the bill would require DCF to obtain a FBI fingerprint-based criminal history search, a search of the national crime information center sex offender registry, and a search of the national crime information center's criminal background check records.

Third, the bill would require a background check of a person who is not a resident of this state or who has not been a resident of this state at any time within the five preceding years to include a criminal history, sex offender registry, and child abuse and neglect registry search of all states in which the person was a resident in the preceding five years. Current law requires a background check to include those searches if the person is not a resident of this state or has not been a resident of this state at any time within the three years preceding the background check.

Fourth, the bill would alter the list of serious offenses for which an individual is barred from being a child care provider, caregiver or nonclient resident of a child care provider. The bill would permanently bar a person if he or she has committed felony battery, arson, or an offense for which he or she is required to register as a sex offender. Current law does not permanently bar a person who has committed arson or who is required to register as a sex offender. Further, current law permanently bars a person who has committed felony battery only if the victim of the battery is the person’s spouse and bars a person who has committed felony battery against any other person only for five years after the person completes his or her sentence.

Fifth, the bill would allow a person who is denied a license, certification, contract, or employment because of information contained in a background check to seek review of that denial from DCF and to appeal that review decision. Current law provides a process for appealing a denial of or revocation of a certification, license, or contract, but does not provide an appeal process regarding the content of background check report.

Sixth, the bill shortens from 60 days to 45 days the amount of time that a child care provider may employ or contract with a caregiver or allow the residence of a nonclient resident pending receipt of the person’s background check results.

The bill would also require preservice training and ongoing training on an annual basis of child care providers, and their caregivers, that receive reimbursement under Wisconsin Shares. Preservice training would include ten specific topics, which are detailed below. A child care provider or caregiver would have to successfully complete preservice training no later than the date of certification or the date on which the caregiving commences. A child care provider with

provisional certification would have to successfully complete training no later than six months after the date of certification or the date on which the caregiving commences. Current law requires training in preventing sudden infant death syndrome and training relating to shaken baby syndrome and impacted babies, but does not require training in other topics required under the CCDBG Act and related regulations.

As for child welfare background checks, consistent with what the bill would require for child care providers, the bill would update the age of delinquency to 10 years of age instead of 12 years of age and would shorten from 60 days to 45 days the amount of time that an entity may employ or contract with a caregiver or allow the residence of a nonclient resident pending receipt of background check results.

New Provisions for Child Care Providers

Definitions

Under the bill, "caregiver" would mean any of the following: (a) a person who is an employee or independent contractor of a child care program or involved in the care or supervision of clients of a child care program or has unsupervised access to clients of a child care program; or (b) a person who has, or is seeking, a license, certification, or contract to operate a child care program.

"Child care program" would mean a child care center that is licensed by DCF or established or contracted for by a school board, a child care provider that is certified by a certifying agency (DCF in Milwaukee County or the county department or an agency under contract with DCF in other counties), or a temporary employment agency that provides caregivers to another child care program.

"Client" would mean a person who receives direct care from: (a) a child care program; (b) another entity (meaning a child welfare agency that is licensed to provide care and maintenance for children, to place children for adoption, or to license foster homes; a licensed foster home; an interim caretaker to whom subsidized guardianship payments are made; a person who is proposed to be named as a successor guardian in a successor subsidized guardianship agreement; a licensed group home; a licensed shelter care facility; an organization that facilitates delegations of the care and custody of children; or a temporary employment agency that provides caregivers to another entity); or (c) a caregiver to whom delegation of the care and custody of a child by a the child's parent has been, or is expected to be, facilitated by an entity.

"Client" would specifically include: (a) an adopted child for whom adoption assistance payments are being made; (b) a child for whom subsidized guardianship payments are being made; and (c) a person who is 18 to 21 years old, is receiving independent living services from an agency, is no longer placed in out-of-home care, and is residing in the foster home in which he or she was previously placed.

"Contractor" would mean, with respect to a child care program, a person, or that person's agent, who provides services to the child care program under an express or implied contract or subcontract.

"Nonclient resident" would mean a person who is age 10 or older, who resides, or is expected to reside, at a child care program, and who is not a client of the child care program or caregiver.

"Reservation" would mean land in this state within the boundaries of a reservation of a tribe or within the Bureau of Indian affairs service area for the Ho-Chunk Nation.

"Serious crime" would mean any of the following:

a. A violation of laws against assisting suicide, sexual exploitation by a therapist, abuse of individuals at risk, abuse of penal facility residents, abuse or neglect of patients and residents, or representations depicting nudity.

b. A violation of laws against human trafficking for purposes of a commercial sex act.

c. A felony crime against children, other than failure to support.

d. A violation of laws against intentionally causing substantial bodily harm to another or battery by a prisoner or an individual who is subject to an injunction, if the victim is the spouse of the person.

e. First- or second-degree intentional or reckless homicide, felony murder, mayhem, first-, second- or third-degree sexual assault, reckless injury, taking hostages, kidnapping, endangering safety by use of a dangerous weapon, disarming a peace officer, arson with intent to defraud, burglary, robbery, or misdemeanor neglect of a child.

f. Only for a caregiver that has, or is seeking a license, certification, or contract to operate a child care program, a violation of laws regarding identity theft, receiving stolen property, fraudulent insurance and employee benefit claims, financial transaction card crimes, theft of telecommunications services, commercial mobile services, video services or satellite cable programming, retail theft, theft of services or a computer crime that is a felony; or an offense under Subchapter IV of Chapter 943 (crimes against financial institutions) that is a felony.

g. Failure to submit accurate information for required background and criminal record checks, if the violation involves the provision of false information to or the intentional withholding of information from, DCF, a county department, an agency contracting with DCF, a school board, or a child care program.

h. An offense involving fraudulent activity as a participant in the W-2 program, including as a recipient of a child care subsidy, or as a recipient of AFDC, MA, food stamps, SSI, the state SSI supplement, or health care benefits under Badger Care.

i. A violation of laws regarding injury or death by providing alcohol to a minor, falsifying proof of drinking age for money or other consideration, impersonating an officer or agent of DOR or DOJ, selling alcohol without a license or permit, recovering and selling alcohol from denatured alcohol, homicide by intoxicated use of a vehicle or firearm, battery or threat, injury by intoxicated use of a vehicle, auto theft by use of force or a weapon, felony hazing,

felony intoxicated driving, or a felony violation of the uniform controlled substances act, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, less than five years before the date of the child care criminal record investigation.

j. Intentional failure to support, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged, less than five years before the date of the criminal record investigation, unless the person has paid all arrearages due and is meeting his or her current support obligations.

k. A violation of the law of any other state or United States jurisdiction that would be a violation listed above if committed in this state.

l. A violation of the laws of another state or United States jurisdiction that if committed in this state would constitute felony battery, a felony offense of domestic abuse, a sex offense or a violent crime under Chapter 948, or sexual assault if the victim was a child.

Background Checks

DCF would have to require any person who applies for issuance of an initial license to operate a child care center, a school board would have to require any person who proposes an initial contract with the school board for a child care program, and DCF in Milwaukee County, a county department, or an agency contracted with DCF would have to require any child care provider who applies for initial certification to submit the information required for a background check request described below. A school board, county department, or contracted agency would have to submit the completed background information request to DCF.

Each child care program would have to submit a request to DCF for a criminal background check for each potential caregiver and potential nonclient resident prior to the date on which an individual becomes a caregiver or nonclient resident, and at least once during every five-year period for each existing caregiver or nonclient resident, except if all of the following apply: (a) the individual has received such a background check while employed or seeking employment by another child care program within the state within the last five years; (b) DCF provided to the child care program a qualifying background check result for the individual; and (c) the individual is employed by or resides at a child care program within the state or has been separated from employment or residence at a child care program within the state for a period of not more than 180 consecutive days.

A request for a background check to DCF under the above provisions would have to be in the manner and on forms prescribed by the Department, and include fingerprints of the subject that meet DCF standards and any additional information that DCF deems necessary to perform the criminal background check. Such a request would be considered submitted on the day that DCF receives all such information. The requester would have to submit all fees required by DCF pursuant to the instructions provided by the Department, not to exceed the actual cost of conducting the criminal background check.

Upon receipt of a request, DCF would have to obtain all of the following with respect to a

caregiver or a nonclient resident who is not under 10 years of age: (a) a fingerprint-based criminal history search from the records maintained by DOJ; (b) information that is contained in DHS's nurses aides registry regarding any findings against the person; (c) information maintained by DSPS regarding the status of the person's credentials, if applicable; (d) information maintained by DCF regarding any final determination or, if a contested case hearing is held on such a determination, any final decision that the person has abused or neglected a child; (e) information that is contained in the sex offender registry regarding whether the person has committed a sex offense that is a serious crime; (f) a fingerprint-based criminal history search using the FBI next generation identification; (g) a search of the national crime information center's national sex offender registry; and (h) a search of its criminal background check records.

DCF would also have to obtain information maintained by DHS regarding any denial to the person of a license, continuation or renewal of a license, certification, or a contract to operate an entity or a child care program, and regarding any denial to the person of employment at, a contract with, or permission to reside at an entity or a child care program for any of the following reasons:

a. That the person has been convicted of a serious crime or adjudicated delinquent on or after his or her 10th birthday for committing a serious crime or that the person is the subject of a pending criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 10th birthday.

b. That a unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client.

c. That a final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child.

d. That, in the case of a position for which the person must be credentialed by DSPS, the person's credential is not current or is limited so as to restrict the person from providing adequate care to a client.

Finally, DCF would have to obtain information from a search of the following registries, repositories, or databases in the state where the caregiver or nonclient resident resided for the period starting on the date five years prior to DCF's receipt of the background check request and ending on the date when DCF received the request: (a) the state criminal registry or repository; (b) the state sex offender registry or repository; and (c) the state-based child abuse and neglect registry and database.

After receiving a request, DCF would have to conduct the criminal background check as expeditiously as possible and make a good faith effort to complete all components of the criminal background check no later than 45 days after the date when the request was submitted.

If information obtained through the background check indicates a charge of a serious crime, but does not completely and clearly indicate the final disposition of the charge, DCF would have to make every reasonable effort to contact the clerk of courts to determine the final

disposition. If information submitted to DCF with the request for a background check indicates a charge or a conviction of a serious crime, but information obtained through the check does not indicate such a charge or conviction, DCF would have to make every reasonable effort to contact the clerk of courts to obtain a copy of the criminal complaint and the final disposition of the complaint. If information obtained by or submitted to DCF, or any other information, indicates a conviction of a certain crimes (battery, false imprisonment, invasion of privacy, disorderly conduct, or harassment) obtained not more than five years before the date on which that information was obtained, DCF would have to make every reasonable effort to contact the clerk of courts to obtain a copy of the criminal complaint and judgment of conviction relating to that violation.

Notwithstanding the general requirements, DCF would not have to obtain the information specified above, with respect to a person under 18 years of age whose background check request indicates that the person is not ineligible to be permitted to reside at a child care program for a reason specified below regarding ineligibility due to illegal activity and with respect to whom DCF otherwise has no reason to believe that the person is ineligible to be permitted to reside for any of those reasons. This paragraph does not preclude DCF from obtaining, at its discretion, the information specified above with respect to a person described in this paragraph who is a nonclient resident or a potential nonclient resident of a child care program.

DCF would have to require the person who is the subject of a search to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints, or by other technologies approved by law enforcement agencies, unless the person has previously been fingerprinted under this paragraph.

Every year or at any time that it considers appropriate, DCF could request the following information for all caregivers seeking licensure, certification, or a contract with a school board, nonclient residents of such a caregiver, and other caregivers who have direct contact with clients:

a. A fingerprint-based criminal history search from the records maintained by DOJ;

b. Information that is contained in DHS's nurses aides registry regarding any findings against the person;

c. Information maintained by DSPS regarding the status of the person's credentials, if applicable;

d. Information maintained by DCF regarding any final determination or, if a contested case hearing is held on such a determination, any final decision that the person has abused or neglected a child; and

e. Information maintained by DHS regarding any denial to the person of a license, continuation or renewal of a license, certification, or a contract to operate an entity or a child care program, and regarding any denial to the person of employment at, a contract with, or permission to reside at an entity or a child care program for any of the following reasons: (1) that the person has been convicted of a serious crime or adjudicated delinquent on or after his or her 10th birthday for committing a serious crime or that the person is the subject of a pending

criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 10th birthday; (2) that a unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client; (3) that a final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child; or (4) that, in the case of a position for which the person must be credentialed by DSPS, the person's credential is not current or is limited so as to restrict the person from providing adequate care to a client.

For the purposes of these provisions, "direct contact" would mean face-to-face physical proximity to a client that affords the opportunity to commit abuse or neglect of a client or to misappropriate the property of a client.

Penalties

A child care program that violates these provisions would be subject to a forfeiture of not more than $1,000 and to other sanctions specified by DCF by rule, as would a person who provides false information to DCF.

Required Denial of Licensure, Certification, Employment or Residency

Notwithstanding the fair employment statutes regarding criminal records, and except as provided below, DCF could not license, or continue or renew the license of, a person to operate a child care center, a certifying agency (DCF in Milwaukee County, a county department, or a contracted agency) could not certify a child care provider, a school board could not contract with a person to operate a child care program, and a child care program could not employ or contract with an caregiver if they know or should have known any of the following:

a. That the person has been convicted of a serious crime or adjudicated delinquent on or after his or her 10th birthday for committing a serious crime or that the person is the subject of a pending criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 10th birthday.

b. That a unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client.

c. That a final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child.

d. That DCF has determined the person ineligible to be licensed or certified, contract with a school board, be employed as a caregiver at a child care program, or be a nonclient resident at a child care program.

e. That the person has refused to provide required information, or that the person refused to participate in, cooperate with, or submit required information for the criminal background check, including fingerprints.

f. That the person knowingly made a materially false statement in connection with the person's criminal background check.

g. That the person knowingly omitted material information requested in connection with the person's criminal background check.

However, a child care license, certification, or contract could be issued, conditioned on the receipt of the information from the criminal background check indicating that the person is not ineligible to be so licensed, certified, or contracted with for a reason specified above.

Also, a child care program could employ or contract with a potential caregiver or permit a potential nonclient resident to reside at the child care program for up to 45 days from the date a background check request is submitted pending the completion of the Department's report on the check if DCF provides a preliminary report to the child care program indicating that the potential caregiver or nonclient resident is not ineligible to work or reside at a child care program. At all times that children in care are present, an individual who received a qualifying result on a background check within the past five years would have to supervise a potential employee or nonclient resident permitted to work or reside at the child care program under this paragraph.

DCF would have to provide the results of the criminal background check to the child care program in a written report that indicates only that the individual on whom the background check was conducted is eligible or ineligible for employment or to reside at the child care program, without revealing any disqualifying crime or other information regarding the individual.

DCF would have to provide the results of the criminal background check to the individual on whom it was conducted in a written report that indicates whether the individual is eligible or ineligible for employment or to reside at the child care program. If the individual is ineligible, DCF's report would have to include information on each disqualifying crime and information on the right to appeal.

Before DCF completes its report to the child care program, a caregiver would be allowed to submit a written request to DCF for a preliminary report indicating whether a potential caregiver or nonclient resident is eligible to work or reside at a child care program. If DCF receives such a request, it would have to provide a written preliminary report to that caregiver indicating whether the individual is barred from employment as a caregiver or residence as a nonclient resident on the basis of a background check. If so, DCF would also have to provide a preliminary report to the individual containing information related to each disqualifying crime. The results of a preliminary report could not be appealed by the individual until receipt of DCF's final report following completion of all components of the criminal background check.

Appeals

An individual who is the subject of DCF's report on the results of a criminal background check could appeal the Department's decision. Only the person who is the subject of the report could appeal. An appeal request would have to be submitted to DCF at the address, e-mail address, or fax number identified in the statement of appeal rights no later than 60 days after the date of the Department's decision, unless the appellant requests, and DCF grants, an extension

for a specific amount of time prior to expiration of the 60 day appeal period. Extensions could be granted for good cause shown. An appeal would have to be submitted in the manner and on forms prescribed by DCF and include: (a) the information or issue disputed by the individual; (b) any information known to the individual, or available to the individual through the exercise of reasonable diligence, that supports the individual's position; (c) the current or last known names, addresses, telephone numbers, and email addresses of any persons known or believed to have information relevant to determination of the appeal; and (d) copies of any documents or other materials in the possession of the individual, or reasonably available to the individual, that support the individual's position regarding the disputed information.

DCF would have to attempt to verify the accuracy of the information challenged by the appellant, including making reasonable good faith efforts to locate any missing information regarding the disqualifying crime that is relevant to the issue identified for appeal. DCF would have to sustain the results of its criminal background check report if supported by a preponderance of the available evidence.

DCF would have to issue its appeal decision in writing. If the results of the original report are sustained, the decision would have to indicate DCF's efforts to verify the accuracy of the information challenged by the individual. The decision would also have to indicate any additional reconsideration and appeal rights available to the appellant.

An appellant could seek reconsideration of DCF's decision by the Secretary of DCF or the Secretary's designee. A request for reconsideration detailing the basis for the request would have to be sent to the Secretary at the address, e-mail address, or fax number identified in the department's decision no later than 30 days after the date of the decision. The Secretary or Secretary's designee would have to issue his or her reconsideration decision in writing and include information about any additional appeal rights available to the individual. A denial of reconsideration would be a final decision of DCF, and the appellant would have a right to a contested case hearing under Chapter 227.

The above appeal and reconsideration process would be the exclusive method for disputing a criminal history background report issued by DCF. The report could not be appealed in a Chapter 68 or 227 proceeding challenging the denial of a license, certification, or contract to operate a child care program based on DCF's criminal history background check report or challenging any other child care regulatory action taken in reliance upon that report.

Annual Report

Annually, by January 1, DCF would have to submit a report to the appropriate standing committees of the legislature describing the report prepared for the child care program with respect to individual caregivers, specifically any information indicating that the caregiver is ineligible to be licensed, certified, or contracted to operate a child care program as a result of a background check, and describing any action taken in response to the receipt of information indicating that such a caregiver is so ineligible.

Confidentiality

DCF could not publicly release or disclose the results of any criminal individual background report it issues, except that it could release aggregated data by crime from criminal background check results so long as the data does not contain personally identifiable information. DCF could disclose and use information obtained in conducting criminal background checks as necessary during an appeal or reconsideration.

Rehabilitation

DCF could license to operate a child care program, DCF, a county department or a contract agency could certify, and a school board could contract with a person who otherwise could not be licensed, certified, or contracted with as a result of a background check, and a child care program could employ, contract with, or permit to reside at the child care program a person who otherwise could not be so employed, contracted with, or permitted to reside, if the person demonstrates by clear and convincing evidence and in accordance with procedures established by DCF by rule or by the tribe that he or she has been rehabilitated.

However, no person who has been convicted or adjudicated delinquent on or after his or her 10th birthday for committing any of the crimes identified as serious offenses (except for those listed under "i" through "k" under that definition) or for a violation of the law of any other state or US jurisdiction that would be such a violation if committed in this state or who is the subject of a pending criminal charge or delinquency petition alleging that the person has committed any of those offenses on or after his or her 10th birthday would be permitted to demonstrate that he or she has been rehabilitated.

Notwithstanding the general restriction, if a person was convicted or adjudicated delinquent on or after his or her 10th birthday for committing any of the offenses listed in "i" or "j" in the definition of serious offenses and the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, five or more years before the date of the background investigation, then the conviction or delinquency adjudication alone would not make the person ineligible to be licensed or certified as a child care provider, contracted with a school board to provide child care, or employed by, contracted with, or permitted to reside at a child care program and, with respect to that conviction or delinquency adjudication, the person would not have to demonstrate that he or she has been rehabilitated before being so licensed, certified, contracted with, employed, or permitted to reside.

Any person who is permitted but fails to demonstrate to DCF that he or she has been rehabilitated could appeal to the Secretary of DCF or his or her designee. Any person who is adversely affected by a decision of the Secretary or his or her designee would have a right to a contested case hearing under Chapter 227. Any person who is permitted but fails to demonstrate to a county department or other certifying agency that he or she has been rehabilitated could appeal to the director of the county department or his or her designee. Any person who is adversely affected by a decision of the director or his or her designee would have a right to appeal under Chapter 68. Any person who is permitted but fails to demonstrate to a school board that he or she has been rehabilitated could appeal to the State Superintendent of Public

Instruction or his or her designee. Any person who is adversely affected by a decision of the State Superintendent or his or her designee would have a right to a contested case hearing under Chapter 227.

Any Indian tribe that chooses to conduct rehabilitation reviews would have to submit to DCF a rehabilitation review plan that includes all of the following: (a) the criteria to be used to determine if a person has been rehabilitated; (b) the title of the person or body designated by the Indian tribe to whom a request for review must be made; (c) the title of the person or body designated by the Indian tribe to determine whether a person has been rehabilitated; (d) the title of the person or body, designated by the tribe, to whom a person may appeal an adverse decision made by the person specified under (c) and whether the tribe provides any further rights to appeal; (e) the manner in which the tribe will submit information relating to a rehabilitation review to DCF so that DCF may include that information in its report to the legislature; and (f) a copy of the form to be used to request a review and a copy of the form on which a written decision is to be made regarding whether a person has demonstrated rehabilitation.

If, within 90 days after receiving the plan, DCF does not disapprove it, the plan would be considered approved. If, within 90 days, DCF disapproves the plan, it would have to provide written notice of the disapproval to the tribe, together with the reasons for the disapproval. DCF could not disapprove a plan unless it finds that the plan is not rationally related to the protection of clients. If DCF disapproves the plan, the tribe could, within 30 days after receiving notice of the disapproval, request that the Secretary review the decision. A final decision under this paragraph would not be subject to further administrative review.

Annually, by January 1, DCF would have to submit a report to the Legislature that specifies the number of persons in the previous year who have requested to demonstrate that they have been rehabilitated, the number of persons who successfully demonstrated that they have been rehabilitated, and the reasons for the success or failure of a person who has attempted to demonstrate that he or she has been rehabilitated.

Other Grounds for Denial of Licensure, Certification, Employment, or Residency

Notwithstanding the fair labor statutes regarding criminal convictions, DCF or another certifying entity could refuse to license or certify a person to operate a child care facility, a school board could refuse to contract with a person for child care, and a child care program could refuse to employ or contract with a caregiver or permit a nonclient resident to reside at the child care program if the person has been convicted of or adjudicated delinquent on or after his or her 10th birthday for an offense that is not a serious crime, but that is, in the estimation of DCF, substantially related to the care of a client. DCF would have to notify the provider and the individual of the results of a substantially-related determination pursuant to the process set forth for criminal background check determinations. The individual would have the same appeal rights as set forth above, and the same appeal procedures would apply.

Background Check Training Sessions; Rules

DCF would be required to conduct throughout the state periodic training sessions that cover procedures and uses of criminal background investigations; reporting and investigating

misappropriation of property or abuse or neglect of a client; and any other material that would better enable entities to comply with these requirements.

DCF would be authorized to promulgate any rules necessary for the administration of these provisions. DCF could promulgate the rules as emergency rules without providing evidence that promulgating emergency rules is necessary for the preservation of the public peace, health, safety, or welfare and without providing a finding of emergency.

Other Changes

Training Requirements for Child Care Providers

Under current law, DCF must promulgate rules establishing standards for the certification of child care providers. DCF must consult with the Child Abuse and Neglect Prevention Board before promulgating those rules. In establishing the requirements for certification, DCF must include a requirement that all providers and all employees and volunteers of a provider who provide care and supervision for children receive, before the date on which the provider is certified or the employment or volunteer work commences, whichever is applicable, all of the following:

a. Training in the most current medically accepted methods of preventing sudden infant death syndrome, if the provider, employee, or volunteer provides care and supervision for children under one year of age. The rules must provide that any training in those methods that a provider, employee, or volunteer has obtained in connection with military service counts toward satisfying the training requirement, if the provider, employee, or volunteer demonstrates to DCF's satisfaction that the training obtained in that connection is substantially equivalent to the training required under this paragraph.

b. Training relating to shaken baby syndrome and impacted babies, if the provider, employee, or volunteer provides care and supervision for children under five years of age.

In establishing the requirements for certification as a Level II certified family child care provider, DCF may not include any requirement for training for those providers other than the training required under "a" and "b" above.

Under the bill, instead of the above training requirements for certification, DCF would have to include a requirement that all providers and all employees and volunteers of a provider who provide care and supervision for children receive the minimum health and safety training required below.

A level I certified family child care provider would have to successfully complete DCF-approved preservice health and safety training in the topics specified below by no later than the date of certification. A level II certified family child care provider or an employee or volunteer of a level I or level II certified family child care provider who is not the primary provider of care and supervision for children would have to successfully complete such training by no later than the end of the orientation period available under federal law (which is within three months of starting employment). The training would have to include all of the following topics:

a. The prevention and control of infectious diseases, including by means of immunizations.

b. The prevention of sudden infant death syndrome and use of safe sleeping practices.

c. The administration of medication, consistent with parental consent.

d. The prevention of and response to emergencies due to allergic reactions to food or other allergens.

e. Building and physical premises safety, including identification of and protection from electrical hazards, bodies of water, vehicular traffic, and other hazards that can cause bodily injury.

f. The prevention of shaken baby syndrome and abusive head trauma.

g. Emergency preparedness and response planning for emergencies resulting from natural disaster or human-caused events.

h. The handling and storage of hazardous materials and the appropriate disposal of biocontaminants.

i. If applicable, appropriate precautions in transporting children.

j. First aid and cardiopulmonary resuscitation.

A child care provider or employee or volunteer of a child care provider would also have to complete ongoing in-service training on an annual basis including training on these topics.

Age of Delinquency

Current law includes a number of provisions that refer to delinquent acts committed after an individual's 12th birthday. The bill would reduce the age threshold to 10 years in these provisions and in the new statutes for child care providers.

Certification of Level I Child Care Providers

Under current law, no provider may be certified as a Level I certified child care provider if the provider is a relative of all of the children for whom the provider provides care. The bill would delete this provision. DCF indicates that it is expected that most level II certified providers would qualify for level I certification (or for licensing) under the new training requirements.

Tribal Certification

The bill would clarify that DCF may contract with an Indian tribe to certify child care providers in a particular tribal unit.

Notice Requirement

Under current law, if a certified child care provider is convicted of a serious crime, or if a caregiver or a nonclient resident of the provider is convicted or adjudicated delinquent for committing a serious crime, the certifying entity (DCF in Milwaukee County or a county department or contracted agency elsewhere) must revoke the provider's certification immediately upon providing written notice of revocation and the grounds for revocation and an explanation of the process for appealing the revocation. The bill would specify that revocation would be required if DCF provides written notice of a decision that the child care provider, caregiver, or nonclient resident is ineligible for certification, employment, or residence at the child care provider as the result of a background investigation.

Current Definitions of "Client" and "Nonclient Resident"

Under current law, "client" means a child who receives direct care or treatment from an entity or from a caregiver. The bill would add to this definition a child who receives direct care or treatment from a child care program and specify that "client" includes: (a) an adopted child for whom adoption assistance payments are being made; (b) a child for whom subsidized guardianship payments are being made; and (c) a person who is 18 to 21 years old, is receiving independent living services from an agency, is no longer placed in out-of-home care, and is residing in the foster home in which he or she was previously placed.

Currently, "nonclient resident" means a person who resides, or is expected to reside, at an entity or with a caregiver who is not a client of the entity or caregiver and who has, or is expected to have, regular, direct contact with clients. The bill would specify that this definition includes persons who are under age 18 but not under age 10.

Pending Investigations

The bill would specify that if DCF learns that a caregiver or nonclient resident is the subject of a pending investigation for a crime or offense that could result in a bar to employment as a caregiver or residence at an entity that provides care or services to children, DCF would be able to notify the entity of the pending investigation. However, a change in language would be necessary to reflect the intent of the bill.

DCF Rules

The bill would authorize DCF to promulgate any rules necessary for administering the existing background check provisions.

Denial of Employment or Residency

Under current law, if a person who has been issued a license or a probationary license to operate a child care center is convicted of a serious crime, or if a caregiver or a nonclient resident of the child care center is convicted or adjudicated delinquent for committing a serious crime, DCF must revoke the license of the child care center immediately upon providing written notice of revocation and the grounds for revocation and an explanation of the process for appealing the revocation. The bill would also require revocation or denial of employment or residency if the

results of a criminal background check indicate that the person is not eligible to be licensed, certified, or employed or to reside at a child care program.

Nonpayment of Child Care Providers

Under current law, if a child care provider is convicted of a serious crime, or if a caregiver or a nonclient resident of the provider is convicted or adjudicated delinquent for committing a serious crime, DCF or a county department must refuse to pay the provider for any child care provided beginning on the date of the conviction or delinquency adjudication. The bill would specify that this provision also applies if DCF provides written notice that the child care provider, caregiver, or nonclient resident is ineligible for certification, employment, or residence at the child care provider as a result of a background check under the bill's provisions.

Currently, DCF or a county department may refuse to pay a child care provider for child care provided if certain conditions apply to the provider or to a caregiver or nonclient resident of the provider. One of the conditions is that the person has been convicted of or adjudicated delinquent for an offense that is not a serious crime but DCF, another certifying entity or a school board determines that the offense substantially relates to the care of children or DCF or the county department determines that the offense substantially relates to the operation of a business. Another condition is that the person is a caregiver or a nonclient resident and is the subject of a pending criminal charge that DCF, another certifying entity or a school board determines substantially relates to the care of children. The bill would specify that only DCF (and not another certifying entity or school board) could determine that an offense substantially relates to the care of children.

Under current law, if a child care provider is convicted of a serious crime, or if a caregiver or a nonclient resident of the child care provider is convicted or adjudicated delinquent for committing a serious crime, DCF or the county department must refuse to allow payment to the child care provider for any child care provided beginning on the date of the conviction or delinquency adjudication. The bill would also require payment to be withheld if DCF provides written notice that the child care provider, caregiver, or nonclient resident is ineligible for certification, employment, or residence at the child care provider as a result of a background check.

Currently, DCF or the county department may refuse to allow payment to a child care provider if certain conditions apply to the provider or to a caregiver or nonclient resident of the provider. One of the conditions is that the person has been convicted of or adjudicated delinquent for committing an offense that is not a serious crime but DCF, the county department, other certifying entity, or school board determines that the offense substantially relates to the care of children or DCF or the county department determines that the offense substantially relates to the operation of a business. The bill would specify that only DCF could make a determination regarding whether an offense substantially relates to the care of children or the operation of a business.

Notice to DHS by School Boards

Current law authorizes school boards to establish and provide or contract for the provision

of child care programs for children. Such programs must meet the standards for licensed child care centers established by DCF, and DCF may visit and inspect the premises of, inspect the records of, and investigate and prosecute any alleged violations occurring at any such child care program that receives a subsidy payment. If a school board proposes to contract for the provision of a child care program or if on July 1, 1996, a school board was a party to a contract for the provision of a child care program under this provision, it must refer the proposed contractor to DCF for the required criminal history and child abuse record search under Chapter 48. Each school board must provide DHS with information about each person who is denied a contract for a reason specified below:

a. The person has been convicted of a serious crime or, if the person is seeking issuance or continuation of a license to operate a child care center, renewal of certification, or renewal of a contract with a school board to operate a child care program and has been convicted of a serious crime, or adjudicated delinquent for committing a serious crime, or that the person is the subject of a pending criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 12th birthday.

b. A unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client.

c. A final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child.

d. In the case of a position for which the person must be credentialed by DSPS, the person's credential is not current or is limited so as to restrict the person from providing adequate care to a client.

The bill would eliminate the required notification to DHS. DCF indicates that it automatically shares such information with DHS.

Effective Date

These provisions would take effect on September 30, 2018. Federal law requires that all states have policies and procedures in place that meet federal background check requirements no later than September 30, 2017. DCF has applied for a one-year extension of this deadline.

Joint Finance: Modify the bill to correct errors as follows. First, update all references to the look-back period for background checks of residents of other states from three years to five years. Second, clarify that if DCF learns that a caregiver is the subject of a pending investigation for a crime or offense that could result in a bar to employment as a caregiver at an entity, DCF may notify the entity of the pending investigation. This would also modify the bill to remove notice for pending investigations of nonclient residents. Third, restore and modify a subdivision that would be repealed by the bill which defines the "serious crimes" that disqualify an applicant as including various violations, such as homicide, substantial bodily harm, and human trafficking. Instead of repealing this subdivision (after creating a substantially similar provision in the new section relating to child care provider background checks), the bill would be modified so that the definition would also apply for the purposes of licensing a foster care home and

providing subsidized guardianship payments. Finally, in the provisions related to the duties of county child welfare departments and agencies, update a reference to child welfare background checks to also refer to the newly created section for child care provider background checks.

33. CIVIL LEGAL SERVICES FOR VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ABUSE [LFB Paper 201]

Governor: Continue the TANF allocation at current funding levels for the Wisconsin Trust Account Foundation, Inc. (WisTAF) to grant to programs that provide civil legal services to low-income families which address domestic abuse, sexual abuse, and restraining orders and injunctions for individuals at risk. However, current law under 2015 Wisconsin Act 55 provides a sunset provision for the grant program that would remain effective under the bill. As a result, the bill would allocate $500,000 in TANF funds annually to a grant program for which DCF is legally unable to provide funding.

Joint Finance: Modify the bill to remove the sunset provision from Act 55, section 9106(2q) and alter and codify the non-statutory language in order to continue the TANF allocation for grants to WisTAF for civil legal services for low-income families relating to domestic violence, sexual abuse, and injunctions and restraining orders for persons at risk. Because the bill already allocates funding, there would be no change in TANF funds provided under the bill and base.

Child Support

1. REQUIRE CHILD SUPPORT COMPLIANCE FOR FOODSHARE [LFB Paper 349]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$140,300	- $140,300	$0
FED	272,200	0	272,200
Total	$412,500	- $140,300	$272,200

Governor: Restore the child support cooperation requirement in the FoodShare supplemental nutrition assistance program as a condition of eligibility and provide DCF with $140,300 GPR and $272,200 FED in 2017-18 to implement the change. The funding would support administrative costs of verifying child support compliance, including modifications to the kids information data system (KIDS) to allow automatic referrals to the CARES information system. The source of the federal funding would be matching funds for reimbursing administrative costs in the child support enforcement program.

For additional information, see "Health Services -- FoodShare."

Joint Finance: Modify the Governor's recommendation by placing the GPR funding for DCF's administrative costs into the Finance Committee's program supplements appropriation. The funds would be released upon request of DCF under a 14-day passive review process for the purpose of implementing the proposed FoodShare eligibility provisions. The federal funding is unchanged because DCF would be reimbursed with federal Title IV-D matching funds upon spending such funding.

Modify the bill to specify that the statutory changes in the bill would not take effect unless DCF determines that the new provisions related to Food Share eligibility, as they pertain to child support and paternity order establishment and compliance, can be implemented in a manner that is substantially state budget-neutral in regard to child support fees. Require DHS and DCF to request any applicable waivers or other federal authorization necessary to allow for budget-neutral implementation with respect to these fees. Further, require DCF and DHS to notify the Governor and the Finance Committee, upon making such a determination, and specify that the new provisions would take effect on the first day of the sixth month beginning after the date of DCF's notification.

2. SUPPORTING PARENTS SUPPORTING KIDS DEMONSTRATION PROGRAM [LFB Paper 220]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$188,300	$0	$188,300
FED	365,300	132,000	497,300
PR	443,000	0	443,000
Total	$996,600	$132,000	$1,128,600

Governor: Provide $68,000 PR in 2016-17 and $928,600 ($188,300 GPR, $365,300 FED, and $375,000 PR) in 2018-19 to support an expansion of the supporting parents supporting kids (SPSK) program into three additional counties in 2018-19. The program revenue would transfer from TANF-related programs child support collections from W-2 participants. The federal revenue would be matching funds for reimbursing administrative costs in the child support enforcement program.

Wisconsin currently receives federal child support noncustodial parent employment demonstration (CSPED) funding to operate the SPSK program in Brown and Kenosha Counties. The program assists low-income noncustodial parents who are unemployed and not meeting their child support payment obligations by providing partial suspension of administrative enforcement measures, assistance with job search and job skills, training on child development, and parental programming to connect with their children.

Wisconsin applied for, and received, a federal waiver to continue the program into 2017-18. This allows Wisconsin to receive federal matching funds on state spending. In utilizing the new funding, DCF intends to change the program from voluntary participation into mandatory court-ordered participation.

Under the bill, it is assumed that CSPED funding for SPSK will cease in 2018-19. Instead, SPSK would be funded by the GPR, program revenue, and federal matching funds described above. In addition, the state funding in 2017-18 will likely generate additional federal matching funds (currently estimated at $132,000), although not included in the appropriation schedule under the bill. It is not yet known whether Wisconsin would receive an additional federal waiver for 2018-19.

The additional funding under the bill for the SPSK program would be divided between: (a) grants to counties ($200,000 in 2017-18 and $375,000 in 2018-19); and (b) program administration, including program evaluation, training, and automation costs ($553,600 in 2018-19).

Joint Finance: Increase funding by $132,000 FED in 2017-18 to reflect matching funds under Title IV-D of the Social Security Act for the state funding provided under the bill.

CIRCUIT COURTS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$194,940,600	$203,121,000	$203,121,000	$0	0.0%	$8,180,400	4.2%
PR	465,400	465,400	465,400	0	0.0	0	0.0
TOTAL	$195,406,000	$203,586,400	$203,586,400	$0	0.0%	$8,180,400	4.2%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	527.00	527.00	527.00	0.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	$8,180,400

Governor/Joint Finance: Provide $4,090,200 annually for full funding of salary and fringe benefits associated with standard budget adjustments.

CORRECTIONS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$2,196,693,200	$2,253,884,400	$2,255,524,500	$1,640,100	0.1%	$58,831,300	2.7%
FED	5,179,800	5,179,800	5,179,800	0	0.0	0	0.0
PR	235,640,600	228,204,600	226,015,800	- 2,188,800	- 1.0	- 9,624,800	- 4.1
TOTAL	$2,437,513,600	$2,487,268,800	$2,486,720,100	-$548,700	0.0%	$49,206,500	2.0%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	9,564.77	9,559.42	9,588.67	29.25	23.90
PR	536.55	544.55	536.30	- 8.25	- 0.25
TOTAL	10,101.32	10,103.97	10,124.97	21.00	23.65

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 225]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	- $40,394,200	- 3.00	- $7,989,200	0.00	- $48,383,400	- 3.00
PR	- 2,490,600	- 0.00	- 88,800	0.00	- 2,579,400	- 0.00
Total	- $42,884,800	- 3.00	- $8,078,000	0.00	- $50,962,800	- 3.00

Governor: Delete $20,179,700 GPR and 3.0 GPR positions and $1,245,300 PR in 2017-18 and $20,214,500 GPR and 3.0 GPR positions and $1,245,300 PR in 2018-19 related to the following standard budget adjustments.

	2017-18			2018-19			Biennium		
	GPR	FTE	PR	GPR	FTE	PR	GPR	FTE	PR
Full Funding of Salaries and Fringe Benefits	-$56,044,800		-$2,576,500	-$56,044,800		-$2,576,500	-$112,089,600		-$5,153,000
Turnover Reduction	-10,999,800		-416,300	-10,999,800		-416,300	-21,999,600		-832,600
Overtime	39,953,300		1,476,300	39,953,300		1,476,300	79,906,600		2,952,600
Night and Weekend Differential Pay	7,041,200		271,200	7,041,200		271,200	14,082,400		542,400
Removal of Noncontinuing Elements from the Base	-129,600	-3.00	0	-164,400	-3.00	0	-294,000	-3.00	0
Total	-$20,179,700	-3.00	-$1,245,300	-$20,214,500	-3.00	-$1,245,300	-$40,394,200	-3.00	-$2,490,600

Also included under standard budget adjustments are minor transfers of positions within appropriations, including the transfer of 15.50 positions from the Division of Adult Corrections' institutions to the Division's central office (11.50 positions) and to the Secretary's Office (4.0 positions).

It should be noted that under standard budget adjustments, funding for overtime and night and weekend differential are removed in the calculations, thus the amounts in the budget represent the Department's estimated total cost. In addition to standard budget adjustment funding, the bill includes supplemental funding for overtime and night and weekend differential, summarized below.

Joint Finance: Reduce overtime funding by -$3,994,600 GPR and -$44,400 PR annually as a result of calculating overtime funding based on the combined average overtime hours for 2014-15 and 2015-16 (rather than average overtime hours for 2015-16).

2. OVERTIME SUPPLEMENT [LFB Paper 225]

GPR	$24,490,200
PR	753,200
Total	$25,243,400

Governor: Provide $12,245,100 GPR and $376,600 PR annually for an overtime supplement. Under standard budget adjustments each budget cycle, funding associated with overtime (and night and weekend differential) are removed in the calculations of full funding of salaries and fringe benefits. The budget instructions related to overtime specify that the same dollar amounts only may be restored through the standard budget adjustment for overtime. As a result, the bill would provide overtime funding in the amount provided for the prior biennium, adjusted by the new variable fringe rate ($39,953,300 GPR and $1,476,300 PR annually). Based on 2015-16 actual hours of overtime, the bill would provide supplemental funding of $12,245,100 GPR and $376,600 PR annually. The supplemental funding includes monies for the utilization of limited-term employees.

Joint Finance: Reduce overtime funding as a result of calculating overtime funding based on the combined average overtime hours for 2014-15 and 2015-16 (see Item #1 above).

3. NIGHT AND WEEKEND DIFFERENTIAL PAY SUPPLEMENT

GPR	$1,219,200
PR	66,200
Total	$1,285,400

Governor/Joint Finance: Provide $609,600 GPR and $33,100 PR

annually in supplemental funding for night and weekend differential. Under standard budget adjustments each budget cycle, funding associated with night and weekend differential (and overtime) are removed in the calculations of full funding of salaries and fringe benefits. The budget instructions specify that the same dollar amounts only may be restored through the standard budget adjustment for night and weekend differential. As a result, the bill would provide night and weekend differential funding in the amount provided for the 2015-17 biennium, adjusted by the new variable fringe rate ($609,600 GPR and $33,100 PR annually).

4. RENT

GPR	$13,339,700
PR	- 121,700
Total	$13,218,000

Governor/Joint Finance: Provide $6,250,900 GPR and -$66,200 in 2017-18 and $7,088,800 GPR and -$55,500 PR in 2018-19 for rental costs on a departmentwide basis. Funding would be divided as follows: (a) Division of Management Services ($112,000 GPR and $2,900 PR in 2017-18 and $226,800 GPR and $16,000 PR in 2018-19); (b) Division of Adult Institutions (-$83,200 PR in 2017-18 and -$77,000 PR in 2018-19); (c) Division of Community Corrections ($6,185,400 GPR and $1,400 PR in 2017-18 and $6,906,400 GPR and $2,800 PR in 2018-19); (d) Secretary's Office ($100 GPR annually); (e) Parole Commission (-$45,100 GPR in 2017-18 and -$43,600 GPR in 2018-19) and (f) Division of Juvenile Corrections (-$1,500 GPR and $12,700 PR in 2017-18 and -$900 GPR and $2,700 PR in 2018-19).

5. FUEL AND UTILITIES

GPR	- $5,295,400

Governor/Joint Finance: Modify fuel and utilities funding by -$2,840,800 in 2017-18 and -$2,454,600 in 2018-19 associated with reestimated funding for fuel and utilities in adult correctional institutions. Current base funding for the fuel and utilities appropriation is $28,221,800.

6. RISK MANAGEMENT PREMIUMS

GPR	$4,369,000
PR	250,400
Total	$4,619,400

Governor/Joint Finance: Provide $2,184,500 GPR and $125,200 PR annually for increased premium costs associated with liability, property, and workers compensation insurance coverage. The state's risk management program is an insurance program for state agencies administered by the Department of Administration (DOA). Each year, DOA assesses state agencies risk management premiums based generally on program costs, claims history, and risk exposure.

7. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $9,393,500	$514,400	- $8,879,100
PR	- 24,400	0	- 24,400
Total	- $9,417,900	$514,400	- $8,903,500

Governor: Adjust funding by -$1,753,000 GPR and -$10,800 PR in 2017-18 and -$7,640,500 GPR and -$13,600 PR in 2018-19 to reflect the current law reestimate of GPR debt services costs on state general obligation bonds an commercial paper debt issued for the Department and PR debt services. The reestimates include: (a) adult corrections, -$1,330,100 GPR and -$10,800 PR in 2017-18 and -$6,883,000 GPR and -$13,600 PR in 2018-19; and (b) juvenile corrections, -$422,900 GPR in 2017-18 and -$757,500 GPR in 2018-19. Base funding for Corrections' debt service is $77,395,900 GPR and $106,800 PR.

Joint Finance: Modify the Governor's recommendation by $269,800 GPR in 2017-18 and $244,600 GPR in 2018-19.

8. WASTEWATER TREATMENT PLANT IMPROVEMENTS

GPR	$1,194,400

Governor/Joint Finance: Provide $597,200 annually for state payments for improvements to the wastewater treatment facilities serving Jackson and New Lisbon Correctional Institutions.

9. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
GPR	- 126.75	11.00	- 115.75
PR	- 8.50	4.00	- 4.50
Total	- 135.25	15.00	- 120.25

Governor: Delete 126.75 GPR and 8.5 PR positions in 2018-19 associated with human resource services and payroll benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) general program operations, -119.75 GPR; (b) services for community corrections, -6.0 GPR; (c) correctional officer training, -4.0 PR; (d) juvenile general program operations, -1.0 GPR; (e) juvenile correctional services, -4.0 PR; and (f) juvenile community supervision, -0.5 PR. Funding associated with the positions ($9,489,000 GPR and $742,800 PR) would not be reduced by rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal

property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at Corrections but would become DOA employees rather than employees of Corrections.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Modify the Governor's recommendation by deleting the transfer of 11.0 GPR and 4.0 PR positions.

10. TRANSFER VACANT POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING [LFB Paper 112]

	Funding	Positions
GPR	- $150,200	- 1.00

Governor/Joint Finance: Transfer 1.0 vacant position to the Department of Administration "to strengthen information technology and services procurement and purchasing." Delete $75,100 annually from Corrections' general program operations appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

11. NEW RENEWABLE ENERGY APPROPRIATION [LFB Paper 120]

Governor/Joint Finance: Create a new appropriation for the purchase of electric energy derived from renewable resources. Transfer $560,800 GPR annually to the new appropriation from Corrections' fuel and utilities appropriation. [See "Administration -- Facilities."]

12. REALIGNMENT OF FUNDING AND POSITIONS

Governor/Joint Finance: Transfer funding and positions between appropriations related to realignment of departmental activities as follows: $944,200 PR and 10.25 PR positions in each year from Corrections' juvenile correctional services appropriation to its juvenile community supervision appropriation.

13. LONG-TERM SERVICE AWARDS FOR CORRECTIONAL OFFICERS, SERGEANTS, AND YOUTH COUNSELORS

Joint Finance: Direct the Administrator of the Division of Personnel Management (DPM) in DOA, in preparing the biennial state employee compensation plan for approval by the Joint Committee on Employment Relations, to include the following one-time lump sum awards for correctional officer, correctional sergeant, youth counselor, and youth counselor advanced positions at the Department of Corrections: (a) on the employee's 10th anniversary of service, $250; (b) on the employee's 15th anniversary of services, $500; (c) on the employee's 20th anniversary of service, $750; (d) on the employee's 25th anniversary of service, $1,000; and (e) for every 5th anniversary of service after completion of 25 years of service, $1,000.

Provide that, if on the effective date of the budget bill, the 2017-19 state employee compensation plan has already been adopted and the compensation plan does not include the supplemental pay provisions identified above, the Administrator of DPM must propose an amendment to the compensation plan to include the above supplemental pay provisions by no later than 30 days after the effective date of the budget bill.

Funding is not provided to the Department of Corrections to support these long-term service awards. As a result, costs would be supported through the use of agency base resources.

14. SPECIAL VISITORS TO CORRECTIONAL INSTITUTIONS

Joint Finance: Change Corrections' administrative rules to add tribal judges and elected tribal officials to the persons who may make a special visit to an institution. Under current administrative rules, public officials and members of private and public organizations who provide services to inmates may visit institutions with the approval of the warden.

Adult Corrections

1. ADULT CORRECTIONAL FACILITY POPULATIONS [LFB Paper 230]

Governor/Joint Finance: Estimate an average daily population in adult correctional facilities (correctional institutions and centers) and contract beds of 23,330 in 2017-18 and 23,233 in 2018-19. The following table identifies the estimated distribution of this population.

	February 24, 2017 Actual Population	Average Daily Population 2017-18	2018-19
Institutions*	20,237	20,083	20,118
Centers	2,457	2,655	2,655
Contract Beds**	209	592	460
Total	22,903	23,330	23,233

*Includes inmates placed at the Wisconsin Resource Center, operated by DHS (386 for 2017-18 and 2018-19).

**Contract bed populations include inmates held in intergovernmental beds and in Wisconsin county jails, but exclude inmates in contract bed placements for extended supervision sanctions, young adults placed at a juvenile school, federal beds, and temporary lock-ups.

The projections include a provision in the Governor's recommendations to expand capacity at the Racine Youthful Offender Correctional Facility by 25 beds, with a corresponding decrease in contract beds and funding. Further, the projections include a provision to expand the earned release program, with estimated contract bed reductions of 105 beds in 2017-18 and 237 beds in 2018-19. These provisions are summarized in more detail below.

2. PRISON CONTRACT BED FUNDING [LFB Paper 230]

GPR	$17,261,000

Governor/Joint Finance: Provide $8,630,500 annually for prison contract beds. The bill projects a total need of 1,239 contract beds annually. Included in the number of contract beds are beds the Department uses for offenders in temporary placements for extended supervision sanctions or temporary lockups, as well as youthful adult offenders placed in juvenile facilities (a net of 517 offenders annually). Base funding for the contract bed appropriation is currently $18,360,500 annually. In 2015-16, the average daily inmate population in Wisconsin county jails and federal prisons was 49 inmates, with an average of 469 beds used for short-term community supervision sanctions.

Two provisions in the bill (summarized below) assume savings to contract bed funding: (a) expanding capacity at the Racine Youthful Offender Correctional Facility (RYOCF) (-$469,600 and -25 contract beds annually); and (b) expansion of the earned release program (-$1,973,400 and -105 beds in 2017-18 and -$4,447,800 and -237 beds in 2018-19). Incorporating these reductions, the number of contract beds needed would be reduced from 1,239 beds annually to 1,109 in 2017-18 and 977 in 2018-19. As such, funded contract beds under the bill would total:

Contract Bed Funding Provisions

	2017-18	2018-19
Initial Contract Beds	1,239	1,239
Bill Provision -- RYOCF	-25	-25
Bill Provision -- Earned Release	-105	-237
Total Contract Beds Funded	1,109	977

It should be noted that for each budget cycle, the Department of Corrections submits a population projection and contract bed funding need with its agency budget request. Under Corrections' original projections, the contract bed need would be 1,239 in 2017-18 and 2,447 beds in 2018-19. With the Governor's recommendations in the 2017-19 biennial budget related to RYOCF and earned release, Corrections' projections would be modified to show a contract bed need of 1,109 in 2017-18 and 2,185 beds in 2018-19. Regarding the difference of -1,208 beds in 2018-19 between DOC's projections and the budget bill, the Department of Administration indicates that, while DOC's projections are higher than assumed in the bill, it is anticipated that Corrections' projected increase in contract beds in 2018-19 would not be realized "based on prior trends in law changes and their effects on population."

3. EXPAND OPERATING CAPACITY AT RACINE YOUTHFUL OFFENDER CORRECTIONAL FACILITY

GPR	- $596,300

Governor/Joint Finance: Modify current law to allow the number of inmates who may be placed at the Racine Youth Offender Correctional Facility to be increased from 450 inmates to 500 inmates. According to the administration, increasing the population limit would alleviate reliance on county contract beds and enable more eligible inmates to participate in facility programming. As a result, funding would be modified by -$300,100 in 2017-18 ($169,500 for institutional costs and -$469,600 in contract bed savings) and -$296,200 in 2018-19 ($173,400 for institutional costs and -$469,600 in contract bed savings). The Racine Youth Offender Facility is a medium-security facility for persons 15 years of age or over, but not more than 24 years of age.

4. EARNED RELEASE PROGRAM EXPANSION [LFB Paper 231]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $3,707,800	16.25	- $1,294,000	5.00	- $5,001,800	21.25

Governor: Modify funding by -$875,500 in 2017-18 and -$2,832,300 in 2018-19 and provide 16.25 positions annually to expand the earned release program at the Department's correctional centers. Positions would include 15.0 treatment specialists and 1.25 correctional sergeants, with associated funding of $803,700 in 2017-18 and $952,500 in 2018-19. Of the

positions, 5.0 treatment specialists and 1.25 correctional sergeants would be at the Drug Abuse Correctional Center, while the remaining 10.0 treatment specialists would be placed at one of the other correctional centers (not yet determined). In addition, funding of $294,200 in 2017-18 and $663,000 in 2018-19 would be provided for supplies and services for anticipated increased community supervision costs as a result of increased admissions into the community. The bill assumes that funding associated with staffing and community supervision costs would be offset by contract bed savings of -$1,973,400 in 2017-18 and -$4,447,800 in 2018-19.

Under the expanded earned release program, each treatment specialist would provide services to 10 offenders at a time in the 20-week program. In calculating contract bed savings, resulting from more inmates participating in the program and being released earlier, Corrections assumed a program success rate of 84.7%, with an overall reduced average daily population of 105 inmates in 2017-18 and 237 inmates in 2018-19.

The earned release program was created in 2003 for eligible inmates who successfully complete the substance abuse treatment program. All inmates are eligible for the earned release program, except inmates who are incarcerated for crimes against life and bodily security (crimes under Chapter 940 of the statutes), or for certain crimes against a child. Inmates in the intensive sanctions program may participate in the program but are not eligible for earned release. For inmates with bifurcated sentences who successfully compete the program, the sentencing court must: (a) reduce the prison portion of the bifurcated sentence so that the inmate will be released to extended supervision within 30 days after the court was notified of the completion; and (b) lengthen the term of extended supervision so that the total length of the bifurcated sentence does not change.

Joint Finance: Modify the Governor's recommendation to provide an additional 5.0 positions annually to expand the program (as a result, with additional contract bed savings, modified funding would be -$319,500 in 2017-18 and -$974,500 in 2018-19).

Modify the earned release program from a substance abuse treatment program to a rehabilitation program that addresses needs directly related to the inmate's criminal behavior. Specify that newly eligible inmates serving bifurcated sentences would be required to petition the sentencing court for placement in the program.

Repeal the current provision which specifies that Corrections and the Department of Health Services (DHS) must, at any correctional facility the departments determine is appropriate, provide a substance abuse treatment program for inmates for the purposes of the earned release program. Instead, provide that Corrections must, at any correctional facility the Department determines is appropriate, provide a rehabilitation program for inmates for the purposes of the earned release program.

Repeal the current provision specifying that DHS may designate a section of a mental health institute as a correctional treatment facility for the treatment of substance abuse of inmates transferred from state prisons, jointly administered by Corrections and DHS, and known as the "Wisconsin Substance Abuse Program."

Repeal the current provision specifying that Corrections and DHS ensure that the residents at the DHS facility and the residents in the substance abuse program: (a) have access to all those facilities which are available at the institution and are necessary for the treatment programs designed by the departments; and (b) are housed on separate wards.

Allow Corrections to transfer an inmate to a facility for participation in the rehabilitation program, rather than, under current law, allowing the Department to transfer an offender to a treatment facility for the treatment of substance abuse.

5. POPULATION AND INFLATIONARY COST INCREASES [LFB Paper 230]

GPR	$37,290,000

Governor/Joint Finance: Provide $16,495,800 in 2017-18 and $20,794,200 GPR in 2018-19 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions, as follows: (a) -$725,500 in 2017-18 and -$89,400 in 2018-19 for food costs; (b) $730,500 in 2017-18 and $765,700 in 2018-19 for variable non-food costs, such as clothing, laundry, inmate wages, and other supplies; and (c) $16,490,800 in 2017-18 and $20,117,900 in 2018-19 for inmate health care. Funding for inmate health services assumes that per capita inmate costs would increase from an estimated $3,104 in 2016-17 to $3,391 in 2017-18 and $3,545 in 2018-19. Health care costs include pharmaceutical costs, third party administrator costs, and contracting costs with the University Hospital and Clinics, the UW Medical Foundation, Waupun Memorial Hospital, and other community hospitals.

6. STAFFING FOR NEW UNIT AT ROBERT E. ELLSWORTH CORRECTIONAL CENTER [LFB Paper 232]

	Funding	Positions
GPR	$572,500	3.00

Governor/Joint Finance: Provide $264,100 in 2017-18 and $308,400 in 2018-19 and 3.0 positions annually for a recently opened unit at Robert E. Ellsworth Correctional Center. The unit was opened in May, 2016, to accommodate increased female inmate populations, with the Department utilizing existing resources for security staffing. Recommended funding includes: (a) $195,700 in 2017-18 and $240,000 in 2018-19 and 3.0 positions annually for a nurse clinician, psychologist, and social worker; and (b) $68,400 annually for institutional supplies and services.

7. AODA PROGRAMMING IN CORRECTIONAL CENTERS

	Positions
GPR	25.00

Governor/Joint Finance: Provide 25.0 new positions, including 23.0 social workers, 1.0 corrections program supervisor, and 1.0 treatment specialist as a result of increased prison populations resulting from 2015 Act 371. Act 371 increased penalties for certain OWI offenses. Under the bill, $1,368,400 in 2017-18 and $1,657,000 in 2018-19 will be transferred from the Department's services for drunken driving offenders appropriation to its general program operations appropriation to fund the positions. The services for drunken driving offenders appropriation is limited to supporting community probation supervision, monitoring

center, and enhanced community treatment for persons convicted of a second or third OWI offenses. Appropriation expenditures have generally been below budgeted amounts in recent years.

8. OSHKOSH CORRECTIONAL INSTITUTION -- SERIOUS MENTAL ILLNESS RESIDENTIAL TREATMENT UNIT [LFB Paper 233]

	Funding	Positions
GPR	$2,236,500	16.85

Governor: Provide $1,022,200 in 2017-18 and $1,214,300 in 2018-19 and 16.85 positions annually to convert an existing housing unit in order to create a secured 75-bed residential treatment unit for inmates with serious mental illness (SMI) at the Oshkosh Correctional Institution. Staffing would include: 5.25 correctional officers, 1.0 correctional sergeant, 5.6 psychological associates, 2.0 therapists, 1.0 psychologist, 1.0 nurse clinician, and 1.0 social worker.

According to Corrections, inmates with a mental illness or intellectual disability can often end up in restrictive housing, also known as segregation, where an inmate is placed in a locked cell for 22 hours or more per day for violating prison rules. Inmates with serious mental illness in restrictive housing are more likely to threaten to commit or commit self-harm than other inmates, resulting in off-site emergency room visits and clinical observation placements. The Department indicates creating a residential treatment unit for inmates with serious mental illness would address inmates' serious mental illness treatment needs, while reducing incidents of conduct reports, emergency room visits, and clinical placements.

Joint Finance: Approve the Governor's recommendation and additionally direct Corrections to submit a report to the appropriate standing committees of the Legislature by July 1, 2018, identifying: (a) the average number of inmates with SMI in each of the institutions; (b) the average number of inmates with SMI placed in each of the institutions' restrictive housing units; (c) the Department's status or alternative policies related to each of the USDOJ's recommendations related to the use of restrictive housing for inmates with SMI; and (d) an estimate of any additional resources that are necessary.

9. MENTAL HEALTH STAFFING FOR RESTRICTIVE HOUSING UNITS [LFB Paper 233]

	Funding	Positions
GPR	$592,600	4.80

Governor: Provide $268,200 in 2017-18 and $324,400 in 2018-19 and 4.80 positions annually to provide treatment to mentally ill inmates placed in restrictive housing units at Waupun, Green Bay and Columbia Correctional Institutions. Staffing for the restricted housing units would include 2.6 psychological associates at Waupun Correctional Institution, 1.60 psychological associate at Green Bay Correctional Institution, and 0.6 psychological associate at Columbia Correctional Institution. Treatment in the restrictive housing units would include at least 10 hours per week of structured therapeutic out-of-cell programming and at least 10 hours per week of out-of-cell unstructured recreation, known as the "10/10" model of treatment.

Beginning in 2014, Corrections created a restrictive housing committee to review and revise its policies and practices related to restrictive housing. Among the recommended changes is to utilize the "10/10" treatment model for inmates with serious mental illness (SMI) in restrictive housing. Correctional data in 2016 found that 14.4% of the Waupun inmate population had a serious mental illness, 13.0% of the Green Bay inmate population had a serious mental illness, and 12.0% of the Columbia inmate population had a serious mental illness.

Joint Finance: Approve the Governor's recommendation and additionally direct Corrections to submit a report to the appropriate standing committees of the Legislature by July 1, 2018, identifying: (a) the average number of inmates with SMI in each of the institutions; (b) the average number of inmates with SMI placed in each of the institutions' restrictive housing units; (c) the Department's status or alternative policies related to each of the USDOJ's recommendations related to the use of restrictive housing for inmates with SMI; and (d) an estimate of any additional resources that are necessary.

10. INSTITUTIONAL HEALTH SERVICE UNIT EXPANSIONS [LFB Paper 234]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$5,179,600	63.50	- $71,000	0.00	$5,108,600	63.50

Governor: Provide $1,096,800 and 29.55 positions in 2017-18 and $4,082,800 and 63.50 positions in 2018-19 for expansion of the health service units at the Taycheedah, Oshkosh, and Columbia Correctional Institutions. The recommendation would include: (a) Taycheedah Correctional Institution, $1,096,800 in 2017-18 and $2,035,400 in 2018-19 and 29.55 positions annually to staff and operate a new infirmary opening in January, 2018; (b) Oshkosh Correctional Institution, $1,274,200 and 28.95 positions in 2018-19 for a new health services unit and long-term care addition to be opened in January, 2019 (construction will be completed July, 2018); and (c) Columbia Correctional Institution, $773,200 and 5.0 positions for a new health services unit to be opened in January, 2019 (construction will be completed in November, 2018).

Staffing at the Taycheedah Correctional Institution infirmary would include: 5.25 correctional officers, 7.4 nurse clinicians, 9.4 nursing assistances, 3.3 licensed practical nurses, 1.0 medical program assistant, 1.0 program supervisor, 1.0 facilities maintenance specialist, 0.6 social worker, and 0.6 advanced practical nurse. Staffing for the Oshkosh unit would include: 5.25 correctional officers, 7.40 nurse clinicians, 9.40 nursing assistants, 3.3 licensed practical nurses, 1.0 medical program assistant, 1.0 program support supervisor, 1.0 social worker, and 0.60 advanced practical nurse. Staffing for Columbia Correctional Institution would include 4.0 nurse clinicians and 1.0 advanced practice nurse.

Joint Finance: Modify the Governor's recommendation by -$71,000 GPR in 2018-19 associated with opening the new health services unit at Columbia Correctional Institution in December, 2018, instead of November, 2018.

11. BODY-WORN CAMERAS IN RESTRICTIVE HOUSING [LFB Paper 235]

GPR	$591,400

Governor: Provide funding of $264,700 annually, plus one-time funding of $62,000 in 2017-18 to purchase body-worn cameras for correctional officers working restrictive housing units at the Department's maximum security prisons. Funding assumptions include: (a) 269 cameras at a cost of $984 annual license per camera to be utilized at correctional institutions Columbia, Dodge, Green Bay, Taycheedah, Waupun, and Wisconsin Security Detention Facility; (b) 47 new docking stations to charge the cameras (six cameras per station), $1,000 per docking station (one-time cost in 2017-18); and (c) a $2,500 installation charge to install hardware at each of the six sites (one-time cost in 2017-18). The cost assumptions could change depending on the procurement process.

Joint Finance: Approve the Governor's recommendation. In addition, direct Corrections to submit a report to the appropriate standing committees of the Legislature by July 1, 2018, identifying the following: (a) each institution where body-worn cameras are being utilized; (b) the number of body-worn cameras at each institution; and (c) the number of staff and inmate assaults reported since implementation of the cameras in restrictive housing.

12. PRISON MENTORSHIP PILOT PROGRAM [LFB Paper 236]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$555,400	5.00	- $555,400	- 5.00	$0	0.00

Governor: Provide $252,400 in 2017-18 and $303,000 in 2018-19 and 5.0 positions annually for a mentorship pilot program between inmates and citizen volunteers. Positions include 1.0 corrections program supervisor, 1.0 corrections program associate, and 5.0 volunteer coordinators. According to the administration, the program will be designed for inmates who are within six to 12 months of release from prison. "The program will facilitate interactions between inmates and citizen volunteers."

Joint Finance: Delete provision.

13. FUNDING FOR WINDOWS TO WORK AND VOCATIONAL TRAINING [LFB Paper 237]

GPR	$2,000,000

Governor/Joint Finance: Provide $1,000,000 annually to expand the Department's vocational training programs, including technical college training and its Windows to Work job services program in partnership with the Department of Workforce Development. Funding would be utilized to expand training programs with technical colleges in computer numerical control/machining technologies and industrial maintenance at Racine Correctional Institution, Thompson Correctional Center, Oregon Correctional Center, McNaughton Correctional Center, Kenosha Correctional Center, Sanger B. Powers Correctional Center, and John C. Burke

Correctional Center. In addition, funding would be utilized to expand offender eligibility and participation in the Windows to Work program. The Windows to Work program is a pre- and post-release program designed to address criminogenic needs that can lead to recidivism. While still incarcerated, inmates participate in programming including cognitive intervention, general work skills and expectations, financial literacy, community resources, job seeking, applications and resumes. Post-release includes assistance in job search and job retention activities for approximately 12 months after release.

14. PR REESTIMATES -- ADULT CORRECTIONS

PR	$2,750,000

Governor/Joint Finance: Provide $650,000 in 2017-18 and $2,100,000 in 2018-19 associated with the funding adjustments identified in the table below. The table identifies the program revenue appropriations that would be affected by this item, by program area, the base funding amounts for these appropriations, the funding changes that would be made to these appropriations under this item and other items in the bill, and the total funding that would be budgeted for these purposes.

		2017-18			2018-19		
Purpose	2016-17 Base	Funding Adjustment	Other Budget Items	Total	Funding Items	Other Budget Items	Total
General Operations	$4,342,000	$1,100,000	-$2,400	$5,439,600	$1,100,000	-$2,400	$5,439,600
Telephone Company Commissions	1,104,600	300,000	0	1,404,600	300,000	0	1,404,600
Correctional Farms	11,808,200	-2,400,000	-74,500	9,333,700	-3,100,000	-74,000	8,634,200
Prison Industries	18,752,600	1,650,000	-89,100	20,313,500	3,800,000	-83,500	22,469,100
Total PR Reestimates		$650,000			$2,100,000		

15. WORK RELEASE FOR INMATES CONFINED IN COUNTY JAILS

Governor: Modify current law to provide that inmates who are assigned to detention in a county jail may be eligible to participate in employment-related programs at the county jail (Huber release). The sheriff in conjunction with the Department would determine inmate eligibility to participate in employment-related programs and may terminate program participation or return an inmate to state facilities, or both at any time. Inmates would be eligible for release to seek employment or engage in employment training, work, perform community services or attend an educational institution.

Joint Finance: Delete provision as a non-fiscal policy item.

16. GERIATRIC PRISON FACILITY

Joint Finance: Provide $7,000,000 general fund supported borrowing under the state building program and enumerate a geriatric prison facility project at a total cost of $7,000,000. Specify that this bonding could only be issued with the approval of the Joint Committee on Finance. [See "Building Program"] Provide $4,535,000 GPR in 2018-19 in the Committee's supplemental

appropriation for operating costs of the facility. Specify that the Department of Corrections may request approval of the bonding and release of the operating funds once it has identified the location and costs of the facility as well as staffing and other operating costs. [See "Program Supplements"]

17. CORRECTIONS FACILITIES PLANNING

Joint Finance: Require the Building Commission to allocate $600,000 from the building trust fund for a comprehensive, long range master plan concerning Department of Corrections facilities that the Department of Administration (DOA) would conduct. Specify that this DOA study would be directed by a nine-person committee comprised of three members appointed by the Governor (one of whom would serve as chair), and six legislators jointly appointed by the Speaker and Senate Majority Leader. Require the Committee to report on the plan to the standing committees dealing with Corrections by September 15, 2018. [See "Building Program"]

18. WHEELCHAIR RECYCLING PROGRAM

GPR	$100,000

Joint Finance: Provide $50,000 annually to Corrections' general program operations appropriation to support the Department's wheelchair recycling program.

19. INTENSIVE ALCOHOL ABUSE TREATMENT PROGRAM

Joint Finance: Direct Corrections to design an intensive alcohol abuse treatment program. Specify the program must be designed to provide intensive treatment in conjunction with a work release model that allows inmates to work in individual job placements. Under the provisions, Corrections must develop community job placements that are appropriately matched to each inmate's employment and educational skills and provide or arrange for appropriate transportation to and from job sites.

Corrections must submit as part of its 2019-21 agency budget request a request for staffing and funding for the intensive alcohol abuse treatment program and any statutory changes necessary to provide sentencing modifications to coordinate the program. Five years after the program begins to operate, Corrections must submit to the Governor and appropriate standing committees of the Legislature an evidence-based evaluation of the program's impact on inmate's long-term recovery from alcohol abuse programs and recidivism into the criminal justice system.

20. INMATE WORK OPPORTUNITY TRAINING

Joint Finance: Require Corrections to report by December 31, 2017, to the appropriate standing committees of the Legislature a plan to increase employment opportunity incentives for inmates, and also include: (a) a survey of existing work release programs at each of its facilities and the current estimated number of participants; (b) the estimated number of inmates who continue in the job they were working while incarcerated after release; and (c) costs assessed by the Department on participants.

Community Corrections

1. FUNDING FOR DIVISION OF HEARINGS AND APPEALS CHARGES

GPR	$4,600,000

Governor/Joint Finance: Provide $2,300,000 annually to offset increased expenditures as a result of a provision under 2015 Act 55, which eliminated GPR funding for DOA's Division of Hearings and Appeals (DHA) operations appropriation, and instead required that agencies be charged for hearings and appeals services. Corrections utilizes DHA for probation, parole, and extended supervision revocation hearings.

2. FUNDING AND STAFFING FOR GLOBAL POSITIONING SYSTEM (GPS) TRACKING

	Funding	Positions
GPR	$1,691,400	4.00
PR	- 198,500	- 4.00
Total	$1,492,900	0.00

Governor/Joint Finance: Provide $621,900 GPR and 2.0 GPR positions and -$56,700 PR and -2.0 PR positions in 2017-18 and $1,069,500 GPR and 4.0 GPR positions and -$141,800 PR and -4.0 PR positions in 2018-19 associated with the Department's GPS monitoring program. Funding would include: (a) $99,900 GPR and 2.0 GPR positions and -$31,200 PR and -2.0 PR positions in 2017-18 and $204,300 GPR and 4.0 GPR positions and -$116,300 PR and -4.0 PR positions in 2018-19 associated with Monitoring Center communications operator positions; and (b) $522,000 GPR and -$25,500 PR in 2017-18 and $865,200 GPR and -$25,500 PR in 2018-19 for equipment costs. As of January, 2017, there were 1,393 offenders on GPS tracking. The estimated GPS tracking population in the bill would be 1,500 2017-18 and 1,594 in 2018-19.

3. FUNDING REDUCTION FOR PROBATION, PAROLE AND EXTENDED SUPERVISION COSTS

PR	- $12,246,000

Governor/Joint Finance: Delete $6,123,000 annually related to anticipated revenue shortfalls related to 2015 Act 355, which required restitution payments be paid in full prior to Corrections collecting supervision fees to partially reimburse the Department for supervision costs. Reduced funding includes -$1,401,100 annually for field unit supplies and services and -$4,721,900 annually associated with rent costs. Related to the loss in revenue for rent costs (-$4,721,900 annually), in Item #4 under "Corrections -- Departmentwide," additional GPR funding is provided for the Division of Community Corrections to address these costs.

4. PR REESTIMATES - COMMUNITY CORRECTIONS

PR	$339,400

Governor/Joint Finance: Provide $169,700 annually associated with the funding adjustments identified in the table below. The table identifies the program revenue appropriations that would be affected by this item, by program area, the base funding amounts

for these appropriations, the funding changes that would be made to these appropriations under this item and other items in the bill, and the total funding that would be budgeted for these purposes.

Purpose	2016-17 Base	2017-18 Funding Adjustment	2017-18 Other Budget Items	2017-18 Total	2018-19 Funding Items	2018-19 Other Budget Items	2018-19 Total
Sex Offender Management	$819,000	$90,100	$0	$909,100	$90,100	$0	$909,100
Administration of Restitution	774,800	79,600	-5,400	849,000	79,600	-4,400	850,000
Total PR Reestimates		$169,700			$169,700		

5. EXPANSION OF OPENING AVENUES TO REENTRY SUCCESS [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$1,321,600	- $660,800	$660,800

Governor: Provide $660,800 annually to expand the Opening Avenues to Reentry Success (OARS) program. The OARS program began as a pilot program in 2011, providing intensive case management and mental health services to serious mentally ill offenders. To qualify for participation, an offender must: (a) volunteer for participation; (b) be referred to the program by Correctional staff; (c) be assessed at medium- or high-risk to reoffend; (d) be diagnosed with a serious mental illness; (e) have at least six months of post-release supervision remaining on their sentence; and (f) be in a county where OARS programming is provided (currently 37 counties). Services are provided based on each offender's needs and may include intensive case management and supervision, assistance with obtaining and maintaining safe affordable housing, resources for medication and access to psychiatric care, treatment addressing criminogenic needs, access to local transportation, budgeting, and financial resources, employment, and education.

According to the Department: "The number of inmates with a serious mental illness is increasing and DOC lacks resources to provide services for all these individuals through the OARS program." Current funding of $2.6 million annually allows for treatment of 133 participants. The bill's additional funding would provide services to an additional 40 participants, allowing Corrections to expand the program to the following counties: Eau Claire, Langlade, Lincoln, Menominee, and Shawano.

Joint Finance: Modify the Governor's recommendation to provide $330,400 GPR annually to expand the OARS program. In addition, direct Corrections to submit a Wisconsin Results First Initiative Report to the appropriate standing committees of the Legislature on or before December 31, 2017, and every two years thereafter.

6. LEGISLATIVE AUDIT BUREAU STUDY - POLICIES AND PROCEDURES OF PROBATION AND PAROLE REVOCATION PROCESS

Governor: Direct the Legislative Audit Bureau to review the policies and procedures of Corrections and the Department of Administration's Division of Hearings and Appeals (DHA) in the Department of Administration regarding the probation and parole revocation process for an individual who has violated the terms of his or her community supervision by January 1, 2019.

Specify the review must determine all the following: (a) whether the provisions of 2013 Act 196 (short-term community corrections sanctions system) and 2015 Act 164 (utilizing supervision fees to partially reimburse counties for pending revocation holds) are being appropriately applied; (b) whether Corrections and DHA have appropriate policies, procedures, resources, and administrative rules to carry out the responsibilities of 2013 Act 196 and 2015 Act 164, and whether the two agencies provide an appropriate level of due process for the individuals subject to revocation through the entire revocation and appeal process; (c) whether the appropriate action has been applied to the violation that is the reason for the revocation; (d) whether the period of reconfinement is appropriate to the level of violation; (e) whether a violation committed by one person under supervision is treated consistently with a similar violation committed by another person under supervision; and (f) whether the revocation process within Corrections is consistent with the revocation process within DHA. [See "Legislature."]

Joint Finance: Delete provision as a non-fiscal policy item.

Parole Commission

1. ELIMINATE PAROLE COMMISSION AND TRANSFER RESPONSIBILITIES TO CORRECTIONS [LFB Paper 249]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $1,775,900	- 13.00	$923,100	6.00	- $852,800	- 7.00

Governor: Delete funding ($591,400 in 2017-18 and $1,184,500 in 2018-19), position authority (13.0 positions in 2018-19), and statutory language related to the Parole Commission as of January 1, 2018. Replace statutory duties related to the Parole Commission with the Department of Corrections. Replace statutory language related to the Parole Commission Chairperson with the Department of Corrections Director of Parole. As a result, the Director of Parole would make discretionary parole decisions, rather than an eight-member commission.

Under current law, the Parole Commission, which is attached to the Department of Corrections, is responsible for making prison release decisions for inmates. The Commission consists of eight members: the chairperson, appointed for a two-year term by the Governor, with the advice and consent of the Senate; and seven other members in the classified service

appointed by the Chairperson. The Commission conducts interviews with parole-eligible inmates and decides whether to grant a discretionary release. The Chairperson is the final authority in granting discretionary paroles. If discretionary parole is granted, the parolee is placed under the supervision of Corrections for a period not to exceed the court-imposed sentence, less time already served. Inmates who are parole-eligible are those convicted of offenses which occurred prior to January 1, 2000. Current budgeted funding for the Commission is $1,282,900 and 13.0 positions.

Joint Finance: Delete the Governor's recommendation and retain the Parole Commission as under current law. In addition, delete 4.0 vacant Commissioner positions (-$275,800 annually) and 3.0 administrative staff positions (-$150,600 annually). As such, adjusted funding and staffing for the Parole Commission would be $756,600 in 2017-18 and $758,100 in 2018-19 and 6.0 positions annually.

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES [LFB Paper 250]

Governor: Estimate the juvenile correctional facility average daily population (ADP) to be 253 annually as shown in the table below. The juvenile facilities include Lincoln Hills School (males), Copper Lake School (females), the Mendota Juvenile Treatment Center, and the Grow Academy, an agriculture science-based experiential education program held at a facility in Oregon, Wisconsin.

Facilities	February 24, 2017 Actual Population	Average Daily Population 2017-18	Average Daily Population 2018-19
Lincoln Hills School	158*	178	178
Copper Lake School	22	20	20
Mendota Juvenile Treatment Center	28	29	29
Grow Academy	4	8	8
Total Juvenile Correctional Facility	212	235	235
Division of Adult Institutions transfers pending statutory language change		18	18
Total		253	253

*Number includes Division of Adult Institutions transfers.

Joint Finance: Reestimate the juvenile ADPs to be 220 annually at the juvenile correctional facilities.

Facilities	Reestimated ADPs 2017-18	2018-19
Lincoln Hills School	165	165
Copper Lake School	22	22
Grow Academy	4	4
Mendota Juvenile Treatment Center	29	29
Total Juvenile Correctional Facility	220	220

2. STATUTORY DAILY RATES [LFB Papers 251, 252, and 256]

Governor: Specify the following statutory daily rates to be established for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid by the state through the serious juvenile offender appropriation.

Statutory Rates

	Current	Recommendation	
	7-1-16 thru 6/30/2017	7-1-17 thru 6/30/2018	7-1-18 thru 6/30/2019
Juvenile Correctional Facilities*			
Proposed	$292	$344	$352

*Includes: (a) transfers from a juvenile detention facility to the Mendota Juvenile Treatment Center; and (b) approximately 18 transfers from adult institutions if the age is increased to 18 as proposed under the bill.

Specific rates for corrective sanctions and aftercare supervision were deleted under the 2015 Act 55 and combined into the juvenile community supervision program effective July 1, 2017. These rates will be established under a 14-day passive review by the Joint Committee on Finance prior to July 1, 2017.

Joint Finance: Reestimate the daily rates as identified in the below table. The reestimated rates are based on: (a) updated juvenile population projections; and (b) incorporating Committee actions identified in the following summary entries. Further, Committee action maintained a $6 add-on to the daily rates for the juvenile correctional facilities to address the juvenile operations appropriation deficit.

	7-1-17 thru 6-30-18	7-1-18 thru 6-30-19
Juvenile Correctional Facilities	$390	$397

3. POPULATION AND INFLATIONARY COSTS [LFB Paper 250]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$685,400	- $352,500	$332,900

Governor: Modify population-related funding for juvenile corrections by $326,800 in 2017-18 and $358,600 in 2018-19, as follows: (a) -$28,000 in 2017-18 and -$17,000 in 2018-19 for food costs at juvenile correctional facilities; (b) -$176,400 annually for variable non-food costs (such as clothing, laundry, and personal items); and (c) $531,200 in 2017-18 and $552,000 in 2018-19 for juvenile health costs.

Joint Finance: Decrease funding by $168,100 in 2017-18 and $184,400 in 2018-19 as a result of reestimated juvenile population projections.

4. PREA COMPLIANCE -- LINCOLN HILLS [LFB Paper 253]

	Funding	Positions
PR	$1,309,400	8.25

Governor/Joint Finance: Provide $653,400 in 2017-18, and $656,000 in 2018-19 with 8.25 PR positions annually to improve total staff ratio at Lincoln Hills School (LHS) as directed by the Federal Prison Rape Elimination Act (PREA). The positions provided include 5.0 FTE Youth Counselors and 3.25 FTE Youth Counselor – Advanced positions. The Act requires that all secure juvenile facilities maintain a security staff-to-juvenile ratio of 1:8 during resident waking hours and 1:16 during resident sleeping hours, except during limited and discrete exigent circumstances, which must be fully documented for audit purposes. On February 17, 2017, LHS (boys) averaged a ratio of 1:12 during waking hours and 1:28 during sleeping hours. The additional positions would reduce LHS average ratios to 1:11 during waking hours and 1:19 during resident sleeping hours.

5. JUVENILE PROGRAM REVENUE REESTIMATES

PR	$1,167,500

Governor/Joint Finance: Provide $341,000 in 2017-18 and $826,500 in 2018-19 associated with the funding adjustments identified in the table below. The table identifies the program revenue appropriations that would be affected, base funding amounts for these appropriations, funding changes, and the total funding that would be budgeted as a result of the reestimates.

Purpose	2016-17 Base	2017-18 Funding Adjustment	2017-18 Total	2018-19 Funding Adjustment	2018-19 Total
Purchase of Services	$285,000	$18,000	$303,000	$14,000	$299,000
Residential Aftercare	6,698,500	580,400	7,278,900	1,064,900	7,763,400
Utilities and Heating	620,300	-257,400	362,900	-252,400	367,900
Total PR Reestimates		$341,000		$826,500	

6. MENTAL HEALTH SERVICES AT COPPER LAKE [LFB Paper 254]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	0.00	$556,600	3.25	$556,600	3.25
PR	556,600	3.25	- 556,600	- 3.25	0	0.00
Total	$556,600	3.25	$0	0.00	$556,600	3.25

Governor: Provide $256,100 PR in 2017-18 and $300,500 PR in 2018-19 with 3.25 PR positions annually to support the provision and enhancement of mental health services for girls at the Copper Lake School (CLS). Positions would be distributed as:

a. 1.75 FTE Youth Counselors (YC) as patrol staff for the 3rd shift in order to provide additional services to girls who have been traumatized and abused and have difficulty with sleeplessness.

b. 0.5 FTE Youth Counselors – Advanced as additional lead workers for the 1st and 2nd shifts and to increase attention that the girls need to help complete goals or case work and to focus on their individual, identified needs. The YC – Advanced would be in addition to 3.0 YC – Advanced currently on staff for this purpose. This group of security staff would be trained in Trauma Informed Care practices in order to provide improved cognitive processing and a safer environment for girls.

c. 1.0 FTE Psychologist Associate to enhance current individual and group work and family counseling time. The additional psychologist is intended to enable girls to have increased access to programming and coordinate therapy with unit social workers and treatment specialists.

d. An agency (contract) psychiatrist to provide in-person treatment one day per week and to coordinate with CLS psychologists when prescribing medication. The contract would be funded at $56,200 in in 2017-18 and $74,900 in 2018-19. This position is intended to increase access to psychiatry at CLS Ida B. Wells cottage to two days per week.

Joint Finance: Provide $256,100 GPR in 2017-18 and $300,500 GPR in 2018-19 with 3.25 GPR positions annually instead of $256,100 PR in 2017-18 and $300,500 PR in 2018-19 with 3.25 PR positions annually to support the enhancement of mental health services for girls at CLS.

7. JUVENILE MEDICATION ADMINISTRATION [LFB Paper 255]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	0.00	$1,389,800	9.00	$1,389,800	9.00
PR	159,400	9.00	- 1,389,800	- 9.00	- 1,230,400	0.00
Total	$159,400	9.00	$0	0.00	$159,400	9.00

Governor: Provide $93,500 PR in 2017-18, and $65,900 PR in 2018-19 with 9.0 PR positions annually to provide for the safe and effective administration of controlled medications to Division of Juvenile Corrections youths by trained medical personnel. Staffing includes 4.0 registered nurses and 5.0 licensed practical nurses. The provision includes a transfer of $527,300 in 2017-18, and $703,100 in 2018-19 from variable non-food for contract nursing services to partially fund a total of $620,800 in 2017-18, and $769,000 in 2018-19 for the 9.0 positions.

According to Corrections, medication administration involves knowledge of medication and an understanding of how medications interact with a patient's health status that only a licensed health care professional can provide. The requested health care professionals would travel to the location of the patient, assess a patient for the ability to take the medication, administer medication, and provide any necessary follow up care such as evaluating medication effectiveness or side effects.

Joint Finance: Delete the Governor's recommendation. Provide $620,800 GPR in 2017-18, and $769,000 GPR in 2018-19 for the 9.0 GPR positions and remove $527,300 PR in 2017-18, and $703,100 PR in 2018-19 from variable non-food for contract nursing services.

8. MENDOTA JUVENILE TREATMENT CENTER REESTIMATE [LFB Paper 361]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	- $392,300	$198,900	- $193,400

Governor: Delete $229,500 in 2017-18 and $162,800 in 2018-19 related to payments to the Department of Health Services (DHS) for juveniles placed at the Mendota Juvenile Treatment Center. Modify current law to specify that Corrections transfer $2,768,100 in 2017-18 and $2,834,800 in 2018-19 from the PR juvenile correctional services appropriation to DHS. The Department contracts with DHS for 29 mental health beds for juveniles.

Joint Finance: Modify the statutory transfer amounts to require PR transfers of $2,869,200 in 2017-18 and $2,932,600 in 2018-19, to reflect a reestimate of the MJTC salary and fringe benefit costs in the 2017-19 biennium. Increase funding in DOC's juvenile correctional services appropriation by $101,100 PR in 2017-18 and $97,800 PR in 2018-19 to reflect the reestimate.

9. HOUSING MINORS SUBJECT TO A CRIMINAL PENALTY IN JUVENILE CORRECTIONAL FACILITIES [LFB Paper 250]

Governor/Joint Finance: Modify statutory language to allow the Department to place persons who have not attained the age of 18 years but who are sentenced to the Wisconsin State Prisons at a juvenile correctional facility. This modification would provide the Department additional options for housing sentenced minors between the ages of 16 (the current statutory age for a juvenile) and 18.

The statutory modification is also intended to assist the Department in meeting a requirement of the Federal Prison Rape Elimination Act, which requires that incarcerated persons subject to a criminal penalty under age 18 must be housed separately from sentenced adults age 18 and older.

10. SERIOUS JUVENILE OFFENDER PROGRAM REESTIMATE [LFB Paper 251]

GPR	$6,966,000

Joint Finance: Increase funding by $2,822,400 in 2017-18 and $4,143,600 in 2018-19 as a result of reestimated populations and statutory daily rates. The estimated average daily population (ADP) for the SJO population would be 166 in 2017-18 and 165 in 2018-19. The following ADPs for the SJO appropriation, are projected for the 2017-19 biennium:

Average Daily Population

	Serious Juvenile Offenders	
Type of Care	2017-18	2018-19
Juvenile Corrections Facilities	66	73
Community Supervision Program	94	86
Total ADP	160	159
Alternate Care	51	49

*A subset of the community supervision program (corrective sanctions and aftercare supervision) program that includes residential care centers, group homes, treatment foster homes, and certain supplemental living arrangements.

11. YOUTH WITH ADULT SENTENCES CONTRACT BED FUNDING [LFB Paper 251]

GPR	$1,724,600

Joint Finance: Increase contract bed funding by $817,600 in 2017-18 and $907,000 in 2018-19 for 35 youthful adult offenders placed in juvenile facilities as a result of the modification in the daily rate. Total funding would be $4,982,300 in 2017-18, and $5,071,700 in 2018-19. Base funding was $838,000 annually (for eight youth).

12. JUVENILE INVESTIGATIVE REIMBURSEMENT

GPR	$36,000

Joint Finance: Modify the appropriation for reimbursement of investigative expenses of counties containing juvenile correctional facilities from an annual to a sum sufficient appropriation. Reestimate funding in the appropriation by $18,000 annually to $36,000 annually.

COURT OF APPEALS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$21,413,000	$22,321,600	$22,321,600	$0	0.0%	$908,600	4.2%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	75.50	75.50	75.50	0.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	$908,600

Governor/Joint Finance: Provide $443,200 in 2017-18 and $465,400 in 2018-19 for standard budget adjustments, including: (a) $510,600 annually for salary and fringe benefits; and (b) -$67,400 in 2017-18 and -$45,200 in 2018-19 for full funding of lease and directed moves costs.

DISTRICT ATTORNEYS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$89,766,200	$90,927,400	$90,994,200	$66,800	0.1%	$1,228,000	1.4%
PR	7,000,600	6,410,300	6,410,300	0	0.0	- 590,300	- 8.4
TOTAL	$96,766,800	$97,337,700	$97,404,500	$66,800	0.1%	$637,700	0.7%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	383.95	383.95	383.95	0.00	0.00
PR	43.80	36.00	36.00	0.00	- 7.80
TOTAL	427.75	419.95	419.95	0.00	- 7.80

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 260]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	- $2,550,200	0.00	$43,400	0.00	- $2,506,800	0.00
PR	- 478,100	- 7.80	0	0.00	- 478,100	- 7.80
Total	- $3,028,300	- 7.80	$43,400	0.00	- $2,984,900	- 7.80

Governor: Provide adjustments to the base totaling -$1,275,100 GPR, -$168,400 PR, and -6.8 PR positions in 2017-18; and -$1,275,100 GPR, -$309,700 PR, and -7.8 PR positions in 2018-19. Adjustments are for: (a) turnover reduction (-$200,700 GPR annually); (b) removal of noncontinuing elements from the base (-$322,800 PR and -6.8 PR positions in 2017-18 and -$464,100 PR and -7.8 PR positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$1,169,300 GPR and $154,400 PR annually); and (d) night and weekend differential pay ($94,900 GPR annually).

Joint Finance: Increase funding by $21,700 GPR annually to account for an inadvertent error made when calculating the full funding of continuing position salaries and fringe benefits.

2. PAY PROGRESSION [LFB Paper 261]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$3,711,400	- $99,700	$3,611,700

Governor: Provide $1,066,100 in 2017-18 and $2,645,300 in 2018-19 to support salary increases for assistant district attorneys (ADAs) and deputy district attorneys (DDAs) under the pay progression plan. In addition, transfer $556,900 annually in base funding for pay progression from salaries and fringe benefits to one-time funding. Funding provided under the bill is provided on a non-continuing basis, and would, therefore, not carry forward into the 2019-21 biennium. The amounts provided under the bill are intended to support a $1.97 per hour ($4,098 annually) increase for eligible ADAs and DDAs. A $1.97 per hour salary increase represents one full step under the pay progression plan.

Under 2011 Act 238 and 2013 Act 20, ADAs and DDAs are compensated pursuant to a merit-based pay progression plan that consists of 17 hourly salary steps, with each step equal to one seventeenth of the difference between the prosecutor's lowest possible salary ($23.68 per hour, or $49,254 annually) and the prosecutor's highest possible annual salary ($57.22 per hour, or $119,018 annually). [In addition to maximum salary rate, DDAs may receive up to a $2.75 per hour add-on ($5,720 annually), based on merit, because of supervisory or managerial responsibilities.] Notwithstanding the creation of a 17 hourly salary step pay progression plan, supervising district attorneys may: (a) deny annual salary increases to individual ADAs or DDAs; and (b) increase the salary of individual ADAs and DDAs by up to 10% per year. In order to be eligible for pay progression, individuals generally must have served the state as an ADA or DDA for a continuous period of 12 months or more.

Joint Finance: Reduce funding provided to the District Attorney function for pay progression by $60,400 in 2017-18 and $39,300 in 2018-19 to reflect a reestimate of the cost of providing a $1.97 per hour average annual increase for eligible ADAs and DDAs under the pay progression plan.

3. MILWAUKEE COUNTY SPECIAL PROSECUTION CLERKS

PR	- $112,200

Governor/Joint Finance: Reduce funding for reimbursements for special prosecution clerks in Milwaukee County by $56,100 annually. According to the Executive Budget Book, the reduction in funding under the bill is due to decreased program revenue from the special prosecution clerks fee. In 2015-16, the fee generated $287,900. Base funding for reimbursing Milwaukee County for the special prosecution clerks is $361,100.

Under current law, the state reimburses Milwaukee County for the salary and fringe benefit costs of 6.5 special prosecution clerks in the Milwaukee County District Attorney office. These 6.5 special prosecution clerks serve prosecutors who handle violent crime and felony drug violations in Milwaukee County's speedy drug and violent crime courts (4.5 clerks) and violations relating to the unlawful possession of use of firearms (2.0 clerks). Program revenue generated for these clerk positions is supported by a $3.50 special prosecution clerks fee that is assessed only in Milwaukee County. Subject to certain exceptions, the fee is assessed whenever a person pays: (a) a fee for any civil, small claims, forfeiture, wage earner or garnishment actions; or (b) files an appeal from municipal court, a third party complaint in a civil action, or a counterclaim or cross complaint in a small claims action.

4. CREATION OF A PROSECUTOR BOARD AND TRANSFER OF THE STATE PROSECUTORS OFFICE

Joint Finance: Establish a Prosecutor Board (Board), effective February 1, 2018, consisting of 11 members, appointed for staggered three-year terms. Establish the following duties for the Prosecutor Board: (a) submit the agency budget request for the District Attorney function after the executive director of the State Prosecutors Office submits the budget to the Board and the Board approves the budget; (b) at least annually submit to the Joint Committee on Finance recommendations on the allocation of prosecutor resources; (c) appoint an attorney with experience in criminal prosecution as the executive director of the State Prosecutors Office; (d) oversee and set policy initiatives for the executive director of the State Prosecutors Office; and (e) review existing law or proposed legislation and make recommendations to the Legislature. Provide $93,800 GPR in 2017-18 and $225,000 GPR in 2018-19 with 2.0 unclassified positions annually to support the Board. [See "Prosecutor Board"]

5. SPECIAL PROSECUTOR CASE ASSISTANCE

GPR	$123,100

Joint Finance: Modify current law to allow a special prosecutor to be appointed to provide case assistance in counties with a population of less than 45,000 with a significant case backlog as certified by the Department of Administration, if a petition for such an appointment is approved by the affected county board. Sunset the provision on December 31, 2019. Provide $41,000 in 2017-18 and $82,100 in 2018-19 in the District Attorneys' salaries and fringe benefits appropriation.

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$13,082,200	$12,810,700	$12,902,300	$91,600	0.7%	- $179,900	- 1.4%
FED	2,343,600	0	0	0	0.0	- 2,343,600	- 100.0
PR	23,405,200	25,610,300	25,610,300	0	0.0	2,205,100	9.4
TOTAL	$38,831,000	$38,421,000	$38,512,600	$91,600	0.2%	- $318,400	- 0.8%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	26.94	26.94	26.94	0.00	0.00
PR	28.24	28.24	28.24	0.00	0.00
TOTAL	55.18	55.18	55.18	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $93,200
PR	- 322,300
Total	- $415,500

Governor/Joint Finance: Reduce the base budget by $48,200 GPR and $162,800 PR in 2017-18 and by $45,000 GPR and $159,500 PR in 2018-19 for: (a) full funding of continuing salaries and fringe benefits (-$125,400 GPR and -$182,400 PR annually); (b) overtime ($63,500 GPR and $10,400 PR annually); (c) night and weekend pay differential ($7,500 GPR and $2,900 PR annually); and (d) full funding of lease and directed moves costs ($6,200 GPR and $6,300 PR in 2017-18 and $9,400 GPR and $9,600 PR in 2018-19).

2. FUEL AND UTILITIES REESTIMATE

GPR	$152,100

Governor/Joint Finance: Provide $65,500 in 2017-18 and $86,600 in 2018-19 to reestimate fuel and utility costs. Annual adjusted base level funding for fuel and utilities is $866,700.

3. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $330,400	$91,600	- $238,800
PR	100	0	100
Total	- $330,300	$91,600	- $238,700

Governor: Reduce funding by $92,100 GPR and increase funding by $100 PR in 2017-18 and reduce funding by $238,300 GPR in 2018-19 to reestimate debt service costs. Annual base level funding for debt service is $2,735,700 GPR and $13,600 PR.

Joint Finance: Increase funding by $48,600 GPR in 2017-18 and $43,000 GPR in 2018-19 to reflect a reestimate of GPR debt service costs.

4. INCREASE GIFTS AND GRANTS

PR	$2,527,300

Governor/Joint Finance: Increase expenditure authority by $951,300 in 2017-18 and $1,576,000 in 2018-19 to fund projected increases in expenses charged to the gifts and grants appropriation. Base year expenditure authority for this appropriation is $11,555,000.

5. REESTIMATE FEDERAL REVENUES

FED	- $2,343,600

Governor/Joint Finance: Reduce the federal aid appropriation from $1,171,800 annually to $0 annually. This reestimate is based on actual receipts in fiscal year 2016.

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from ECB to DOA, the bill allows that on July 1, 2018, all positions in ECB relating to human resources services and payroll and benefit

services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at ECB, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

ELECTIONS COMMISSION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$4,093,000	$6,445,000	$6,766,100	$321,100	5.0%	$2,673,100	65.3%
FED	6,030,200	2,528,400	2,832,500	304,100	12.0	- 3,197,700	- 53.0
PR	15,400	3,400	3,400	0	0.0	- 12,000	- 77.9
SEG	200	200	200	0	0.0	0	0.0
TOTAL	$10,138,800	$8,977,000	$9,602,200	$625,200	7.0%	- $536,600	- 5.3%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	9.75	25.75	30.75	5.00	21.00
FED	22.00	0.00	0.00	0.00	- 22.00
TOTAL	31.75	25.75	30.75	5.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $190,800	0.00
FED	- 4,474,800	- 22.00
Total	- $4,665,600	- 22.00

Governor/Joint Finance: Provide standard budget adjustments to the base totaling -$104,400 GPR and -$1,459,700 FED and -22.0 FED positions in 2017-18 and -$86,400 GPR and -$3,015,100 FED and -22.0 FED positions in 2018-19. Adjustments are for: (a) removal of non-continuing elements from the base (-$1,376,100 FED and -22.0 FED positions in 2017-18 and -$2,959,300 FED and -22.0 FED positions in 2018-19); (b) full funding of continuing position salaries and fringe benefits (-$121,300 GPR and -$55,800 FED annually); (c) reclassifications and semi-automatic pay progression ($34,500 GPR annually); and (d) full funding of lease and directed moves costs (-$17,600 GPR and -$27,800 FED in 2017-18 and $400 GPR in 2018-19).

2. STATE FUNDING AND POSITIONS TO REPLACE DEPLETED FEDERAL FUNDS FOR ELECTIONS ADMINISTRATION [LFB Paper 265]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$2,594,200	16.00	$304,100	5.00	$2,898,300	21.00
FED	973,000	0.00	304,100	0.00	1,277,100	0.00
Total	$3,567,200	16.00	$608,200	5.00	$4,175,400	21.00
GPR-Lapse	$912,000		- $304,100		$607,900	

Governor: Provide $973,000 FED and 16.0 FED positions in 2017-18 to the Commission's federal aid for election administration appropriation and $2,594,200 GPR and 16.0 GPR positions in 2018-19 to the Commission's general program operations appropriation for the agency to continue providing services that have been supported from federal Help America Vote Act of 2002 (HAVA) funds. Specify that in 2018-19, the Commission must utilize all available HAVA funds remaining in the agency's appropriation prior to spending any GPR that is provided for the purpose of replacing HAVA funding. It should be noted that the general fund condition statement in the bill assumes the Commission will have expenditure authority of $912,000 GPR remaining at the end of 2018-19. This is included in the lapse amount indicated for 2018-19.

Joint Finance: Provide additional authority of $304,100 FED and 5.0 FED positions in 2017-18 and $304,100 GPR and 5.0 GPR positions in 2018-19. Reduce the estimated GPR lapse in 2018-19 by $304,100. In addition, transfer the unallotted reserve allocation of $912,000 GPR in 2018-19 to supplies and services for the purpose of establishing base funding for the 2019-21 biennium.

3. REDUCE COMMISSIONER PER DIEMS [LFB Paper 284]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $51,400	$17,000	- $34,400

Governor: Delete $25,700 annually from the Commission's general program operations appropriation associated with funding for per diems. Specify that the per diem for a Commissioner is $50 per day on which the member attends a meeting or participates by audio or video conference call. Under current law, Commissioners receive the same per diem as a reserve circuit court judge ($454.11 per day).

Joint Finance: Provide an additional $8,500 GPR annually in commissioner meeting per diem funding. Modify statute to specify Elections Commissioners' per diem is $227 per meeting.

4. REDUCE MATERIALS AND SERVICES EXPENDITURE AUTHORITY

PR	- $12,000

Governor/Joint Finance: Delete $6,000 annually from the Commission's materials and services appropriation associated with anticipated decreases in revenue and expenditures. Base funding in the materials and services appropriation is $7,700 annually. The appropriation funds the cost of publishing documents; locating and copying records; conducting administrative meetings and conferences; compiling, disseminating, and making available information prepared by and filed with the Commission; and supplies, postage, and shipping. Revenue for the appropriation is generated from fees charged by the Commission for sales of publications; copies of records; supplies; postage; shipping and records location fees; and charges assessed to participants in administrative meetings and conferences.

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from the Elections Commission to DOA, the bill allows that on July 1, 2018, all positions of the Commission relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at the Commission, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

EMPLOYEE TRUST FUNDS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$308,600	$165,300	$165,300	$0	0.0%	- $143,300	- 46.4%
SEG	90,303,600	91,932,700	91,932,700	0	0.0	1,629,100	1.8
TOTAL	$90,612,200	$92,098,000	$92,098,000	$0	0.0%	$1,485,800	1.6%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
SEG	267.20	264.20	269.20	5.00	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
SEG	$911,500	- 3.00

Governor/Joint Finance: Provide adjustments to the base budget totaling $485,600 and -3.0 positions in 2017-18, and $425,900 and -3.0 positions in 2018-19. Adjustments are for: (a) turnover reduction (-$488,000 annually); (b) removal of non-continuing elements from the base (-$12,600 and -3.0 positions in 2017-18 and -$150,700 and -3.0 positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits ($783,400 annually); (d) overtime ($45,700 annually); (e) night and weekend differential ($72,500 annually); and (f) full funding of lease and directed moves costs ($84,600 in 2017-18, and $163,000 in 2018-19).

2. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE

GPR	- $143,300

Governor/Joint Finance: Reduce base level funding by $57,800 in 2017-18 and $85,500 in 2018-19 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized by

Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is $154,300.

3. CLOSE REGISTRATION FOR DOMESTIC PARTNERSHIPS AND ELIMINATE CERTAIN BENEFITS ADMINISTERED BY ETF [LFB Paper 270]

Governor: Modify statutory provisions under Chapter 40 of the statutes (Public Employee Trust Fund) to discontinue providing an option to state and local public employees covered under the Wisconsin Retirement System or participating in a group health insurance plan offered through the Department of Employee Trust Funds (ETF) to enter into a domestic partnership for the purpose of extending related employee benefits to partners and dependents of partners. Under current law, a Chapter 40 domestic partnership is defined as a relationship between two individuals that satisfies all of the following: (a) each individual is at least 18 years old and otherwise competent to enter into a contract; (b) neither is married to, or in a domestic partnership with, another individual; (c) they are not biologically more closely related than would be allowed by law in the case of marriage; (d) they consider themselves to be members of each other's immediate family; (e) they agree to be responsible for each other's basic living expenses; and (f) they share a common residence. Domestic partnerships are not defined in terms of the gender or sex of the partners and may, therefore, be between members of the opposite sex or members of the same sex. Under current law, programs for which domestic partners are provided certain benefits include: the Wisconsin Retirement System; the state group health insurance program; the state group life insurance program; duty disability benefits; and the deferred compensation program.

Eliminate all health insurance coverage for domestic partners, effective January 1, 2018. For employees or retirees whose date of death is January 1, 2018, or later, eliminate domestic partner survivorship benefits under the duty disability program (available only to protective occupation category employees and their survivors) and modify the statutory standard sequence (described below) to exclude domestic partners from deferred compensation survivorship benefits. Delete statutory provisions which would allow a court to issue a domestic relations order assigning all or part of a participant's accumulated assets held in a deferred compensation plan to a domestic partner or former domestic partner to satisfy a family support obligation. Further, discontinue offering long-term care insurance policies through the Group Insurance Board (GIB) to domestic partners of eligible employees or state annuitants. The bill does not modify the standard sequence of beneficiaries that would apply in the absence of a written designation of beneficiary for survivorship benefits other than deferred compensation and duty disability (such as Wisconsin Retirement System benefits or life insurance). Under current law and under the bill, in the absence of a written designation of beneficiary, or if all designated beneficiaries who survive the decedent die before filing a beneficiary designation with ETF applicable to that death benefit or an application for any death benefit payable, the beneficiary is determined in the following sequence: (a) Group 1, surviving spouse or surviving domestic partner (except for deferred compensation for domestic partners under the bill); (b) Group 2, children of the deceased participant, employee, or annuitant, in equal shares; (c) Group 3, parent, in equal shares if both survive; and (d) Group 4, brother and sister in equal shares.

Under the bill, Chapter 40 domestic partnership registrations would be closed to new applications, effective July 1, 2017, or the date after publication of the bill, whichever is later. Health insurance coverage for domestic partners of employees and for surviving domestic partners of deceased employees and deceased retired employees would no longer be available effective January 1, 2018, without regard for the date the partnership was established and without regard for the date of death of the employee or retired employee. Health insurance coverage would also be unavailable to stepchildren of a domestic partnership. Health insurance benefits would no longer be permitted to include special provisions for domestic partners where one domestic partner, and not the other, is eligible for Medicare. Under the bill, a current law provision would be maintained that prohibits an employee who is eligible for group health insurance and was a domestic partner in a dissolved domestic partnership (or is divorced) from enrolling a new spouse in a group health insurance plan until six months have elapsed since the date of the dissolved domestic partnership (or divorce).

Under the bill, duty disability survivorship benefits would be maintained for domestic partner survivors of employees whose date of death occurred prior to January 1, 2018, but would not be available if the date of death occurred January 1, 2018, or later. Additionally, effective January 1, 2018, domestic partners would be excluded from the standard sequence for deferred compensation benefits.

In relation to this provision, compensation reserves provided for the 2017-19 biennium for state employee salaries and fringe benefits assume reductions of $1,493,500 GPR in 2017-18 and $2,987,000 GPR in 2018-19 associated with lower health insurance expenses resulting from the elimination of Chapter 40 domestic partnership benefits.

With regard to funding reductions relating to eliminating health insurance coverage of domestic partners for the UW System, compensation reserves do not include amounts for cost increases related to UW System employee salaries and fringe benefits. Under the bill, amounts have been separately budgeted within the UW System in order to support these costs. Domestic partner health insurance reductions of $793,800 GPR in 2017-18 and $1,587,500 GPR in 2018-19 are assumed for the UW System. Salary and fringe adjustments provided to the UW are net of these amounts, and total $126,500 GPR in 2017-18 and $11,517,900 GPR in 2018-19. [See "University of Wisconsin System."]

Joint Finance: Delete the provision eliminating a health insurance coverage option for surviving domestic partners of deceased employees and deceased retired employees. Specify that duty disability survivorship benefits would be available if the date of the protective occupation participant's disability occurred prior to January 1, 2018. Further, specify that the surviving spouse of a protective occupation participant would be eligible for duty disability survivorship benefits if the spouse was in a domestic partnership with the participant (or was married to the participant) on the date the disability occurred. Current law specifies that a surviving spouse is eligible only if the spouse was married to the participant on the date the disability occurred. Reduce amounts estimated for expenditure reductions associated with family health insurance coverage for domestic partners and the dependents of domestic partners by $839,200 GPR in 2017-18 and $1,678,400 GPR in 2018-19 based on the number of affected state employees who have other eligible dependents. [See "Budget Management and Compensation Reserves."]

4. SERVICES TO IMPLEMENT FINANCIAL REPORTING REQUIREMENTS

	Funding	Positions
SEG	$497,100	2.00

Governor/Joint Finance: Provide $237,300 and 2.0 positions in 2017-18 and $259,800 and 2.0 positions in 2018-19 to the agency's appropriation for administration for the implementation of new accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB). The Department indicates that funding to meet its financial reporting obligations, comply with tax laws and regulations, and implement GASB Statements 74 (financial reporting for post-employment benefit plans other than pension plans) and 75 (accounting and financial reporting for post-employment benefits other than pensions) would be provided for: (a) 2.0 accountant advanced positions ($147,300 in 2017-18 and $169,800 in 2018-19); and (b) contractual services ($90,000 annually).

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
SEG	- 5.00	5.00	0.00

Governor: Delete 5.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the agency's appropriation for administration. Funding associated with the positions ($451,000) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at ETF but would become DOA employees rather than employees of ETF.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Exclude the Department of Employee Trust Funds from the definition of a shared services agency under the human resources shared services proposal. Associated with the exemption, delete the transfer of positions from ETF to DOA and the reallocation of funding

within ETF. As a result of the exemption, positions, assets and liabilities, personal property, and contracts related to human resources, payroll, and benefits services would not be transferred from ETF to DOA. Staff of ETF would continue to provide human resources, payroll, and benefits services for the agency.

6. FUNDING AND POSITIONS FOR SYSTEMS MODERNIZATION PROJECT

	Funding	Positions
SEG	$220,500	3.00

Governor/Joint Finance: Provide $44,700 and 3.0 positions in 2017-18 and $175,800 and 3.0 positions in 2018-19 to the agency's appropriation for administration for continued support of the transformation, integration, and modernization project. Provided position authority is for 3.0 four-year project positions (2.0 trust funds specialists and 1.0 accountant) with a start date of May 1, 2018, to replace 3.0 existing four-year project positions expiring on the same date. The trust funds specialist positions would support centralized employer services in general through case management as well as an implementation of system changes planned for January, 2018, relating to enrollment, contribution reporting, employer reporting, and group insurance. The accountant position would support the implementation of system changes planned for 2019. The position would assist with design and testing for employer reporting of service, earnings and contributions, employer insurance invoice processing, Wisconsin Retirement System participant account updates and benefit payments, third-party administrator interfaces, and financial system integration.

7. STATE HEALTH PROGRAM SAVINGS [LFB Paper 161]

Joint Finance: Specify that the GIB attempt to ensure that savings of $63.9 million GPR over the 2017-19 biennium be achieved through a combination of negotiation savings (estimated at $22.7 million GPR), a draw-down of state health program reserves as directed under the bill as amended (total draw-down of $68.8 million estimated at $25.8 million GPR), and approximately $15.4 million GPR from: increased usage of health plan tiers authorized in statute; potential additional reserves reductions if the GIB review of its fully-insured reserve policy results in a lower benchmark for determining reserves; plan design changes, with an emphasis on consumer-driven health care, that do not exceed a 10% increase to total employee costs for Tier 1 plans in each of calendar year 2018 and 2019 including premiums, copays, deductibles, coinsurance, and out-of-pocket maximums; or other means.

8. STATE GROUP HEALTH PROGRAM RESERVES DRAW-DOWN, POLICY, AND PLAN [LFB Paper 161]

Joint Finance: Direct ETF to utilize $68.8 million in state group health program reserves over the 2017-19 biennium to reduce state program costs. Specify that the GIB review its policy relating to group health program reserves for fully-insured health plans. Further, specify that the GIB submit a plan by March 1, 2018, to the Committee for approval under a 21 working-day passive review process that includes the following: (a) the amount of state group health program reserves held by ETF as of December 31, 2017; (b) the amount of state program reserves that

will be used over calendar year 2018 to reduce state program costs; (c) a projection of 2018 year-end state program reserves by the Board's consulting actuary; and (d) the Board's planned utilization of state program reserves in calendar year 2019. Under the provision, if the Committee notifies the GIB within 21 working days that it has scheduled a meeting for the purpose of reviewing the plan for 2019, the GIB could not implement the plan unless approved by the Committee.

9. GROUP HEALTH PLAN TIERS [LFB Paper 161]

Joint Finance: Specify that the GIB must place health care coverage plans into one of five tiers established in accordance with standards adopted by the GIB. Under current law, the GIB must place plans into one of three tiers, which are separated according to the employee's share of premium costs.

10. GROUP INSURANCE BOARD CHANGES [LFB Paper 161]

Joint Finance: Provide that the six members of the Group Insurance Board who are appointed by the Governor to two-year terms under current law would be appointed to the Board only with the advice and consent of the Senate. Further, expand the membership of GIB from 11 to 15 members and provide that the following be added as members of the Board: (a) one member appointed by the Speaker of the Assembly; (b) one member appointed by the Minority Leader of the Assembly; (c) one member appointed by the Majority Leader of the Senate; and (d) one member appointed by the Minority Leader of the Senate.

Under current law, the 11-member Group Insurance Board in the Department of Employee Trust Funds oversees the administration and the establishment of policies for four major insurance plans for state employees and certain local government employees. The four plans are: (a) group health insurance for Wisconsin Retirement System (WRS) annuitants, state employees and employees of those local governments that choose to offer this benefit; (b) group income continuation insurance for state employees and employees of those local governments that choose to offer this benefit; (c) group life insurance benefits for annuitants, state employees and employees of those local governments that choose to offer this benefit; and (d) long-term care insurance for annuitants and state employees. Five members of the Board serve ex officio as a result of the positions that they hold. These ex officio members are the Governor, the Attorney General, the Commissioner of Insurance, the Secretary of the Department of Administration, and the Division Administrator of DOA's Division of Personnel Management. Any of these ex officio members may appoint a designee to serve on the Board in his or her stead. The remaining six members of the Board are appointed by the Governor to two-year terms. The statutes require that at least five of the six appointees represent specific constituencies in order to ensure a diversity of views on the Board. At least one gubernatorial appointee must be an insured teacher who is a WRS participant, a second must be an insured nonteacher WRS participant, a third must be an insured local employee WRS participant, a fourth must be an insured retired WRS participant, and a fifth must be the chief executive or a member of the governing body of a local unit of government that is a participating employer in the WRS. There is no specific requirement

for the sixth gubernatorial appointee to the Board.

11. REVIEW OF CHANGES TO STATE EMPLOYEE GROUP HEALTH PROGRAM [LFB Paper 161]

Joint Finance: Provide that GIB, in consultation with the Division of Personnel Management in DOA, must annually, by April 1, submit any proposed changes to the state group health insurance program to the Joint Committee on Finance under a 21 working-day passive review process. Specify that, if the Committee notifies the GIB within 21 working days that a meeting has been scheduled for the purpose of reviewing the changes, the changes may not be implemented unless approved by the Committee.

Further, specify that any changes to the program that are proposed subsequent to the annual review by the Committee must also be submitted under the same 21 working-day passive review process if the changes would have a financial impact or would affect covered benefits, including any proposed changes to the program for the 2018 program year.

12. AUDIT OF STATE'S GROUP HEALTH INSURANCE PROGRAMS [LFB Paper 161]

Joint Finance: Request that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to conduct an audit of the state's group health insurance programs, including a review of the Group Insurance Board's compliance with its group health program reserve policy, a review of the appropriateness of its policy regarding fully-insured program reserves, and the circumstances that have created ongoing, frequent accumulation and use of reserves.

13. CONSUMER-DRIVEN HEALTH PLAN EDUCATIONAL CAMPAIGN

Joint Finance: Specify that ETF develop and submit to the Joint Committee on Finance under the procedures of s. 13.10 of the statutes by January 1, 2018, a plan including a request for any funding that would be needed to conduct a consumer-driven health plan educational campaign prior to and during open enrollment for program year 2019. Specify that the campaign include information relating to: the advantages of high-deductible health plans and health savings accounts; examples of individuals or families who might benefit from a high-deductible health plan and health savings account; and information relating to any consumer-driven health plan design changes or initiatives approved by the GIB for implementation by ETF. Further, specify that the plan may not be implemented unless approved by the Committee.

EMPLOYMENT RELATIONS COMMISSION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$2,767,200	$1,971,900	$1,983,500	$11,600	0.6%	- $783,700	- 28.3%
PR	306,600	291,200	291,200	0	0.0	- 15,400	- 5.0
TOTAL	$3,073,800	$2,263,100	$2,274,700	$11,600	0.5%	- $799,100	- 26.0%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	9.01	6.00	6.00	0.00	- 3.01

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 275]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $14,900	$1,800	- $13,100

Governor: Provide adjustments to the base totaling -$7,900 in 2017-18 and -$7,000 in 2018-19. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (-$8,200 annually); and (b) full funding of lease and directed move costs ($300 in 2017-18 and $1,200 in 2018-19).

Joint Finance: Increase funding by $900 GPR annually to account for an inadvertent error made when calculating the full funding of continuing position salaries and fringe benefits.

2. COMPOSITION OF EMPLOYMENT RELATIONS COMMISSION [LFB Paper 276]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $780,400	- 3.01	$9,800	0.00	- $770,600	- 3.01

Governor: Reduce funding and position authority for the Wisconsin Employment Relations Commission (WERC) by $390,200 and 3.01 positions annually to reflect the following: (a) a reduction to the number of commissioners serving on the Commission from three to one; and (b) a reduction in staff resources for the Commission by 2.0 positions. Funding and position authority would be reduced from the Commission's general program operations appropriation. Base funding and position authority for this appropriation is $1,383,600 and 9.01 positions.

Reduction to the Number of Commissioners. Provide that the Commission consist of one chairperson, appointed by the Governor for a six-year term, except that the term of the first chairperson appointed after the effective date of the bill expires on March 1, 2023. Advice and consent of the Senate for appointment of the chairperson is not required under the bill. [Under current law, commissioners are confirmed by the Senate.] Provide that on the effective date of the bill, the three offices of commissioner at the WERC are eliminated. Modify current law to indicate that the WERC would be comprised of one chairperson, as opposed to three commissioners.

Repeal the current law provision that provides that each member of the Commission must be appointed to two-thirds of a full-time equivalent position. Further, repeal the current law provision that provides that no member of the Commission may hold any other public office or engage in any other occupation, business, or activity that is in any way inconsistent with the performance of the member's duties. Provide that the remaining chairperson of the Commission would be a full-time equivalent employee, and that the chairperson must devote his or her entire time to the duties of his or her office.

Associated with the reduction in the number of members of the Commission, decrease funding and position authority for the WERC by $120,800 and 1.01 positions annually. The decrease in position authority of 1.01 positions results from increasing the full-time equivalency of the chairperson of the WERC by 0.33 position and eliminating the 0.67 full-time equivalency of the other two WERC commissioners.

Reduction in Staffing. Reduce staff resources for the Commission by $269,400 and 2.0 positions to reflect the Commission's decreased workload. The 2.0 deleted positions would be 1.0 staff attorney position and 1.0 chief counsel position. Delete the statutory provision which specifies that the WERC division administrator must be an attorney and appointed by the Commission chairperson.

Joint Finance: Modify the Governor's recommendations related to the composition of the

Employment Relations Commission, as follows:

Reduction to the Number of Commissioners. Provide that the chairperson of the Commission would be appointed with the advice and consent of the Senate. Increase funding under the bill by $4,900 GPR annually in order to more accurately reflect the salaries and fringe benefits costs of the WERC commissioners that are eliminated under the bill.

Reduction in Staffing. Associated with the elimination of the WERC's unclassified chief legal counsel position, eliminate the current law reference to the WERC's unclassified division administrator position under s. 230.08 of the statutes.

3. PROGRAM REVENUE LAPSE

GPR-REV	$150,600

Governor/Joint Finance: Provide that at the end of the fiscal year, any unencumbered balance in the Commission's fees, collective bargaining training, publications, and appeals annual PR appropriation that exceeds 10% of the expenditures from the appropriation in the fiscal year be lapsed to the general fund. This provision would only apply during the 2017-19 biennium. Under the bill, it is estimated that lapses from the appropriation to the general fund would equal $75,300 annually.

The affected appropriation is utilized by the Commission to address costs related to the performance of fact-finding, mediation, certification of collective bargaining representation, and arbitration functions, as well as for the costs of operating training programs, conducting appeals, and preparing publications, transcripts, reports, and other copied material. Fees assessed by the WERC to offset the costs of carrying out its responsibilities, as well as training program and publication sale revenues, are deposited to this appropriation. Generally, under current law, any unencumbered balance in the appropriation at the end of the fiscal year remains in the appropriation, is available for future authorized expenditures, and does not lapse to the general fund. However, similar to the provision under the bill discussed above, 2015 Act 55 required that any unencumbered balance in the appropriation that exceeded 10% of the expenditures from the appropriation in the fiscal year be lapsed to the general fund during the 2015-17 biennium.

4. REDUCE PROGRAM REVENUE EXPENDITURE AUTHORITY

PR	- $15,400

Governor/Joint Finance: Reduce court reporter and transcript fee expenditures from the Commission's fees, collective bargaining training, publications, and appeals annual PR appropriation by $7,700 annually.

The affected appropriation is utilized to address costs related to the performance of fact-finding, mediation, certification of collective bargaining representation, and arbitration functions, as well as for the costs of operating training programs, conducting appeals, and preparing publications, transcripts, reports, and other copied material. Fees assessed by WERC to offset the costs of carrying out its responsibilities, as well as training program and publication sale revenues, are deposited to this appropriation. Base funding for the appropriation is $153,300.

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from WERC to DOA, the bill allows that on July 1, 2018, all positions in WERC relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at WERC, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$37,261,800	$33,875,300	$32,485,600	- $1,389,700	- 4.1%	- $4,776,200	- 12.8%
SEG	16,000,000	16,000,000	16,000,000	0	0.0	0	0.0
TOTAL	$53,261,800	$49,875,300	$48,485,600	- $1,389,700	- 2.8%	- $4,776,200	- 9.0%
BR		- $34,660,000	- $34,660,000				

FTE Position Summary

Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources.

Budget Change Items

1. BONDING AUTHORITY [LFB Papers 280 and 281]

BR	- $34,660,000

Governor/Joint Finance: Provide an increase in general obligation bonding authority of $5,800,000 for the safe drinking water loan program within the environmental improvement fund. State general obligation bonds are issued to pay for the 20% state match to the federal capitalization grant for the safe drinking water loan program. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction, or modification of public water systems.

Decrease general obligation bonding authority by $40,460,000 for the clean water fund program within the environmental improvement fund. The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban storm water runoff control projects. The following table summarizes EIF bonding authority under the bill.

Environmental Improvement Fund (EIF) Bonding Authority

	Current	Governor/ Jt. Finance	Total
Clean water fund program -- general obligation	$686,743,200	-$40,460,000	$646,283,200
Safe drinking water loan program -- general obligation	65,600,000	5,800,000	71,400,000
Subtotal General Obligation Bonding	$752,343,200	-$34,660,000	$717,683,200
Clean water fund program -- revenue obligation	2,526,700,000	0	2,526,700,000
Total Bonding Authority	$3,279,043,200	-$34,660,000	$3,244,383,200

2. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $3,386,500	- $1,389,700	- $4,776,200

Governor: Decrease funding by $1,362,800 in 2017-18 and by $2,023,700 in 2018-19 to estimate GPR debt service costs on state general obligation bonds and commercial paper debt issued for the environmental improvement fund. This would include: (a) -$1,558,700 in 2017-18 and -$2,246,100 in 2018-19 for the clean water fund program; and (b) $195,900 in 2017-18 and $222,400 in 2018-19 for the safe drinking water loan program. Clean water fund program debt service is also paid from a sum-certain SEG appropriation that receives a portion of loan repayments from municipalities on loans originally funded using general obligation bonds.

Joint Finance: Reestimate debt service costs as follows: (a) decrease by $893,700 in 2017-18 and $495,800 in 2018-19 the amount for clean water fund debt service, which would result in total GPR debt service costs of $10,805,500 in 2017-18 and $10,516,000 in 2018-19; and (b) increase by $100 in 2017-18 and decrease by $300 in 2018-19 the amount for safe drinking water loan program debt service, which would result in total GPR debt service costs of $5,569,000 in 2017-18 and $5,595,100 in 2018-19. Actual and estimated debt service payments from 2015-16 through 2018-19 are shown in the table.

Environmental Improvement Fund Debt Service Expenditures

	GPR Clean Water Fund Program	SEG Clean Water Fund Program	Safe Drinking Water Loan GPR	Total
2015-16 Actual	$16,157,600	$8,000,000	$4,746,400	$28,904,000
2016-17 Base	13,257,900	8,000,000	5,373,000	26,630,900
2017-18 Jt. Finance	10,805,500	8,000,000	5,569,000	24,374,500
2018-19 Jt. Finance	10,516,000	8,000,000	5,595,100	24,111,100

3. CLEAN WATER FUND PROGRAM LOAN INTEREST RATES [LFB Paper 281]

Governor: Make the following changes to the interest rate for certain loans provided

under the clean water fund program, as follows:

a. Lower the interest rate for most loans provided under the program for the 2017-19 biennium or later, from 70% of the market interest rate to 55% of the market interest rate. This would apply to the following types of projects: (1) compliance maintenance projects to prevent a significant violation of an effluent limitation by a municipal sewage treatment facility; (2) projects to achieve compliance with a new or changed effluent limit; (3) projects to prevent or treat nonpoint source pollution or urban storm water runoff; and (4) projects to provide treatment facilities and sewers for unsewered areas.

b. Provide a loan interest rate of 0% for the project types listed under a. above if the municipality has a: (1) population of less than 1,000; and (2) median household income of 65% or less of the median household income of the state.

c. Provide a loan interest rate of 33% of the market interest rate for the project types listed under a. above if the municipality has a: (1) population of less than 10,000; and (2) median household income of 80% or less of the median household income of the state.

d. Eliminate the financial hardship assistance program. Currently, municipalities are eligible for hardship assistance if: (1) the median household income in the municipality is 80% or less of the median household income of the state; and (2) the estimated annual wastewater treatment charges per residential user in the municipality would exceed 2% of the median household income in the municipality without hardship assistance. A combination of grant and loan is provided to reduce the municipality's residential wastewater treatment charges to 2% of the median household income of the municipality. The maximum financial hardship assistance provided to a municipality is a grant of 70% of project costs with the remaining 30% of costs provided through a 0% interest rate loan.

Joint Finance: Approve the Governor's recommendation. In addition, authorize a municipality that submits an initial application for clean water fund financing by the current law deadline of June 30, 2017, for 2017-18 financial assistance, to be eligible to apply for assistance under the current law financial hardship assistance program, if the municipality submits a completed application for financial hardship assistance by June 30, 2018, including the facility plan and the design plans and specifications, and meets the other eligibility criteria under the 2015-16 statutes related to median household income and wastewater user charges.

4. LENGTH OF LOAN REPAYMENT FOR CLEAN WATER FUND LOANS

Joint Finance: Allow loans approved under the clean water fund program to be for no longer than 30 years, or the useful life of the project, whichever is less, as determined by the Department of Administration (DOA). The clean water fund loan would have to be fully amortized no later than 30 years after the original date of the financial assistance agreement. Currently, clean water fund loans shall be for no longer than 20 years, as determined by DOA, and have to be fully amortized no later than 20 years after the original date of the financial assistance agreement.

ETHICS COMMISSION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$1,748,000	$1,664,800	$1,681,800	$17,000	1.0%	- $66,200	- 3.8%
PR	1,103,600	991,100	991,100	0	0.0	- 112,500	- 10.2
TOTAL	$2,851,600	$2,655,900	$2,672,900	$17,000	0.6%	- $178,700	- 6.3%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2016-17 Base
GPR	4.55	4.55	4.55	0.00	0.00
PR	3.45	3.45	3.45	0.00	0.00
TOTAL	8.00	8.00	8.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $68,200
PR	- 98,500
Total	- $166,700

Governor/Joint Finance: Provide standard budget adjustments to the agency base budget totaling -$35,300 GPR and -$45,700 PR in 2017-18 and -$32,900 GPR and -$52,800 PR in 2018-19. Adjustments are for: (a) full funding of salaries and fringe benefits for continuing positions (-$24,100 GPR and -$46,900 PR annually); (b) reclassifications and semiautomatic pay progression ($2,200 GPR in 2017-18 and $2,900 GPR in 2018-19); and (c) full funding of lease and directed moves costs (-$13,400 GPR and $1,200 PR in 2017-18 and -$11,700 GPR and -$5,900 PR in 2018-19).

2. COMMISSIONER PER DIEM COMPENSATION [LFB Paper 284]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $15,000	$17,000	$2,000

Governor: Decrease commissioner meeting per diem funding by $7,500 annually. Modify statutory language to specify commissioners' per diem is $50 per day on which the member attends a meeting or participates by audio or video conference call. Under current law, commissioners receive the same per diem as a reserve circuit court judge ($454.11 per day).

Joint Finance: Provide $8,500 annually in commissioner meeting per diem funding. Specify, in statute, that Ethics commissioners' per diem would be $227 per meeting.

3. MATERIALS AND SERVICES EXPENDITURE AUTHORITY

PR	- $14,000

Governor/Joint Finance: Delete $7,000 annually in the Commission's materials and services appropriation. Base funding in the materials and services appropriation is $11,500 annually. The appropriation funds expenditures such as lobbying and ethics programs for officials and attorneys, and making Commission information publically available. Revenue for the appropriation is generated from fees charged by the Commission.

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from Ethics Commission to DOA, the bill allows that on July 1, 2018, all positions in Ethics Commission relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at Ethics Commission, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

FINANCIAL INSTITUTIONS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
PR	37,618,600	35,517,100	35,517,100	$0	0.0%	- $2,101,500	- 5.6%
SEG	0	1,518,200	1,518,200	0	0.0	1,518,200	N.A.
TOTAL	$37,618,600	$37,035,300	$37,035,300	$0	0.0%	- $583,300	- 1.6%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
PR	139.54	139.54	139.54	0.00	0.00
SEG	0.00	2.00	2.00	0.00	2.00
TOTAL	139.54	141.54	141.54	0.00	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- $265,700

Governor/Joint Finance: Adjust the base budget for: (a) turnover reduction (-$269,000 annually); (b) full funding of continuing position salaries and fringe benefits ($7,600 annually); and (c) full funding of lease and directed moves costs (-$1,400 in 2017-18 and $258,500 in 2018-19).

2. STATE OPERATIONS ADJUSTMENTS

PR	- $1,880,800

Governor/Joint Finance: Reduce the Department of Financial Institution's (DFI) general program operations appropriation by $940,400 annually ($506,500 from unallotted reserves and $433,900 from supplies and services). Pursuant to current law, the reduction in spending ultimately results in a corresponding transfer of program revenue to the general fund at the end of each fiscal year.

3. FINANCIAL LITERACY JOB CENTER PILOT

PR	$45,000

Governor/Joint Finance: Provide $45,000 in 2017-18 for DFI to develop a financial literacy training course for state staff who work at county public benefit enrollment centers and job centers in order to provide targeted individuals with information to improve their understanding of financial concepts.

4. FILING FEES FOR EXPEDITED SERVICE

Governor/Joint Finance: Establish the following fees for expedited service by DFI for processing certain records filed by corporations, limited liability companies, limited partnerships, partnerships, and cooperatives: (a) $500 for processing within one hour or less from filing; and (b) $250 for processing within four hours or less from filing. Under current administrative rules, for an additional $25 fee, DFI provides expedited services for document processing by the close of the first business day following the date of receipt of the request. The new fees would supercede these fees for one- and four-hour processes. It is estimated that the new fees would generate $1,640,000 of program revenue annually.

5. TRANSFER COLLEGE SAVINGS PROGRAM FROM DEPARTMENT OF ADMINISTRATION

	Funding	Positions
SEG	$1,518,200	2.00

Governor/Joint Finance: Transfer administration of the state college savings program from the Department of Administration to DFI and provide related funding of $759,100 annually and 2.00 positions. [For additional information, see "Administration -- Transfers."]

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from the DFI to DOA, the bill allows that on July 1, 2018, all positions in DFI relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees

holding those positions, may be transferred to DOA. If positions were transferred to DOA, DOA indicates that the employees would remain housed at DFI, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
SEG	$250,800	$250,800	$250,800	$0	0.0%	$0	0.0%

FTE Position Summary

There are no state authorized positions for the Fox River Navigational System.

GENERAL FUND TAXES

1. GENERAL FUND TAX CHANGES

Governor: The following table shows the general fund tax changes recommended by the Governor, along with their estimated fiscal effects in the 2017-19 biennium. The table does not include tax law changes that are estimated to have a minimal fiscal effect. The table also does not include changes to refundable tax credits, because they are paid from appropriations rather than recorded as a reduction in tax revenues.

2017-19 General Fund Tax Changes
(In Millions)

	2017-18	2018-19	2017-19 Biennium
Income and Franchise Taxes			
Income Tax Rate Reduction	-$104.38	-$99.08	-$203.45
Limit Working Families Credit to Full-Year Residents	0.20	0.20	0.40
Itemized Deduction Credit for Nonresidents	0.58	0.59	1.17
MAC/Other States Tax Credit Interaction	9.70	9.70	19.40
Employer Wage Reporting	3.00	3.00	6.00
Increase Angel and Early Stage Seed Credit Investment Cap	-3.20	-2.20	-5.40
Limit Historic Rehabilitation Credit	3.00	14.10	17.10
Treatment of Net Operating Losses	1.00	1.00	2.00
Eliminate Payment of Interest on Tax Credits	0.50	0.50	1.00
Internal Revenue Code Update	-0.60	-0.80	-1.40
Garnishment Fee Paid by Debtor	0.01	0.01	0.02
Reporting Requirement for Captive Insurance Companies	1.00	1.00	2.00
Add Auditors	32.00	32.00	64.00
General Sales and Use Tax			
Sales Tax Holiday	-11.00	-11.00	-22.00
Delay Private Label Credit Card Law	10.15	10.44	20.59
Lump Sum Construction Contracts	-1.25	-1.50	-2.75
Frozen Prepared Food	-1.00	-1.00	-2.00
Off-Highway Motorcycles	0.22	0.22	0.43
Occasional Sales Threshold	-0.17	-0.16	-0.33
Total Tax Changes	-$60.24	-$42.99	-$103.22

Joint Finance: The following table shows the general fund tax law changes recommended by the Governor and the Joint Committee on Finance, along with their estimated 2017-19 fiscal effects.

Estimated Biennial Fiscal Effects of Budget Provisions
Governor and Joint Finance
(In Millions)

	2017-19 Governor	2017-19 Jt. Finance	Change to Governor
Income and Franchise Taxes			
Income Tax Rate Reduction	-$203.45	$0.00	$203.45
Working Families Credit	0.40	0.80	0.40
Itemized Deduction Credit for Nonresidents	1.17	1.17	0.00
MAC/Other States Tax Credit Interaction	19.40	19.40	0.00
W-2 Filing Thresholds	6.00	6.00	0.00
Increase Angel and Early Stage Seed Credit Investment Cap	-5.40	0.00	5.40
Limit Historic Rehabilitation Credit	17.10	0.30	-16.80
Treatment of Net Operating Losses	2.00	2.00	0.00
Eliminate Payment of Interest on Tax Credits	1.00	1.00	0.00
Internal Revenue Code Update	-1.40	-6.20	-4.80
Garnishment Fee Paid by Debtor	0.02	0.00	-0.02
Reporting Requirements for Captive Insurance Companies	2.00	0.00	-2.00
Add Auditors	64.00	56.00	-8.00
Repeal Minimum Tax	0.00	-1.75	-1.75
Limit Other State's Tax Credit	0.00	20.30	20.30
Other State's Tax Credit--Illinois Tax Increase	0.00	-30.10	-30.10
Apportionment for Broadcasters	0.00	-3.20	-3.20
General Sales and Use Tax			
Sales Tax Holiday	-22.00	0.00	22.00
Delay Private Label Credit Card Law	20.59	10.15	-10.44
Lump Sum Construction Contracts	-2.75	-2.75	0.00
Frozen Prepared Food	-2.00	-2.35	-0.35
Off-Road Motorcycles	0.43	0.43	0.00
Occasional Sales Threshold	-0.33	-0.25	0.09
Sales Tax Exemption for Beekeepers	0.00	-0.13	-0.13
Sales Tax Exemption for Fish Sold to Fish Farms	0.00	-0.10	-0.10
Sales Tax Exemption for Building Materials	0.00	-2.50	-2.50
Sales Tax Exemption for Broadcast Equipment	0.00	0.00	0.00
Cigarette Administrative Discount	0.00	-0.90	-0.90
Total Tax Changes	-$103.22	$67.33	$170.55

Income and Franchise Taxes

1. INCOME TAX RATE REDUCTION [LFB Paper 285]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	- $203,454,600	$203,454,600	$0

Governor: Beginning with tax year 2017, reduce the marginal tax rates that apply to income that falls within the bottom two income brackets of the state's individual income tax from 4.0% to 3.9% and from 5.84% to 5.74%. In addition, increase the income threshold separating the second and third tax brackets, thereby causing more income to be subject to the proposed 5.74% marginal rate, as opposed to the 6.27% marginal rate. The rate and bracket structures under current law and under the Governor's proposal are shown below:

	Tax Year 2017		
	Single	Married-Joint	Married-Separate
Rates and Estimated Brackets -- Current Law			
4.00%	Less than $11,230	Less than $14,980	Less than $7,490
5.84	11,230 to 22,470	14,980 to 29,960	7,490 to 14,980
6.27	22,470 to 247,350	29,960 to 329,810	14,980 to 164,900
7.65	247,350 and Over	329,810 and Over	164,900 and Over
Governor's Proposed Rates and Estimated Brackets			
3.90%	Less than $11,230	Less than $14,980	Less than $7,490
5.74	11,230 to 28,080	14,980 to 37,450	7,490 to 18,720
6.27	28,080 to 247,350	37,450 to 329,810	18,720 to 164,900
7.65	247,350 and Over	329,810 and Over	164,900 and Over

	Tax Year 2018		
	Single	Married-Joint	Married-Separate
Rates and Estimated Brackets -- Current Law			
4.00%	Less than $11,520	Less than $15,370	Less than $7,680
5.84	11,520 to 23,050	15,370 to 30,730	7,680 to 15,370
6.27	23,050 to 253,760	30,730 to 338,350	15,370 to 169,180
7.65	253,760 and Over	338,350 and Over	169,180 and Over
Governor's Proposed Rates and Estimated Brackets			
3.90%	Less than $11,520	Less than $15,370	Less than $7,680
5.74	11,520 to 28,810	15,370 to 38,420	7,680 to 19,210
6.27	28,810 to 253,760	38,420 to 338,350	19,210 to 169,180
7.65	253,760 and Over	338,350 and Over	169,180 and Over

As under current law, the tax bracket amounts would be indexed each year based on changes in the consumer price index. However, the bill would need to be amended to correctly

apply the indexing provisions. These provisions would reduce individual income tax collections by an estimated $104,377,700 in 2017-18 and $99,076,900 in 2018-19.

Joint Finance: Delete provision.

2. EARNED INCOME TAX CREDIT [LFB Papers 286, 287, 288, 289, and 290]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$6,840,000	- $9,540,000	- $2,700,000
PR	13,000,000	- 13,000,000	0
Total	$19,840,000	- $22,540,000	- $2,700,000

Governor: Increase PR funding for the earned income tax credit (EITC) by $13,000,000 in 2018-19 and decrease GPR funding by $2,520,000 in 2017-18 and increase GPR funding by $9,360,000 in 2018-19 to reflect the changes described below.

Current Law Sum Sufficient Reestimate. Decrease the estimated cost of the credit by $1,700,000 in 2017-18 and increase the estimated cost of the credit by $650,000 in 2018-19. Compared to base year funding of $103,600,000, the cost of the credit under current law is reestimated at $101,900,000 in 2017-18 and $104,250,000 in 2018-19.

Credit Percentage for Claimants with One Child. Modify the percentage used to calculate the EITC by increasing the percentage from 4% to 11% for claimants with one child, beginning in tax year 2018. This would increase the cost of the credit by an estimated $20,800,000 in 2018-19. The proposed credit percentage is the same percentage used for claimants with two children.

Credit Calculation for Claimants Who Become Married. Beginning in tax year 2018, authorize claimants who become married in a year to claim the greater of the credit calculated as a married claimant or the credit claimed in the prior year when the claimant was unmarried. In the succeeding two years, authorize the claimant to claim the greater of the credit calculated as a married claimant for that year or the credit claimed in the year prior to the year the claimant became married. The proposed change would increase the cost of the credit by an estimated $1,500,000 in 2018-19. Because the provision would first apply in tax year 2018 and extend for the initial three years of the claimant's marriage, the cost of the provision is estimated to increase to $3,500,000 in 2019-20 and $5,500,000 in 2020-21.

Credit for Noncustodial Parents. Beginning in tax year 2018, create a refundable credit, funded from the current law EITC appropriations, for noncustodial parents, not otherwise eligible for the EITC. Set the credit equal to 7.5% of the amount the individual would be eligible to receive under the federal EITC, if the individual's noncustodial child meets the definition of qualifying child under the federal credit. To be eligible to receive the state credit, specify that the individual claiming the credit must: (a) not claim the state credit authorized under current law; (b) be a full-year resident of Wisconsin; (c) be at least 18 years old at any point during the tax year for which the claim relates; (d) be the parent of at least one child who did not have the same principal place of abode as the claimant; (e) have been required under a court order for at least

one-half of the tax year to make child support payments for the noncustodial child for which the claim relates; and (f) have paid in full all amounts of court-ordered child support payments for the noncustodial child. In addition, specify that the court-ordered payments must be verified by the Department of Revenue (DOR) as having been made by the claimant. Authorize the Department of Children and Families (DCF) and county child support agencies to assist DOR in verifying the payment of court-ordered child support payments. Under this provision, the cost of the credit would increase by an estimated $230,000 in 2018-19.

Disqualified Losses. Prohibit any individual from claiming the credit if the individual reports a "disqualified loss" greater than $15,000 in the calculation of his or her Wisconsin adjusted gross income, but exclude any individual from the prohibition if the claimant is a farmer, the claimant's primary income is from farming, and the claimant's farming generates less than $250,000 in gross receipts from the operation of farm premises. Define disqualified loss as the sum of the following amounts, exclusive of net gains from the sale or exchange of capital or business assets and exclusive of net profits: (a) net loss from sole proprietorships; (b) net capital loss; (c) net loss from sales of business property, excluding loss from involuntary conversions; and (d) net loss from rental real estate, royalties, partnerships, tax-option corporations, trusts, estates, and real estate mortgage investment conduits. Under the bill, this provision would take effect beginning with tax year 2018. However, DOA indicates that it intended the provision to take effect in tax year 2017, and the DOA budget system reports a GPR expenditure reduction of $820,000 in both 2017-18 and 2018-19. Corrective language is needed to accomplish this intent, and without such language, GPR expenditures should be increased by $820,000 in 2017-18.

The state credit is calculated as a percentage of the federal EITC, and is funded with a combination of GPR and PR funding. The program revenue is federal temporary assistance for needy families (TANF) funding transferred from DCF. The GPR portion is provided through a sum sufficient appropriation and covers the balance of the cost of the credit. Under the bill, total funding for the EITC would decrease to $101,080,000 in 2017-18 and increase to $127,960,000 in 2018-19, compared to base funding of $103,600,000. The PR base level funding of $69,700,000 would be unchanged in 2017-18 and increase to $82,700,000 in 2018-19. The estimated GPR sum sufficient portion would decrease from the base level of $33,900,000 to $31,380,000 in 2017-18 and increase to $43,260,000 in 2018-19. Under the bill, the maximum credit for claimants with one child would increase in tax year 2018 from an estimated $139 to $383. The maximum credits for claimants with more than one child would remain unchanged and are estimated for tax year 2018 at $632 for claimants with two children and $2,199 for claimants with more than two children.

Joint Finance: Delete all of the Governor's recommended modifications to the credit. In addition, decrease funding by $2,100,000 GPR in 2017-18 and increase funding by $450,000 GPR in 2018-19 to cover the cost of the credit under current law. With these changes, the state EITC is estimated to cost $99,800,000 ($69,700,000 TANF and $30,100,000 GPR) in 2017-18 and $104,700,000 ($69,700,000 TANF and $35,000,000 GPR) in 2018-19.

3. YOUNG ADULT EMPLOYMENT ASSISTANCE TAX CREDIT [LFB Paper 193]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$724,400	- $724,000	$0

Governor: Create a refundable tax credit under the state individual income tax called the young adult employment assistance credit, beginning in tax year 2018, for certain individuals who age out of out-of-home placements under the statutes relating to children in need of protection or services (CHIPS) or juveniles in need of protection or services (JIPS). The credit would be equal to 125% of the federal EITC for claimants with no qualifying children, without regard to the age limits under federal law. [For more information see "Children and Families -- Children and Families."]

Joint Finance/Joint Finance: Delete provision.

4. MANUFACTURING AND AGRICULTURE TAX CREDIT AND TAXES PAID TO OTHER STATES TAX CREDIT INTERACTION [LFB Paper 291]

GPR-Tax $19,400,000

Governor: Modify the manufacturing and agriculture tax credit under the individual income tax by reducing the amount of income on which the credit is calculated by the amount of that same income that is subject to tax in another state, thereby resulting in a Wisconsin credit for the taxes paid to the other state, beginning with tax year 2017. Increase individual income tax collections by an estimated $9,700,000 annually. Under current law, Wisconsin manufacturing and agriculture (qualified production activities) income that is also subject to tax in another state can be used to calculate two separate tax credits -- the manufacturing and agriculture credit and the other state tax credit. This provision would prohibit that treatment by limiting the amount of income used to calculate the manufacturing and agriculture tax credit.

Joint Finance: Modify the Governor's recommendation to clarify that the taxpayer could choose to claim either the MAC or the other state's tax credit, but not both.

5. ITEMIZED DEDUCTION CREDIT FOR NONRESIDENTS AND PART-YEAR RESIDENTS

GPR-Tax $1,170,000

Governor/Joint Finance: Modify the calculation of the itemized deduction credit (IDC) for nonresidents and part-year residents by specifying that the state sliding scale standard deduction is the deduction amount prior to applying the ratio of Wisconsin adjusted gross income (AGI) to federal AGI, beginning with tax year 2017. Increase individual income tax collections by an estimated $580,000 in 2017-18 and $590,000 in 2018-19. The IDC equals 5% of the difference between certain federal itemized deductions and the claimant's state sliding scale standard deduction. Nonresidents and part-year residents file state tax form NPR and calculate their state standard deduction, gross tax, itemized deduction credit and property tax/rent credit

based on their federal AGI. Then, NPR filers multiply their net state tax by a fraction equal to their Wisconsin AGI divided by their federal AGI to determine their actual state tax liability. This provision requires that NPR filers must use the standard deduction prior to the application of the apportionment ratio when they calculate their IDC.

6. FEDERAL ITEMIZED DEDUCTIONS USED TO CALCULATE THE STATE ITEMIZED DEDUCTION TAX CREDIT

Governor: Clarify that the itemized deductions used to calculate the state itemized deduction tax credit be based on federal itemized deductions prior to any modification under the federal alternative minimum tax. Extend the provision beginning in tax year 2017. The state itemized deduction credit is calculated by multiplying 5% by the difference between certain itemized deductions claimed for federal tax purposes and the state sliding scale standard deduction. The provision would not have a measurable effect on individual income tax collections.

Joint Finance: Delete provision.

7. EXCLUSION FOR INTEREST ON CERTAIN BONDS OR NOTES

Governor/Joint Finance: Provide an exclusion from income under the individual income tax for interest income received on bonds or notes issued by city housing authorities, city redevelopment authorities, and city community development authorities or bonds or notes issued by an entity whose bonds or notes are issued under current law provisions for housing authorities, blight elimination or slum clearance, and housing and community development authorities, beginning in tax year 2017. The Executive Budget Book summary indicates that the provision is intended to exempt interest on bonds issued by the Wisconsin Health and Educational Facilities Authority (WHEFA) for an elderly housing facility. The provision would need to be amended to achieve that intent. Because interest on bonds or notes issued by city housing authorities, city redevelopment authorities, and city community development authorities is currently exempt from taxation under the income tax, the provision, as drafted, would have no fiscal effect.

8. DETERMINATION OF QUALIFIED WISCONSIN BUSINESS UNDER CAPITAL GAINS TREATMENTS

Governor/Joint Finance: Modify the current law procedure for determining the number of employees of a qualified Wisconsin business under two capital gains treatments by specifying that an employee of a professional employer organization or group, both as defined under current law, who is performing services for a client is considered an employee solely of the client.

Under current law, income tax on capital gains may be deferred if the gain is reinvested in a qualified Wisconsin business, and a capital gains exclusion may be claimed for the gains from a qualified Wisconsin business, provided other conditions are met. State law requires the Department of Revenue to register qualified Wisconsin businesses if a business requests to be

registered and the business meets employment and property requirements specified in state law. Under the employment requirement, the business must have at least two full-time employees and at least half of the payroll compensation of the business must be paid in Wisconsin.

The proposed provision would clarify that employees of professional employer organizations or groups for a client may be considered employees of the client if the client is a qualified Wisconsin business.

State law defines professional employer group as two or more professional employer organizations that are controlled by the same person. State law defines professional employer organization as a person that is engaged in the business of entering into written contracts for the provision of the nontemporary, ongoing employee workforce of a client and providing services under those contracts and that under those contracts has the obligation to pay the employees providing services for those clients from its own accounts, regardless of whether the person uses the term "professional employer organization," "PEO," "staff leasing company," or "administrative employer," or uses any other name, as part of the person's business name or to describe the person's business. "Professional employer organization" does not mean a temporary help agency or a temporary help company.

The provision would take effect upon enactment, and no effect on state tax collections is reported.

9. VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT

GPR	$660,000

Governor/Joint Finance: Increase funding by $30,000 in 2017-18 and $630,000 in 2018-19 for the refundable veterans and surviving spouses property tax credit. With these adjustments, base funding of $29,800,000 would be increased to $29,830,000 in 2017-18 and $30,430,000 in 2018-19. The credit is equal to real and personal property taxes paid on a principal dwelling by certain veterans and surviving spouses.

10. WORKING FAMILIES TAX CREDIT

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	$400,000	$400,000	$800,000

Governor: Modify the working families tax credit by specifying that to be eligible to receive the credit both spouses must be full-year residents of Wisconsin, if the married couple is filing jointly. Increase individual income tax collections by an estimated $200,000 annually. The provision would first apply to tax year 2017.

Joint Finance: Delete the Governor's recommendation. Instead, eliminate the credit beginning in tax year 2017. Compared to the bill, estimate increased revenues of $200,000 in each year.

11. REPAYMENT CREDIT

GPR	- $72,000

Governor/Joint Finance: Decrease funding by $36,000 annually for the sum sufficient appropriation for the repayment (claim of right) credit. With these adjustments, base funding of $227,000 would be decreased to $191,000 each year. The credit is extended to taxpayers who must repay income on which taxes were paid in a prior year.

12. ILLINOIS-WISCONSIN RECIPROCITY

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	$0	- $30,100,000	- $30,100,000
GPR	$8,513,000	$20,787,000	$29,300,000

Governor: Increase the estimated payment by $3,446,000 in 2017-18 and $5,067,000 in 2018-19 under the Illinois-Wisconsin individual income tax reciprocity agreement. Compared to the base funding level of $62,600,000, payments are estimated at $66,046,000 in 2017-18 and $67,667,000 in 2018-19.

Joint Finance: Estimate the annual payment to Illinois under the income tax reciprocity agreement to be $64,000,000 GPR in 2017-18 and $90,500,000 GPR in 2018-19. Compared to base level funding, these amounts are higher by $1,400,000 GPR in 2017-18 and by $27,900,000 GPR in 2018-19. Compared to the Governor's bill, the revised estimate is lower by $2,046,000 in 2017-18 and higher by $22,833,000 in 2018-19. The revision for 2017-18 is a current-law reestimate and the revision for 2018-19 reflects the impact of the recent income tax increase enacted by Illinois. In addition, reduce estimated individual income tax revenues by $12,900,000 in 2017-18 and $17,200,000 in 2018-19 to reflect increased claims of the credit for taxes paid to other states by Wisconsin residents who earn nonwage income in Illinois.

13. TIMING OF REFUNDS PAID TO INDIVIDUALS

Governor/Joint Finance: Prohibit DOR from issuing a refund to an employed individual before March 1, unless both the individual and the individual's employer have filed all required returns and forms with DOR for the taxable year for which the individual claims a refund. According to DOR, this provision would allow the Department additional time to match information returns with tax returns filed by individuals to reduce the potential for fraud if an employer, employee, or both were to submit a false informational return.

14. INTERNAL REVENUE CODE UPDATE [LFB Paper 292]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	- $1,400,000	- $4,800,000	- $6,200,000

Governor: Update references to the Internal Revenue Code (IRC) under the individual and corporate income and franchise taxes. For tax years beginning after December 31, 2013, and before January 1, 2017, create provisions adopting selected IRC provisions included in the following public laws that were enacted in 2015 and 2016: (a) P.L. 114-41, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015; (b) P.L. 114-74, the Bipartisan Budget Act of 2015; (c) P.L. 114-113, Division P (the Consolidated Appropriations Act) and Division Q (the Protecting Americans from Tax Hikes Act of 2015); and (d) P.L. 114-239 (the United States Appreciation for Olympians and Paralympians Act of 2016). For tax years beginning after December 31, 2016, create provisions adopting IRC provisions in effect as of December 31, 2016, with exceptions. Specify that the provisions of federal public laws that directly or indirectly affect the IRC apply for state tax purposes at the same time as for federal tax purposes, with exceptions, and specify that the definition of the IRC does not include amendments to the IRC adopted after December 31, 2016. For purposes of the state tax on tax-option corporations, specify that section 1366(f) of the IRC, relating to pass-through of items to shareholders, would be modified by substituting a reference to state tax provisions for federal tax provisions. For purposes of the state tax on insurance companies, specify that section 847 of the IRC, relating to special estimated tax payments, would not apply. Repeal obsolete provisions pertaining to tax years beginning after December 31, 2003, and before January 1, 2005.

Create a penalty equal to 20% of the portion of any underpayment of taxes that is required to be shown on a Wisconsin tax return, if the underpayment is the result of an inconsistent estate basis reporting. For purposes of the penalty, specify that an inconsistent estate basis reporting occurs if the property basis claimed on a Wisconsin tax return exceeds the property basis determined for federal purposes. Require DOR to assess, levy, and collect the penalty in the same manner as it assesses, levies, and collects state income and franchise taxes. This provision would first apply to property for which a federal estate tax return is filed after July 31, 2015.

Reduce individual income and corporate income and franchise taxes by an estimated $600,000 in 2017-18 and $800,000 in 2018-19.

Joint Finance: Adopt the IRC update provisions recommended by the Governor. Also, as under federal law, allow persons over 70½ years of age to exclude from taxable income up to $100,000 distributed from an individual retirement account to a charitable organization, effective in tax year 2018. Compared to the bill, estimate a revenue loss of $4,800,000 annually beginning in 2018-19.

15. EXPAND ENTERPRISE ZONE TAX CREDIT PROGRAM [LFB Paper 294]

Governor: Allow the Wisconsin Economic Development Corporation (WEDC) to designate a new enterprise zone, subject to the current law limit on the number of zones WEDC may designate, if: (a) an enterprise zone designation expires; or (b) WEDC revokes all certifications for tax benefits within a designated enterprise zone and cancels the designation of that zone. Under current law, WEDC may designate not more than 30 enterprise zones. Under the Governor's recommendation, WEDC could redesignate enterprise zones that have expired or that have had tax credit certifications revoked and cancelled rather than having expired zones reduce the number of zones that WEDC can designate under the statutory limit.

Joint Finance: Eliminate the Governor's proposal. In addition, eliminate the current law limit that WEDC may not designate more than 30 zones and, instead, specify that WEDC may not verify businesses as eligible to claim enterprise zone credits of more than $80.6 million in the 2017-19 biennium and each succeeding biennium. Permit WEDC to exceed the biennial limit if a larger limit is approved by the Joint Committee on Finance under a 14-day passive review process.

16. JOBS TAX CREDIT REESTIMATE [LFB Paper 295]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $5,250,000	$10,050,000	$4,800,000

Governor: Increase funding by $1,200,000 in 2017-18 and decrease funding by $6,450,000 in 2018-19 for the sum sufficient appropriation for jobs tax credits to reestimate claims during the biennium. The reestimate reflects projections for credit claims for economic development projects for which WEDC has awarded tax credits. With the adjustments, estimated total funding would increase from $14,100,000 annually to $15,300,000 in 2017-18 and decrease to $7,650,000 in 2018-19. The credit equals 10% of the wages paid to an eligible employee and/or the amount of costs incurred to undertake training activities in the year.

Pursuant to 2015 Wisconsin Act 55, the refundable jobs tax credit was consolidated with the nonrefundable economic development tax credit into the refundable business development tax credit beginning in 2016. The jobs tax credit was sunset after 2015. However, if WEDC allocated tax benefits in a contract to claimants prior to December 31, 2015, or if WEDC had entered into a letter of intent to enter into a contract before that date, claimants may compute and claim the credit for as long as the contract specifies. WEDC has entered into contracts through tax year 2023 for businesses to earn, compute, and claim the credit.

Joint Finance: Reestimate GPR funding necessary to pay for the jobs tax credit at $20,000,000 in 2017-18 and $13,000,000 in 2018-19. Compared to the Governor's recommendation, the reestimate is higher by $4,700,000 in 2017-18 and $5,350,000 in 2018-19.

In addition, reestimate funding necessary to pay for the jobs tax credit at $8,000,000 in 2016-17, which is $8,000,000 lower than the $16,000,000 included in the January estimates

prepared by this office. Compared to the Governor's recommendation, the reestimate for 2016-17 increases the 2017-18 opening balance by $8,000,000.

17. BUSINESS DEVELOPMENT TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	$37,750,000

Governor/Joint Finance: Increase funding by $20,000,000 in 2017-18 and $17,750,000 in 2018-19 for the sum sufficient appropriation for business development tax credits to reestimate anticipated claims during the biennium. The reestimate reflects projections of credit claims for economic development projects for which WEDC has entered into contracts, and is expected to enter into future contracts, to award tax credits. With the adjustments, estimated total funding would increase from $4,250,000 annually to $24,250,000 in 2017-18 and $22,000,000 in 2018-19. Businesses certified by WEDC can earn credits for a portion of wages paid to employees, training costs for employees, personal property investments, real property investments, and wages paid to employees performing corporate headquarters functions in Wisconsin.

As previously noted, the refundable jobs tax credit and the nonrefundable economic development tax credit were consolidated into the refundable business development tax credit beginning in tax year 2016. Pursuant to 2015 Wisconsin Act 55, WEDC may allocate business development tax credits of $17 million in 2016 and $22 million in 2017 and annually thereafter. Any unused allocation authority during a calendar year may be carried forward for use in future years. In addition, WEDC may reallocate any nonrefundable angel and early stage seed tax credits that are unused in a calendar year to the business development tax credit under a 14-day passive review of the Joint Committee on Finance (JFC). JFC approved such a request from WEDC on June 13, 2016, to reallocate $8 million in angel and early stage seed investment tax credits. The increase of $37.75 million GPR over the base amount during the 2017-19 biennium reflects estimated increases in state expenditures associated with the phasing in of the new credit, as well as actions by JFC to increase WEDC's allocation authority for 2016.

18. ENTERPRISE ZONE TAX CREDIT SUM SUFFICIENT REESTIMATE [LFB Paper 295]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $42,700,000	$6,100,000	- $36,600,000

Governor: Decrease funding by $21,000,000 in 2017-18 and $21,700,000 in 2018-19 for the sum sufficient appropriation for refundable enterprise zone tax credits to reestimate anticipated claims during the biennium. The reestimate reflects projections of credit claims for major economic development projects for which WEDC has, to date, contracted tax credit awards. With the adjustments, estimated total funding would decrease from $58,600,000 annually to $37,600,000 in 2017-18 and $36,900,000 in 2018-19. Businesses that operate in enterprise zones established by WEDC can claim tax credits for jobs created and retained, training costs, capital expenditures, and purchases from Wisconsin vendors.

State fiscal year 2011-12 was the first year in which expenditures from the sum sufficient appropriation for refundable enterprise zone tax credits exceeded $100,000. Since that time, estimated expenditures from that appropriation were based upon WEDC's tax credit allocation schedule, which represents the maximum annual amount of activities eligible for tax credits that certified businesses can earn, be verified by WEDC, and claim from DOR. Based on the lower amount of WEDC verifications and claims processed by DOR that have been observed over the past five state fiscal years, as compared to the amount of enterprise zone tax credits that have been allocated by WEDC, the reestimate reflects lower estimated expenditures from the base estimates.

Joint Finance: Reestimate the amount of GPR funding necessary to pay for the enterprise zones tax credit at $43,000,000 in 2018-19. Compared to the Governor's recommendation, the reestimate would be higher by $6,100,000 in 2018-19.

19. LIMIT THE SUPPLEMENT TO THE FEDERAL HISTORIC REHABILITATION TAX CREDIT [LFB Paper 296]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	$17,100,000	- $16,800,000	$300,000

Governor: Make the following changes regarding the state supplement to the federal historic rehabilitation tax credit:

Annual Limit. Limit the amount of tax credits that may be certified by WEDC to no more than $10 million, annually, beginning in calendar year 2018. For calendar year 2017, the total amount of tax credits that WEDC could certify would be the greater of $10 million or the amount WEDC certified between January 1, 2017, and the effective date of the bill.

Certification Criteria. Require WEDC to use a competitive process to certify a person to claim the credit based on the following criteria: (a) the eligible activity's potential to create jobs; (b) the economic benefit to the state of certifying the credit relative to the cost to the state of the credit; (c) the projected impact of the eligible activity on the local economy; (d) whether the eligible activity would occur absent the credit; and (e) the number of historic rehabilitation tax credits previously certified in the same county or municipality.

Clawback Provisions. Require that, for four years following receipt of a credit, the original claimant report to WEDC the total number of full-time jobs created by the activity for which the credit was claimed. Require WEDC to report to DOR, at least once each calendar quarter, any claimant whose activity created fewer full-time jobs than projected. In addition, require WEDC to report to DOR the name, address, and tax identification number of the claimant, and the number of full-time jobs projected and created. WEDC would have to adopt policies and procedures for the administration of the credit, including all of the following: (a) process by which applicants may apply for certification; (b) certification of the tax credit under the competitive process described above; (c) reporting requirements for certified claimants; and (d)

process and criteria for revocation of certification.

If the activity for which a person claims the credit creates fewer full-time jobs than projected, the person who claimed the credit would have to repay DOR any amount of the credit claimed, as determined by the Department, in proportion to the number of full-time jobs created compared to the number projected. If a person sold or transferred the credit, the person who initially sold or transferred the credit would be responsible for repaying the credit to DOR.

If a person who claims the credit under state law and under federal law for the same qualified rehabilitation expenditures is required to repay any amount of the federal credit, that person would have to repay a proportionate amount of the state credit that was claimed. Federal repayment requirements are triggered when the rehabilitated property is disposed of or otherwise ceases to be eligible investment property of the claimant within five years.

Fiscal Effect. The administration estimates that these provisions would increase state tax revenues by $3,000,000 in 2017-18, $14,100,000 in 2018-19, $26,700,000 in 2019-20, and $27,700,000 in 2020-21 and annually thereafter. The out-year estimates are expressed in 2018-19 dollars.

Current Law. Under current law, a credit may be claimed for up to 20% of qualified rehabilitation expenditures for certified historic structures and for qualified rehabilitated buildings. The state credits act as supplements to similar federal credits, which result in a total credit of 40% for certified historic structures (buildings that have historic significance) and 30% for qualified rehabilitated buildings (constructed prior to 1936). For both credits, qualified rehabilitation expenditures are eligible if the rehabilitated structure is located in this state and the cost of the expenditure is at least $50,000. Current law does not limit the amount of credits that may be certified or claimed in a year, and the credits are not dependent on any specific number of full-time jobs that may be created as a result of the rehabilitation. However, claimants must be certified by WEDC in order to claim the credits. WEDC has maintained a moratorium on certifying persons for the credit for qualified rehabilitation expenditures on qualified rehabilitated buildings for credit applications received after June 23, 2014.

Joint Finance: Delete all of the Governor's recommendations regarding the state supplement to the federal historic rehabilitation tax credit except for the provision that would specify if a person that claims the state credit is required to repay any amount of the federal credit for the same qualified rehabilitation expenditures on which the state credit was claimed, that person would have to repay a proportionate amount of the state credit. Limit the amount of historic credits that WEDC can certify a person to receive to no more than $5 million for all rehabilitation projects undertaken on the same parcel, beginning with certifications on July 1, 2018. In addition, prohibit WEDC from certifying nonprofit entities that are not defined under section 501(c)(3) of the Internal Revenue Code as eligible to claim the credit unless WEDC submits a request to certify the entity to the Joint Committee on Finance under a 14-day passive review process. Reduce estimated state tax revenues under the bill by $3,000,000 in 2017-18 and $13,800,000 in 2018-19.

20. REFUNDABLE BUSINESS TAX CREDIT CLAIMS [LFB Paper 293]

Joint Finance: Require that claims for the refundable enterprise zone, business development, and electronics and information technology manufacturing zone tax credits be filed with, and paid by, WEDC from the existing GPR appropriations for the credits using policies and procedures developed by the WEDC Board. Specify that this provision would first apply to credit claims filed on January 1, 2018. In addition, require credits earned by pass-through entities to be claimed by, and paid to, the business entity instead of the individual owners of the business, effective with credits earned by pass-through entities on January 1, 2018. For credits earned on or after that date, prohibit partners, members of limited liability companies (LLCs), and shareholders of tax-option (S) corporations from claiming the credits individually. Specify that WEDC may recover such credits that have been revoked or that are otherwise invalid from either the pass-through entity or the individual owners of the entity.

21. REALLOCATE EARLY STAGE BUSINESS INVESTMENT TAX CREDITS [LFB Paper 297]

Governor: Permit WEDC to reallocate nonrefundable angel and early stage seed investment tax credits that were unused in the immediately preceding calendar year, rather than credits that are unused in the current calendar year, to the refundable business development tax credit. According to the administration, this provision would allow WEDC to reallocate known amounts of unused angel and early stage seed investment tax credits, rather than estimated amounts.

Under current law, the angel investment credit is available under the individual income tax and is equal to 25% of a claimant's bona fide angel investment made directly in a qualified new business venture (QNBV). The early stage seed investment credit is available under the individual income tax, corporate income/franchise tax, and insurance premiums tax and is equal to 25% of the claimant's investment with a certified fund manager that the fund manager subsequently invests in a QNBV. Fund managers and QNBVs must be certified by WEDC. The annual limit on the amount of angel and early stage seed investment tax credits that can be verified by WEDC as eligible to receive the credits is $30 million per calendar year. As previously noted, WEDC can request a reallocation of angel and early stage seed investment tax credits that have not been verified to receive credits in that year to increase the credit amounts that can be claimed under the refundable business development tax credit under a 14-day passive review by JFC.

Joint Finance: Delete the Governor's recommendation. Repeal the current law provision allowing WEDC to request a reallocation of unused angel and early stage seed investment credits to the business development credit under a 14-day passive review of the Joint Committee on Finance. Instead, permit WEDC to request an increase of up to $10 million annually to the $22 million statutory limit for the amount of business development credits that may be allocated. Require WEDC to provide evidence in its request as to why the request is necessary to accomplish its statewide economic development objectives.

22. INCREASE QNBV INVESTMENT LIMIT [LFB Paper 298]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	- $5,400,000	$5,400,000	$0

Governor: Increase the maximum amount of investments that qualify for angel and early stage seed tax credits that a WEDC-certified QNBV could receive, beginning with taxable years starting after December 31, 2016, from $8 million to $12 million. The administration estimates that this provision would reduce state tax revenue by $3,200,000 in 2017-18 and $2,200,000 in 2018-19 and annually thereafter.

Joint Finance: Delete provision.

23. ELIMINATE INTEREST PAID ON REFUNDABLE CREDITS ADMINISTERED BY WEDC [LFB Paper 299]

GPR-Tax	$1,000,000

Governor: Prohibit DOR from paying interest on WEDC-certified jobs, business development, and enterprise zone refundable tax credit claims. Specify that this provision first applies to taxable years beginning on January 1, 2017. The administration estimates that this provision would increase state tax revenues by $500,000 annually, beginning in 2017-18.

Joint Finance: Specify that the Governor's proposal would first apply to refunds issued on the bill's general effective date.

24. ASSESSMENTS TO RECOVER REVOKED WEDC TAX CREDITS [LFB Paper 300]

Governor: Permit DOR to make an assessment to recover all or a part of any tax credit allocated by WEDC that has been claimed by the taxpayer, provided WEDC has revoked the tax credit allocation and provided DOR notice of the revocation within one year of providing notice of the revocation to the taxpayer. This provision would provide an exception to the current law provision that DOR must give notice within four years of the date the taxpayer files an income tax or franchise tax return in order to make an assessment to recover all or part of any tax credit in any calendar year or corresponding fiscal year. A technical correction would be required to accomplish the Governor's intent.

Joint Finance: Instead of the Governor's provision, permit DOR to make an assessment to recover all or a part of any tax credit claimed by the taxpayer that was revoked by WEDC within one year of receiving notice of the revocation from WEDC.

25. REPORTING REQUIREMENT FOR CAPTIVE INSURANCE COMPANIES

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	$2,000,000	- $2,000,000	$0

Governor: Require a captive insurance company that is part of a group of corporations engaged in a unitary business to report its income in the group's combined report even if all of its income is exempt from the income/franchise tax. As under current law, the captive insurance company's share of business income of the combined group would be exempt from taxation. The reporting requirement would first apply to taxable years beginning on January 1, 2017.

According to DOR, certain captive insurance companies exist with the primary purpose of tax avoidance and a secondary purpose of insuring against risk. For example, a parent captive insurance company may insure risk of the subsidiary by charging premiums in excess of the amount of risk insured, which would shift otherwise taxable income from the subsidiary company to the exempt parent captive insurance company. DOR believes that the proposed reporting requirement would reduce tax-avoidance activity and generate $1,000,000 annually beginning in 2017-18.

Joint Finance: Delete provision.

26. TREATMENT OF NET OPERATING LOSSES

GPR-Tax	$2,000,000

Governor/Joint Finance: Modify state income/franchise tax laws governing net operating losses (NOLs). Under current law, an NOL is generally defined as the excess of business expenses allowed as deductions in computing net income over the amount of income attributable to the operation of a trade or business in Wisconsin. If expenses are greater than income, an NOL is generated. Under both the individual income tax and the corporate income/franchise tax, NOLs can be carried forward and used to offset income for 20 years. Under the individual income tax, NOLs can also be carried back to offset losses in the two prior taxable years.

The bill would prohibit an NOL carryforward from being offset against Wisconsin income under the individual income tax and the corporate income/franchise tax unless the incurred loss was computed on a return that was filed within four years of the unextended due date for filing the original return for the taxable year in which the loss was incurred. The same provision would apply to loss carrybacks under the individual income tax. In addition, the bill would clarify that the 20-year period for loss carryforwards would mean the immediately preceding 20 years, and that it would apply to losses incurred (rather than sustained) during that period of time. Finally, the bill would clarify that NOLs incurred by insurance companies could be carried forward only if the insurer was subject to the Wisconsin income and franchise tax in the year when the loss was incurred.

These provisions would first apply to a loss claimed on the effective date of the bill, regardless of the year in which the loss occurred, and the administration estimates that these

provisions would increase income/franchise tax revenues by $1,000,000 annually, beginning in 2017-18.

These provisions would generally limit the number of years tax filers may retroactively recompute losses to no more than four years following the unextended due date for the taxable year in which the loss occurred. According to DOR, a concern exists that the Tax Appeals Commission may interpret the current statutes to allow taxpayers to retroactively amend tax returns for the 20 previous years to recompute NOLs and use the loss to offset income in a tax year currently open under the statute of limitations. The administration states that the proposal would treat the recomputation period for NOLs the same as for the recomputation period for tax credits.

27. CLARIFY SOURCING OF SERVICES ON TANGIBLE PERSONAL PROPERTY

Governor/Joint Finance: Make the following changes to laws governing the sourcing of business income related to certain services. Under current law, the benefit of a service is determined to be received in Wisconsin if any of the following apply: (a) the service relates to real property that is located in Wisconsin; (b) the service relates to tangible personal property that is located in Wisconsin at the time that the service is received or tangible personal property that is delivered directly or indirectly to customers in the state; (c) the service is provided to an individual who is physically present in Wisconsin at the time that the service is received; or (d) the service is provided to a person engaged in a trade or business in Wisconsin and relates to that person's business in Wisconsin. The Governor recommends deleting the underlined language under "b" and replacing the underlined language under "c" with "purchased by" for purposes of sourcing services under the individual income tax and the corporate income/franchise tax. These provisions would first apply to taxable years beginning on January 1, 2017.

According to DOR, the changes would codify its current administrative practice and are not expected to have a fiscal effect. However, DOR states that, absent the recommended statutory change, current ambiguity in the statutes may result in a significant revenue reduction to the state if the administration were to lose a legal challenge of its current practice for sourcing business income from services performed on tangible personal property. The word "or" under "b" creates the potential for a taxpayer to be taxed under both scenarios if the taxpayer meets one scenario in Wisconsin and the other scenario in another state. If a court were to construe this scenario as an unconstitutional double taxation of the same income, a court may invalidate Wisconsin's taxation of services under both scenarios described under "b."

28. DISREGARDED ENTITY NOTIFICATION [LFB Paper 301]

Governor: Clarify that, with regard to a single-owner entity that is disregarded as a separate entity under section 7701 of the IRC, any notice that DOR sends to the owner or to the entity is considered a notice sent to both. Both entities would be liable for any amounts specified in the notice. This provision would apply to all laws administered by DOR. According to DOR, this provision would clarify that the owner of a disregarded entity is liable for both the activities of the disregarded entity and for any delinquent tax collection notification that the Department

may send to the disregarded entity, regardless of which specific tax may have generated the notification.

Businesses may establish separate entities from their owners, such as single-member limited liability companies, for liability reasons; so that if the business is sued, the owner would not be liable for the lawsuit. The owner may then elect to disregard these separate entities for the purposes of the business owner's federal and state income or franchise tax return.

Joint Finance: Delete provision.

29. ADOPTION DEDUCTION

Joint Finance: Allow the $5,000 state deduction for adoption expenses to be claimed for adoptions finalized in other states and countries, effective in tax year 2017. Estimate a minimal fiscal effect.

30. CREDIT FOR TAXES PAID TO OTHER STATES

GPR-Tax	$20,300,000

Joint Finance: Effective in tax year 2017, modify the credit for taxes paid to other states by limiting the amount of the credit that may be claimed to the amount of taxes that would be paid if the same income was taxed under the Wisconsin individual income tax. Specify that the Wisconsin credit shall not exceed the amount determined by multiplying the net Wisconsin income tax by the ratio derived by dividing the income subject to tax in the other state that is also subject to tax in Wisconsin while a resident of Wisconsin by the person's Wisconsin adjusted gross income or Wisconsin taxable income for estates and trusts. Define net tax as the gross Wisconsin income tax less all nonrefundable credits, except that the credit for taxes paid to other states. Specify that the income taxed by the other state must also be considered income for Wisconsin tax purposes, that amounts declared and paid under the income tax law of another state be considered a net income tax paid to that other state only in the year in which the income tax return for that state is required to be filed, and that income and franchise taxes paid to another state by a tax-option corporation, partnership, or LLC that is treated as a partnership may be claimed as a credit by the corporation's shareholders, that partnership's partners, or that LLC's members who are residents of Wisconsin and who otherwise qualify under the credit. For Wisconsin residents with income taxed in the four surrounding states, allow those residents to calculate the credit for that income without the proposed limitation. Estimate increased tax revenues of $11,300,000 in 2017-18 and $9,000,000 in 2018-19.

31. INCOME TAX EXCLUSION FOR OLYMPIANS

Joint Finance: Exclude from the individual income tax, regardless of the individual's federal adjusted gross income, the value of any Olympic, Paralympic, or Special Olympics medal won by an individual and the amount of any payment an individual receives from the U.S. Olympic Committee or from the Special Olympics Board of Directors, but only to the extent that the payment is made because the individual won an Olympic, Paralympic, or Special Olympics

medal. Extend the exclusion retroactive to tax year 2016 and to tax years thereafter. Estimate a minimal revenue loss.

32. REPEAL ALTERNATIVE MINIMUM TAX (AMT)

GPR-Tax	- $1,750,000

Joint Finance: Eliminate the state AMT, effective in tax year 2019. Estimate decreased tax revenues of $1,750,000 in 2018-19 and $7,000,000 annually thereafter.

33. APPORTIONMENT FOR BROADCASTERS

GPR-Tax	- $3,200,000

Joint Finance: Specify that, under laws governing the individual income tax and corporate income/franchise tax, a "broadcaster" means a television or radio station licensed by the Federal Communications Commission, a television or radio broadcast network, a cable television network, or a television distribution company, but does not include a cable service provider, a direct broadcast satellite system, or an internet content distributor. Specify that a broadcaster's gross receipts from advertising are in this state only if the advertiser's commercial domicile is in this state. Specify that a broadcaster's gross royalties and other gross receipts received for the use or license of intangible property are sales in this state only if the commercial domicile of the purchaser or licensee is in this state and the purchaser or licensee has a direct connection or relationship with the broadcaster pursuant to a contract under which the royalties or receipts are derived. Specify that these provisions do not apply to the gross receipts of members of a combined group that are not broadcasters.

Adjust the amount of a broadcaster's gross receipts from advertising and from the license or use of intangible property as follows:

a. Determine the amount of the numerator of the sales factor for a broadcaster under the provisions described above.

b. Multiply 1% by the total amount of domestic gross receipts of the broadcaster from advertising and royalties and other gross receipts received for the use or license of intangible property.

c. Determine the numerator of the sales factor for a broadcaster by substituting the amount determined under "b" for the total amount determined under "a."

d. Except as provided under "e," specify that, if the amount of the numerator determined under "c" is more than the amount determined under "a," substitute the amount of total gross receipts determined under "b" for the total amount of gross receipts determined under "a," and the amount of the numerator for a broadcaster must be the amount determined under "c."

e. If the amount of the numerator computed under "c" is more than 140% of the amount determined under "a," adjust the total amount of gross receipts under "a" so that the amount of the numerator for a broadcaster is 140% of the numerator otherwise determined under "a."

Permit DOR to promulgate rules regarding how broadcasters must adjust their gross receipts

in a manner consistent with these provisions.

Specify that these provisions first apply to taxable years beginning on January 1, 2019. Estimate decreased general fund tax revenues of $3.2 million in 2018-19 and $13.0 million in 2019-20 and reduced segregated revenues from the economic development surcharge of $120,000 in 2018-19 and $470,000 in 2019-20. Increase estimated sum sufficient GPR expenditures in WEDC's operations and programs appropriation by $120,000 in 2018-19. [The GPR and SEG funding changes are shown under "Wisconsin Economic Development Corporation."]

Under state income and franchise tax provisions, the income of multi-state broadcasters is apportioned to Wisconsin based on the ratio of the broadcaster's sales in Wisconsin during a tax year to its total sales everywhere. Sales of services, such as advertising, are sourced to the state where the benefit of the services was received. Receipts from licensing intangible property, such as television and radio programming material, are sourced to the state where the use of the intangible property occurred. Under current law, DOR has determined that multi-state broadcasters must apportion income based on the portion of a broadcaster's viewing audience located in Wisconsin compared to its viewing audience everywhere because the benefit of the service is received, and the use of the intangible property occurs, at the viewer's location.

This provision would change how broadcasters apportion income to Wisconsin and would require a broadcaster to perform two calculations in order to determine the amount of gross receipts apportioned to the state. Under the first calculation, a broadcaster's gross receipts from advertising revenue would only be apportioned to Wisconsin if the advertiser's commercial domicile was located in Wisconsin, and a broadcaster's gross royalties and other gross receipts from the use or license of intangible property would only be apportioned to Wisconsin if the commercial domicile of the purchaser or licensee is in Wisconsin and that purchaser or licensee has a direct contractual relationship under which royalties and receipts are derived. Under the second calculation, a broadcaster would have to apportion to Wisconsin 1% of its gross receipts nationwide from advertising and royalties and other gross receipts received for the use or license of intangible property. If the second calculation resulted in a larger amount of gross receipts apportioned to the state than under the first calculation, a broadcaster would apportion gross receipts as determined under the second calculation. However, a broadcaster would be liable for no more than 40% more than the amount of gross receipts that would have been apportioned to the state if the broadcaster had used the first method of apportionment. If a multi-state broadcaster did not have any gross receipts apportioned to the state under the first calculation, the second calculation would not apply and the broadcaster's tax liability would be eliminated under this provision.

34. MAKE RESEARCH CREDIT PARTIALLY REFUNDABLE

GPR	$2,100,000

Joint Finance: Modify the nonrefundable research expense credits (including the engine and energy efficiency credits), as computed under current law, to be split into two components. Specify that one component of the research credit be a nonrefundable credit equal to 90% of the current credit amount, which could be claimed and used in the same manner as under current law. Specify that the other component of the credit be a refundable credit equal to 10% of the current credit amount. Specify that these provisions first apply to new research credit claims beginning in tax year

2018. Estimate increased used credits of $2.1 million in 2018-19, $7.5 million in 2019-20, and $9.0 million in 2020-21.

35. BUSINESS DEVELOPMENT TAX CREDIT

Joint Finance: Make a technical correction to add a cross-reference in the corporate income/franchise tax statutes governing the business development tax credit that was omitted when the credit was created under the 2015-17 biennial budget bill.

36. MODIFICATION TO BUSINESS TAX CREDIT STATUTES

Joint Finance: Modify the definition of "tax benefits" under WEDC's statutes for its refundable business tax credit programs to specify that the credits are intended to become a permanent part of the working capital structure of the business that claims the credits. Under the corporate tax statutes, modify the state reference to Section 118 of the Internal Revenue Code such that the amount of the credits that are not included in federal taxable income are added to federal taxable income for state tax purposes. Specify that these provisions first apply to taxable years beginning on January 1, 2017.

Sales and Excise Taxes

1. SALES TAX HOLIDAY IN AUGUST [LFB Paper 310]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	- $22,000,000	$22,000,000	$0

Governor: Create an exemption from the state general sales and use tax for certain school supplies purchased during the two-day period beginning the first Saturday in August and ending on the following Sunday (the holiday). The time zone of the seller's location would determine when the holiday begins and ends.

The following products would be eligible for the exemption: (a) clothing, but not clothing accessories or equipment, if the sales price is no more than $75; (b) computers purchased for personal use if the sales price is no more than $750; (c) school computer supplies if the sales price is no more than $250; and (d) school supplies if the sales price of any single item is no more than $75. School art supplies and school instructional materials would not be eligible for the exemption.

For purposes of determining eligibility, any single item having a sales price greater than the eligibility limit would not be entitled to the exemption. Items normally sold as a single unit

could not be divided into multiple parts in order to obtain the exemption. Discounts and coupons would apply to the sales price for purposes of determining eligibility, so long as the seller is not reimbursed for the decrease in price (such as via a manufacturer's rebate) and the discount is proportionally applied to all purchased items where the discount is not specific to the purchase of an eligible item.

For purposes of determining the price threshold for eligibility, service fees for delivery (including shipping, handling, and other service charges) would not be included into the price. However, service fees would be considered part of the sales price for purposes of determining sales tax. If the shipment includes both eligible property and taxable property, then the seller would have to proportionally allocate the service fees to the final price of all items in a shipment by: (a) a percentage based on the total sales price of the taxable property compared to the total sales price of all property in the shipment; or (b) a percentage based on the total weight of the taxable property compared to the total weight of all the property in the shipment. Tax would apply to the service charges allocated to the taxable items. In cases where each individual item in a shipment qualifies as eligible property, then the shipment itself would be considered a sale of eligible property and the price of the service fees would not have to be allocated to the individual items for purposes of sales tax.

An eligible item would qualify for the exemption if: (a) delivered to and paid for by the purchaser during the holiday; or (b) the purchaser orders and pays for the item during the holiday and the seller accepts the order for immediate shipment, even where delivery occurs after the holiday. A seller would be considered to accept an order by taking action to fill the order for immediate shipment. Actions to fill an order include placement of an in-date stamp on a mail order or assignment of an order number to a telephone order. An order would be considered for immediate shipment when the customer does not request delayed shipment and regardless of whether the shipment is delayed for reasons of a backlog of orders or because stock is currently unavailable or on back order.

Layaway sales of eligible items would qualify for the exemption if the buyer selects and the retailer sets aside the product during the holiday or if the final payment is made during the holiday. Eligible items purchased via rain check during the holiday would qualify; however, items purchased after the holiday via a rain check issued during the holiday would not.

For the 60-day period immediately following the holiday, the bill would not permit a seller to give a credit or refund of sales tax from the return of an eligible item unless the purchaser provides proof that the item was not purchased during the holiday. An eligible item purchased during the holiday could be exchanged after the holiday for a similar eligible item without payment of sales tax, even if the item differs in size, color, or another feature. However, sales tax would apply if a credit were issued and used to buy a different item after the tax holiday, whether eligible or not.

The bill would also provide definitions for the terms used above. "Clothing" would mean wearing apparel for humans that is suitable for general use, not including clothing accessories or equipment, sport or recreational equipment, protective equipment, sewing equipment and supplies, sewing materials, costume masks sold separately, patches and emblems sold separately, and belt buckles sold separately. "Clothing accessories or equipment" would mean incidental

items worn on a person or in conjunction with clothing, including briefcases, cosmetics, hair notions (such as barrettes, bows, and nets), handbags, handkerchiefs, jewelry, nonprescription sunglasses, umbrellas, wallets, watches, wigs, and hair pieces. "Protective equipment" would mean items for human wear designed to protect against injury or disease or to protect property or other persons from damage or injury, including breathing masks, clean room apparel and equipment, ear and hearing protectors, face shields, hard hats, helmets, paint or dust respirators, protective gloves, safety glasses and goggles, safety belts, tool belts, and welders gloves and masks.

"School art supply" would mean any of the following items that are commonly used by a student in a course of study for artwork: clay and glazes; acrylic, tempera, and oil paints; paint brushes; sketch and drawing pads; and water colors. "School computer supply" would mean any of the following items that are used commonly by a student in a course of study in which a computer is used: computer storage media, diskettes, and compact discs; handheld electronic schedulers, not including cellular phones; personal digital assistants, not including cellular phones; computer printers; and printer supplies for computers, printer paper, and printer ink.

"School instructional material" would mean any of the following items that are commonly used by a student in a course of study as a reference and to learn the subject being taught: reference books; reference maps and globes; textbooks; and workbooks. "School supply" would mean any of the following items that are commonly used by a student in a course of study: binders; book bags; calculators; cellophane tape; blackboard chalk; compasses; composition books; crayons; erasers; folders; glue, paste, and paste sticks; highlighters; index cards; index card boxes; legal pads; lunch boxes; markers; notebooks; loose-leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper; pencil boxes and other school supply boxes; pencil sharpeners; pencils; pens; protractors; rulers; scissors; and writing tablets.

"Sport or recreational equipment" would mean items designed for human use and worn in conjunction with an athletic or recreational activity, including ballet and tap shoes, athletic shoes with cleats or spikes, gloves, goggles, hand and elbow guards, life preservers and vests, mouth guards, roller skates, ice skates, shin guards, shoulder pads, ski boots, waders, and wet suits and fins.

A "rain check" would mean a seller allowing a purchaser to purchase an item at a certain price at a later time because the item was out-of-stock. A "layaway sale" would be defined as a transaction in which property is set aside for future delivery to a customer who makes a deposit, agrees to pay the balance of the sales price over time, and receives the property at the end of the payment period. The seller would be defined as accepting an order for layaway when removing the property from inventory or clearly identifying the property as sold to the purchaser.

The effective date of the provision would be May 1, 2017, unless the date of the bill's publication is after that date, in which case the effective date would be January 1, 2018. The tax holiday would sunset after 2018.

The administration estimates that the sales tax holiday would be held in August of 2017 and 2018, and that state sales tax collections would be reduced by $11,000,000 in 2017-18 and

2018-19. For this to occur for 2017-18, the budget bill would have to be enacted and published no later than May 1, 2017.

The sales tax holiday would also apply to local sales taxes. For additional information, see "Shared Revenue and Tax Relief."

Joint Finance: Delete provision.

2. DELAY THE EFFECTIVE DATE FOR 2013 WISCONSIN ACT 229

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	$20,587,800	- $10,436,000	$10,151,800

Governor: Delay the effective date of 2013 Wisconsin Act 229, from July 1, 2017, to September 1, 2019. This would delay provisions contained in Act 229 which allow a retailer to claim a deduction or a refund of sales taxes related to bad debt of an affiliated lender that extends credit through a private label credit card, dual purpose credit card, or dealer credit program. Delaying the effective date for this provision would increase state sales tax revenue by an estimated $10,151,800 in 2017-18 and by $10,436,000 in 2018-19.

Joint Finance: Delay Act 229's effective date to July 1, 2018.

3. SALES TAX TREATMENT OF CONSTRUCTION CONTRACTS FOR REAL PROPERTY CONSTRUCTION ACTIVITIES [LFB Paper 311]

GPR-Tax - $2,750,000

Governor/Joint Finance: Expand the sales and use tax exemption for lump sum contracts to apply to all construction contracts and to subcontractors. These changes are estimated to decrease tax revenue by $1,250,000 in 2017-18 and by $1,500,000 in 2018-19.

Under current law, property transferred to the customer in conjunction with the selling, performing, or furnishing of a taxable service to tangible personal property is considered to be a sale of property separate from the sale of that service. The bill would create an exemption for items transferred with construction contracts, as described below.

Under current law, contractors who perform real property construction activities are considered to be the consumers of building materials which they use in altering, repairing, or improving real property. Therefore, a supplier's sales of building materials to contractors who incorporate the materials into real property in performing real property construction activities are subject to the sales and use tax. The tax which a contractor pays on its purchases of materials consumed in real property construction activities increases its cost of the materials and becomes a cost of doing business. A contractor may not add tax to any charges for labor or material, since the sales price received from these activities is not taxable.

On the other hand, a contractor is treated as a retailer on the sale or transfer of tangible

personal property to the customer in the installation, repair, or servicing of tangible personal property. The contractor must report these sales on its return and is liable for sales tax based on the sales price charged to the customer unless an exemption applies. The contractor's purchases of taxable property, items, and services (products) are exempt so long as the contractor resells them.

Construction contracts often require a contractor to sell both products, which are taxable, and real property construction activities, which are not taxable. Current law deems a contractor to be the consumer of all products used or sold as part of a lump sum contract for real property construction activities if the total sales price attributable to the taxable products is less than 10 percent of the total contract price. In such cases, the contractor will pay the sales and use tax imposed on all taxable products used or resold in the construction contract unless an exemption applies. In turn, the contractor's sales price under the construction contract is not subject to sales tax (construction contract exemption).

By contrast, if the total sales price attributable to the taxable products is 10% or more of the total construction contract price, then the contractor is required to charge the applicable sales taxes on the taxable products unless an exemption applies. If the taxable products are separately itemized in the construction contract, the tax is due on the cost shown. If the construction contract states only a lump sum for all products and services, the contractor must charge and collect sales tax on that portion of the construction contract price which is allocated to the taxable sales unless an exemption applies. In either case, the contractor's purchases of taxable products are exempt so long as the contractor resells the products as part of the construction contract.

The bill would replace the definition of "lump sum contract" with the term "construction contract," which would be defined as a contract to perform real property construction activities and to provide products. As a result, the construction contract exemption would apply to all construction contracts and not merely lump sum contracts. For example, a "time and materials" contract would not qualify for the exemption under current law if it does not state a fixed, lump sum price but rather a price defined as hours of labor plus the cost of materials.

The bill would also clarify that similar treatment is provided for both prime contractors and subcontractors in regards to the construction contract exemption. Thus, a subcontractor would be deemed the consumer of all products used or sold as part of a contract for real property construction activities with the prime contractor or another subcontractor if: (a) the total sales price attributable to the taxable products is less than 10 percent of the total contract price; and (b) the products will be sold by the prime contractor as part of a construction contract. In such cases, the subcontractor would pay the sales and use tax imposed on all taxable products used or resold in the construction contract (unless an exemption applies). In turn, the subcontractor's sales price under the construction contract would not be subject to sales tax.

The bill would also define several terms. "Prime contractor" would be defined as a contractor which enters into a construction contract with the owner or lessee of real property to perform real property construction activities. "Subcontractor" would be defined as a contractor who enters into a construction contract with a prime contractor or another subcontractor. As

under current law, "real property construction activities" would mean activities that occur at a site where tangible personal property or items or goods that are applied or adapted to the use or purpose to which real property is devoted are affixed to that real property, if the intent of the person is to make a permanent accession to the real property.

Finally, current law provides that a contractor's purchases of taxable products are exempt so long as the contractor resells them to a tax-exempt entity under a construction contract. The bill would provide for similar treatment of prime contractors and subcontractors under a construction contract with a tax-exempt entity such that a subcontractor's purchases of taxable products would be exempt so long as the products are resold to either the prime contractor or to another subcontractor.

The effective date of these provisions would be the first day of the third month beginning after publication of the bill. The changes would first apply to contracts entered into or extended, modified, or renewed after that date.

4. RETAILER'S SALE OF FOOD PREPARED OFFSITE [LFB Paper 312]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	- $2,000,000	- $350,000	- $2,350,000

Governor: Create an exemption from the general sales and use tax for prepared food that is sold by a retailer and: (a) manufactured by the retailer in a building assessed as manufacturing property (or would be if it were located in this state); (b) the retailer makes no retail sales of prepared food at this building; (c) the retailer freezes the prepared food prior to its sale; (d) the retailer sells the prepared food in its frozen state; (e) the prepared food is not sold with eating utensils; and (f) the prepared food is not candy, soft drinks, or dietary supplements. As a result, frozen food sold by a retailer would be treated similarly regardless of whether the food was prepared by that retailer offsite (currently taxable as prepared food) or prepared by another person (currently exempt as a food). It is estimated that the change would decrease tax revenue by $1,000,000 annually.

Joint Finance: Adopt the Governor's recommendation. In addition, specify that food consisting of more than 50% yogurt that is prepared by a retailer away from its retail establishment in a building assessed as manufacturing property at which no sales of prepared food are made and subsequently sold by the retailer at its retail establishment would be exempt from the sales tax. Compared to the bill, estimate an additional revenue loss of $150,000 in 2017-18 and $200,000 in 2018-19.

5. CONSISTENT TREATMENT OF OFF-HIGHWAY MOTORCYCLES AS OTHER REGISTERED VEHICLES

GPR-Tax	$430,000

Governor/Joint Finance: Conform state law treatment of off-highway motorcycles to the

treatment of other registered vehicles in regards to the following. First, sellers of off-highway motorcycles would be included within the definition of retailers that are subject to the sales tax. Second, the bill would exempt from the use tax all off-highway motorcycles purchased outside of Wisconsin by nonresidents which are later brought into and used in Wisconsin or titled or registered in Wisconsin for personal, noncommercial use. Third, the bill would limit the occasional sale exemption for private party sales of off-highway motorcycles to: (a) transfers to certain family members or corporations owned by the transferor or the transferor's spouse; (b) off-highway motorcycles registered or titled in the name of the transferor; and (c) where the transferor is not engaged in the business of selling off-highway motorcycles. Finally, the bill would condition registration of off-highway motorcycles upon filing a report of sales and use tax and payment of applicable county and stadium tax. Under current law, "off-highway motorcycle" means a two-wheeled motor vehicle that is straddled by the operator, that is equipped with handlebars, and that is designed for use off a highway, regardless of whether it is also designed for use on a highway.

These changes would take effect on the day after publication of the bill, and are estimated to increase tax revenue by $215,000 annually.

6. PENALTY FOR OVERCOLLECTION OF SALES TAX

Governor: Provide a penalty for a seller's overcollection of sales and use tax and failure to return refunded sales tax to the buyer. Current law allows DOR to offset a refund of sales tax collected by a seller with amounts due to DOR. Any remaining sales tax and related interest that is refunded by DOR to a seller for tax collected from a buyer must be returned to the buyer from whom the seller collected the tax (or to DOR if the buyer cannot be located) within 90 days of the refund or offset. If the seller fails to pass the refund or adjustment on to the buyer (or to DOR), then the seller must return the refund or adjustment to DOR and pay a penalty equal to 25% of the amount not returned to the buyer. In the case of fraud, the penalty is 100%.

In cases where a seller continues to erroneously collect sales tax on a product for which DOR has notified the seller in writing two or more times that the product is not taxable, the bill would entitle the seller to a refund or adjustment of tax collected only if the seller returns the tax and related interest to the buyers from whom the seller collected the tax. As a result, the seller would not be able to use the refund to offset amounts owed to DOR. Further, the bill would provide the seller 90 days from the receipt of an adjustment or refund within which to return any refunded tax to the buyer (or to DOR if the buyer cannot be located). If the seller fails to submit the tax and related interest, the seller would also be subject to the penalties provided under current law for other instances when a seller claims an adjustment or refund, but fails to pass on the tax and interest to the buyer.

Joint Finance: Delete provision.

7. OCCASIONAL SALES TAX EXEMPTION [LFB Paper 313]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	- $332,000	$85,000	- $247,000

Governor: Codify the threshold for the occasional sales exemption to the sales and use tax and increase the threshold to $2,000 per calendar year.

Current law exempts occasional sales of taxable goods and services from the general sales and use tax. "Occasional sales" include isolated and sporadic sales of goods and services where the infrequency and circumstances of the sale supports the inference that the seller is not pursuing a full- or part-time vocation, occupation, or business. Department of Revenue regulations specify that total calendar-year sales of less than $1,000 by persons not required to hold a seller's permit are exempted as occasional sales. The $1,000 regulatory threshold has not been increased since 1985.

The bill would alter the statutory definition of occasional sales to create a presumption that a seller is not pursuing a full- or part-time vocation, occupation, or business as a vendor of property or services if the seller's total taxable sales are less than $2,000 in a calendar year. The changes would initially apply on January 1, 2018.

According to DOA, the expansion of the exemption is estimated to reduce tax revenues by $169,900 in 2017-18 and by $162,100 in 2018-19. However, because the changes would take effect in 2018, there would be no fiscal effect for sales occurring in calendar year 2017. As a result, the anticipated impact for 2017-18 should be half the estimated amount.

Joint Finance: Reduce the estimated revenue loss from $169,900 to $84,900 in 2017-18 to account for the January 1, 2018, initial applicability date.

8. REESTIMATE CIGARETTE AND TOBACCO PRODUCTS TAX REFUNDS

GPR	- $4,715,700

Governor/Joint Finance: Decrease funding for cigarette and tobacco products tax refunds by $1,911,700 in 2017-18 and $2,804,000 in 2018-19 to reflect lower estimates of the sum sufficient appropriation amounts required to reimburse Native American tribes under present law. With these adjustments, estimated total funding in the cigarette and tobacco products tax refunds appropriation would decrease to $34,888,300 in 2017-18 and to $33,996,000 in 2018-19. Under current law, for sales that occur on reservations or trust lands, the tribes receive a refund of 100% of the excise tax on cigarettes sold to Native Americans and 70% of the tax on sales to non-Native Americans. For tobacco products sold on reservations or trust lands, the tribes receive a refund of 100% of the tax on products sold to tribal members and 50% of the tax on products sold to non-Native Americans.

9. SALES TAX ON AMUSEMENT DEVICES

Joint Finance: Provide a sales and use tax exemption for video and electronic games sold in a tangible form to a person in the business of providing taxable services through an amusement device if the video or electronic game is used exclusively for the amusement device and is invoiced as a separate item from the amusement device. Further, provide an exemption for tangible personal property sold to a person in the business of providing a taxable service through an amusement device if the tangible personal property is used exclusively as a prize awarded or transferred through the use of an amusement device. Specify that these provisions would take effective on the first day of the third month beginning after publication of the budget bill. Estimate a minimum revenue loss.

10. SALES TAX ON TOURNAMENT OR LEAGUE ENTRY FEES

Joint Finance: Effective on the first day of the third month beginning after publication of the bill, provide a sales and use tax exemption for tournament or league entrance fees advertised and set aside as prize money. Estimate a minimal revenue loss.

11. SALES TAX ON BEEKEEPING

GPR-Tax	- $131,000

Joint Finance: Effective on the first day of the third month beginning after publication of the bill, provide that beekeeping (the business of moving, raising, producing, and other management of bees or bee products) is considered the business of farming, regardless of the number of hives of bees managed, for purposes of sales and use tax exemptions for: (a) tractors and machines used in the business of farming; (b) other business inputs (including bees, beehives, and bee combs as well as containers for fruits, vegetables bee products, grain, hay silage, and animal wastes) if used exclusively in the business of farming; (c) electricity sold for farming; (d) fuel sold for use in farming; and (e) drugs used on farm livestock or bees. Further, provide that a retailer includes a person selling drugs for bees to a veterinarian. Under the current administrative code, as it relates to the sales tax, "farming" includes the raising of bees and the production of honey products by a beekeeper having 50 or more hives. Estimate a revenue loss of $44,000 in 2017-18 and $87,000 annually thereafter.

12. SALES TAX ON FARM-RAISED FISH

GPR-Tax	- $98,000

Joint Finance: Specify that sales of farm-raised fish to a fish farm that is registered with the Department of Agriculture, Trade and Consumer Protection are exempt from the sales tax, effective on the day after publication of the budget bill. Estimate a revenue loss of $33,000 in 2017-18 and $65,000 annually thereafter.

13. SALES TAX ON BUILDING MATERIALS FOR TECHNICAL COLLEGES AND UNIVERSITY OF WISCONSIN

GPR-Tax	- $2,500,000

Joint Finance: Effective July 1, 2018, create a sales and use tax exemption for tangible personal property sold to construction contractors who, in the fulfillment of a contract for real estate construction activities, transfer the property to technical colleges or the University of Wisconsin. Estimate a revenue loss of $2,500,000 in 2018-19 and annually thereafter.

14. SALES TAX ON BROADCAST EQUIPMENT

Joint Finance: Effective July 1, 2019, exempt broadcast transmitters, satellite dishes, and communications towers, including the material used to construct the tower, from the sales and use tax if the tower is used primarily for transmitting or receiving commercial radio or television program material. Specify that a motor vehicle licensed for highway use is also exempt if it is used exclusively in the origination of commercial radio or television program material. In addition, create an exemption for leased space on a communications tower if the space is used exclusively for transmitting or receiving commercial radio or television program material. Specify that the "program material" means material transmitted by a commercial radio or television station that is generally available to the public free of charge without a subscription or service agreement, including material used in origination. Estimate an annual revenue loss of $900,000 beginning in 2019-20.

15. USE OF STATISTICAL SAMPLING

Joint Finance: Require DOR to promulgate rules to establish criteria applicable to sales and use tax field audits for which an auditor uses a statistical sampling method whereby the auditor randomly selects a sample of transactions and uses probability theory to evaluate the sample results. Require DOR to establish such criteria to provide that any person with less than $10 million in annual sales during any year at issue in a field audit may choose to have the audit conducted using statistical sampling. In addition, require DOR to establish criteria specifying the number of transactions necessary to qualify for statistical sampling and the maximum sample size. Require DOR to promulgate emergency rules for the period of time before the effective date of the permanent rule without requiring DOR to provide a finding of emergency. Specify that this provision takes effect on the first day of the sixth month beginning after publication of the bill. Estimate a minimal fiscal effect.

16. SALES TAX ON INTERNET ACCESS CHARGES

Joint Finance: Repeal the sales tax on internet access services, effective on July 1, 2020 (beginning on that date, federal law will prohibit states from imposing the sales tax on such services).

17. CIGARETTE DISCOUNT

GPR-Tax	- $900,000

Joint Finance: Increase the cigarette tax stamp discount from 0.7% to 0.8% for cigarette manufacturers, bonded direct marketers, and distributors, effective on the first day of the third month beginning after publication of the bill. Estimate reduced tax revenue of $300,000 in 2017-18 and $600,000 in 2018-19.

Other Tax Provisions

1. SUNSET NEW CREDITS, SUBTRACTIONS, AND EXEMPTIONS

Governor: Prohibit a new claim for any income or franchise tax credit or subtraction that takes effect after December 31, 2016, and first applies to a taxable year beginning after that date, from being filed more than seven taxable years after the initial applicability date of the credit or subtraction. A credit would mean any tax credit enacted under the individual income tax, the corporate income/franchise tax, and the income/franchise tax on insurance companies. A subtraction would mean any modification, deduction, or exemption enacted under the following statutes: (a) exempt and excludable income, subtractions under modifications and transitional adjustments, standard deduction, or personal exemptions under the individual income tax; (b) exempt and excludable income, exemptions from the income tax, or modifications under the corporate income/franchise tax; or (c) exempt and excludable income or exemption from the income tax under the income/franchise tax on insurance companies.

The bill would also prohibit a person from claiming a sales or excise tax exemption that takes effect after December 31, 2016, after the date that is seven years after the effective date of the exemption, unless DOR determines that the exemption is necessary to comply with the Streamlined Sales and Use Tax Agreement. An exemption would mean any exemption or credit enacted under laws governing: (a) the general sales and use tax; (b) motor vehicle and general aviation fuel taxes; or (c) beverage, controlled substances, and tobacco taxes.

The bill would specify that any enactment that would sunset a credit, subtraction, or exemption as described above would not be a bill that increases the rate of the income tax, franchise tax, or sales and use tax in a way that would require the Legislature to approve the bill by a two-thirds vote of those members present and voting, as required under current law. In August of each year, DOR would have to submit to the Speaker and Minority Leader of the Assembly, the President and Minority Leader of the Senate, and the Chief Clerk of each house of the Legislature, for distribution to the appropriate standing committees, a report that details income and franchise tax credits and subtractions for which no new claims could be filed after the next two calendar years. DOR would also have to submit a report in the same manner that details the sales and use tax, motor vehicle and general aviation fuel tax, or beverage, controlled substances, and tobacco tax exemptions that would expire in the next two calendar years. According to the administration, the seven-year sunset under this provision would apply to the newly-created young adult employment assistance tax credit described above.

Joint Finance: Delete provision as non-fiscal policy.

2. INTEREST ON OVERPAYMENT OF TAXES

GPR	- $500,000

Governor/Joint Finance: Decrease estimated payments from the sum sufficient appropriation by $250,000 annually to reflect payments estimated at $1,000,000 annually. The amounts reflect the interest on taxes refunded to taxpayers due to an overpayment of individual and corporate income and franchise taxes, general sales and use taxes, and manufacturing property taxes.

GENERAL PROVISIONS

Budget Change Items

1. LOCAL GOVERNMENT DEPARTMENT CONSOLIDATION

Governor: Clarify that for any county or local unit of government that enters into an intergovernmental cooperation contract with the state, a county, or another local unit of government to jointly perform a responsibility or carry out a certain function, as permitted under current law, any jointly established agency, department, commission, office, or position would be required to fulfill that responsibility or carry out that function until the contract expires or is terminated. Further, specify that if two or more counties or local units of government enter into an intergovernmental cooperation contract and create a commission to jointly or regionally administer a function or project, the commission would be a single entity that represents, and may act on behalf of, the joint interests of the participating units of government.

Joint Finance: Include the provision as modified to specify that with regard to a contract entered into between two or more counties which relates to the provision of services or facilities under a contract with an officer or agency of the state, the contract may not take effect unless it is approved in writing by the officer or chief of the agency that has authority over the contract for the provision of services or facilities. In addition, specify that the contract must be approved or disapproved in writing by the officer or chief of the agency with regard to matters within the scope of the contract for the provision of services or facilities within 90 days after receipt of the contract. Require any disapproval of the contract to detail the specific respects in which the proposed contract fails to demonstrate that the signatories intend to fulfill their contractual responsibilities or obligations. Specify that the contract shall be considered approved by the officer or chief of the agency if that individual fails to approve or disapprove of the contract within 90 days after its receipt.

Authorize county departments of human services or social services, or the Department of Children and Families (DCF) in the case of Milwaukee County, to enter into contracts with each other to perform certain child protective services. Authorize a county department to contract with other county departments or with DCF and authorize DCF in Milwaukee County to contract with one or more county departments to perform certain duties regarding child protective services on behalf of the county department or on behalf of DCF in Milwaukee County.

Extend these provisions to contracts entered into on the effective date of the bill.

2. LEGAL GARNISHMENT FEE PAID BY DEBTORS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Tax	$24,000	- $24,000	$0

Governor: Modify current law to specify that the $3 garnishment fee is subtracted from the portion of a debtor's nonexempt disposable earnings to which a creditor is entitled, and the creditor applies the actual amount received from the garnishee to the unsatisfied civil judgment. According to the Governor's Executive Budget, the provision would clarify current law that "the debt owed by a debtor is not reduced by the ($3 per payment) fee retained by a garnishee, but is reduced only by the amount actually received by the debtor. This ensures that the state can collect the full amount it is due. The fiscal effect of this change is expected to increase revenue collections by $12,100 annually." This provision would apply not only to the state as a creditor, but any creditor in a garnishment situation.

Under current law, between 5 and 10 business days after the payday of each pay period in which a debtor's earnings are subject to garnishment, the garnishee must pay the creditor that portion of the debtor's nonexempt disposable earnings to which the creditor is entitled. The creditor pays a one-time $15 fee to the garnishee for establishing each earnings garnishment, which is included as a cost in the creditor's claim in the earnings garnishment. In addition to the $15 fee, the garnishee must receive a $3 fee for each payment delivered to the creditor after the first payment. The additional fee must be deducted from the moneys delivered to the creditor.

Joint Finance: Delete provision as a non-fiscal policy item. Reduce general fund taxes by $24,000.

3. DUTIES OF MILWAUKEE COUNTY COMPTROLLER

Joint Finance: Specify that the duties and responsibilities of the Milwaukee County Comptroller include administering accounts payable, payroll, accounting, and financial information systems, in addition to those duties and responsibilities specified under current law.

4. COUNTY BOARD APPROVAL FOR SALE OR LEASE OF LAND OWNED BY MILWAUKEE COUNTY

Joint Finance: Specify that, with regard to the sale or lease of property owned by Milwaukee County, the Milwaukee County Executive's action must be consistent with established county board policy and must be approved by the county board to take effect. Provide that the county board may only approve or reject a contract for the sale or lease of county property as negotiated by the Milwaukee County executive. Delete language that permits the Milwaukee County Executive, together with either the Milwaukee County Comptroller or an appointed real estate executive, to form a majority to lease, sell or convey any non-park county property regardless of board policy and without board approval. Specify that the provision applies to a land transaction for which a contract has been entered into after September 1, 2018.

5. REPEAL LOCAL AUTHORITY TO LICENSE SODA WATER BEVERAGES

Joint Finance: Repeal a current law provision that permits a town board, village board, or common council of any city to grant licenses and assess a $5 license fee to sellers of soda water beverages (defined as soft drinks or soda water, whether carbonated, uncarbonated, sweetened, or

flavored), to be consumed on or off the premises where sold. Delete various statutory cross references to class B liquor licenses that refer to the local soda water beverage seller's license.

6. LITIGATION EXPENSES IN CONDEMNATION AWARDS

Joint Finance: For condemnation awards under which condemnees may recover litigation expenses, increase the current law threshold from $700 and 15% of the previous offer or award to $2,700 and 15% of the previous offer or award. Beginning January 1, 2018, and annually thereafter, the Department of Administration (DOA) would be required to index the amount of the dollar threshold ($2,700) for inflation to the nearest dollar amount. DOA would be required to publish the indexed dollar amounts on its website, but the adjusted amounts would not need to be promulgated in rule. Through statutory cross reference, this threshold would also apply in cases where damage awards are appealed to circuit court related to town highway maintenance.

These provisions would first apply to written offers and jurisdictional offers made on the effective date of the bill.

7. DISCONTINUE CHAPTER 770 DOMESTIC PARTNERSHIP REGISTRATIONS AND BENEFITS FOR PARTNERS OF PUBLIC EMPLOYEES

Joint Finance: Specify that individuals must apply no later than the first day of the seventh month after publication of the bill to form a domestic partnership under Chapter 770 of the statutes. Prohibit county clerks from issuing a declaration of domestic partnership under Chapter 770 to individuals who apply after the effective date of the provision. Eliminate authority for the state or a local governmental unit to provide for the payment of premiums for hospital, surgical, and other health and accident insurance and life insurance for an employee's domestic partner and dependent children of an employee's domestic partner. Specify that, if a local governmental unit provides an employee benefit plan as defined in 29 U.S. Code § 1002(3) to its officers, agents, and employees, the plan may cover only the officers, agents, and employees as well as their spouses and dependent children. Specify that, with regard to provisions relating to a local governmental unit's officers, employees, and agents who are covered by a collective bargaining agreement under Subchapter V of Chapter 111 of the statutes or another contract that contains provisions inconsistent with the bill provisions, the bill provisions would first apply on the day on which the agreement or contract expires or is terminated, extended, modified, or renewed (whichever occurs first). Repeal the statutory declaration of policy that the Legislature finds "that it is in the interests of the citizens of this state to establish and provide the parameters for a legal status of domestic partnership," and that the legal status of a Chapter 770 domestic partnership is not substantially similar to that of marriage. Specify that the effective date for the provisions would be the first day of the seventh month after publication of the bill.

Currently, under Chapter 770 of the statutes two individuals may enter into a domestic partnership if each is: at least 18 years old and able to consent to the domestic partnership; neither is married to, or in a domestic partnership with, another individual; they share a common residence; they are not more closely related to one another than second cousins (biologically or

by adoption); and they are members of the same sex. Statute affords various rights and obligations to domestic partners who register under Chapter 770, including but not limited to: (a) accompaniment or visitation to a care or service residential facility; (b) consenting to proposed admission of an incapacitated domestic partner to a care or service residential facility; (c) hospital visitation; (d) access to treatment records created in the course of providing services for mental illness or developmental disabilities; (e) exemption from real estate transfer fees for transfers between partners; (f) death benefits for certain employees under particular circumstances; (g) power of attorney; (h) ownership of a cemetery lot or mausoleum space; and (i) victim notification by the Department of Corrections.

Under 29 U.S. Code § 1002(3), an employee benefit plan is defined as an employee welfare benefit plan, employee pension benefit plan, or a plan which is both an employee welfare benefit plan and an employee pension benefit plan. The term "employee welfare benefit plan" means any plan, fund, or program which is established or maintained by an employer for the purpose of providing for its participants or their beneficiaries: medical, surgical, or hospital care or benefits; benefits in the event of sickness, accident, disability, death, or unemployment; vacation benefits; apprenticeship or other training programs; day care centers; scholarship funds; prepaid legal services; or any benefit described in 29 U.S. Code § 186(c) (other than pensions on retirement or death, and insurance to provide such pensions).

The bill would discontinue the option to register a partnership under Chapter 770 beginning on the first day of the seventh month after publication of the bill. Various current law provisions that apply to Chapter 770 domestic partnerships would continue to apply to domestic partnerships that have already been registered, with the exception of the current law provisions specified relating to public employee benefits.

8. AUTHORIZE PUBLIC EMPLOYER COST SHARING PAYMENTS

Joint Finance: Authorize the state or a local governmental unit to pay not only premiums but also cost sharing amounts for hospital, surgical, and other health and accident insurance and life insurance for employees and officers as well as their spouses and dependent children. Further, authorize a local governmental unit to provide for the payment of not only premiums but also cost sharing for hospital and surgical care for its retired employees. Specify that the effective date for the provisions would be the first day of the seventh month after publication of the bill.

9. LOCAL ORDINANCE CONFLICTING WITH STATUTORY PROVISION

Joint Finance: Create a provision under the Chapter 66 municipal law requirements of the statutes to prohibit a political subdivision, defined as a county, city, village, or town, from enforcing an ordinance if any of the following applies: (a) a statutory provision expressly prohibits the political subdivision from enforcing the ordinance; (b) the ordinance logically conflicts with a statutory provision; (c) the ordinance defeats the purpose of a statutory provision; or (d) the ordinance violates the spirit of a statutory provision. The provision would be effective on the effective date of the budget bill.

10. CLARIFICATION OF 2017 ACT 33 PROVISIONS

Joint Finance: Modify current law, as affected by 2017 Act 33, related to immunity from revocation of probation, parole, or extended supervision for certain controlled substance offenses as follows:

a. Create an initial applicability clause for 2017 Wisconsin Act 33 which first applies the Act to circumstances surrounding or leading to the commission of an act as an aider that occur on July 19, 2017;

b. Provide that an aider is immune from prosecution for bail jumping (under s. 946.49, Stats) under the circumstances surrounding or leading to his or her commission of an act as an aider to a person suffering from an overdose of, or other adverse reaction to, any controlled substance;

c. Provide that if an aided person is subject to prosecution for bail jumping (under s. 946.49, Stats) under the circumstances surrounding or leading to the aider's assistance, the District Attorney must offer the aided person a deferred prosecution agreement that includes the completion of a treatment program; and

d. Sunset the bail jumping changes for aided persons and aiders on August 1, 2020. Provide that the bail jumping changes first apply to circumstances surrounding or leading to the commission of an act as an aider that occur on July 19, 2017.

11. LOCAL REGULATION OF QUARRY OPERATIONS

Joint Finance: Limit the authority of political subdivisions to place limits or conditions on the operations of a quarry. A political subdivision would include a county, city, village, or town. The provisions would take effect on April 1, 2018, except for the noise limitation requirement described in a later section. Include the following provisions:

A. Definitions. Create the following definitions:

(1) "Quarry" would mean the surface area from which nonmetallic minerals, including soil, clay, sand, gravel, and construction aggregate, that are used primarily for a public works project or a private construction or transportation project, are extracted and processed.

(2) "Quarry operations" would mean the extraction and processing of minerals at a quarry and all related activities, including blasting, vehicle and equipment access to the quarry, and loading and hauling of material to and from the quarry.

(3) "Public works project" would mean a federal, state, county, or municipal project that involves the construction, maintenance, or repair of a public transportation facility or other public infrastructure and in which nonmetallic minerals are used.

(4) "Permit" would mean a form of approval granted by a political subdivision allowing

for the operation of a quarry.

(5) "Nonconforming quarry site" would mean land on which the operation of a quarry existed lawfully before the quarry became a nonconforming use, and includes any parcel of land that, as of the effective date of the bill, is contiguous to the land on which the quarry is located, is under the common ownership, leasehold, or control of the person who owns, leases, or controls the land on which the quarry is located, and is located in the same political subdivision. The provision would maintain the current law definition of a nonconforming use to mean a use of land, a dwelling, or a building that existed lawfully before the current zoning ordinance was enacted or amended, but that does not conform with the use restrictions in the current ordinance.

(6) "Contiguous" would mean sharing a common boundary or being separated only by a waterway, section line, private road, transportation right-of-way, or utility right-of-way.

B. Local Regulation of Quarry Operations. Specify that none of the new provisions may be construed to affect the authority of a political subdivision to regulate land use for a purpose other than the operation of a quarry, including the provisions related to permits, blasting, water quality or quantity, air quality, fugitive dust, noise, quarry production, and setbacks. Specify that none of these listed provisions may be construed to exempt a quarry from a regulation of general applicability placed by a political subdivision that applies to other property in the political subdivision that is not a quarry unless the regulation is inconsistent with the included provisions. Specify that, except for provisions making unenforceable certain local regulations under a later section of the provision, these provisions may not be interpreted to affect a legal claim that involves an ordinance or limit on the operation of a quarry that is in effect on January 1, 2017.

Create the following prohibitions and authorizations related to local regulation of quarry operations.

(1) Except as provided in (2) and (3), authorize a political subdivision to require a quarry operator to obtain a zoning or non-zoning permit to conduct quarry operations.

(2) Prohibit a political subdivision from requiring a quarry operator to obtain a non-zoning permit to conduct quarry operations at a nonconforming quarry site.

(3) Prohibit a political subdivision from requiring a quarry operator to obtain a zoning or non-zoning permit to conduct nonmetallic mining unless the political subdivision enacts an ordinance that requires the permit.

(4) Prohibit a political subdivision from enacting an ordinance that prohibits the continued operation of a quarry at a nonconforming quarry site. The continued operation of a quarry would include performing quarry operations in an area of a nonconforming quarry site that has not previously been used as a quarry. If quarry operations at a nonconforming quarry site are discontinued for a period of 12 months, any future use of the land, buildings, premises, or structures would be required to conform to the ordinance.

(5) Require that, if a political subdivision adopts a non-zoning ordinance regulating the operations of a quarry that was not in effect when quarry operations began, the ordinance would

not apply to that quarry or to a parcel of land that, as of April 1, 2018, is contiguous to the land on which the quarry is located, is under the common ownership, leasehold, or control of the person who owns, leases, or controls the land on which the quarry is located, and is located in the same political subdivision.

(6) Effective on April 1, 2018, prohibit a political subdivision from limiting the noise emitted from a quarry, as measured off of the property where the nonmetallic mining site is located without the use of a hearing protector, to be less than 76.5 percent of the decibel standards established under 30 CFR 62.100 to 62.190 of federal code. Effective on April 1, 2019, amend this provision to allow a political subdivision to require trucks and other equipment owned or controlled by an operator, when used in quarry operations during the hours of darkness, to use a white noise alarm instead of a beeping alarm for worker and vehicle safety.

(7) Prohibit a political subdivision from imposing a limit on any of the following related to quarry production: (a) the quantity of minerals extracted from or processed by a quarry; (b) the depth of mineral extraction at a quarry; (c) the number of truck loads that exits a quarry or the number of trucks that enters a quarry, unless the purpose of the limit is to protect the structural condition of a roadway within the political subdivision; (d) the times that any of the following may occur: (1) quarry operations if the materials produced by the quarry will be used in a public works project that requires construction work to be performed during the night or an emergency repair, except that a political subdivision may limit the number of consecutive days an operator may conduct quarry operations during the hours of darkness to five consecutive days; (2) the transportation of unloaded equipment within a quarry; (3) maintenance of vehicles, equipment, or buildings at a quarry; (4) administrative activities at a quarry; and (5) entry of unloaded trucks into a quarry at the times during which a quarry is permitted to operate, unless the purpose of the limit is to protect the structural condition of a roadway within the political subdivision; and (e) limit the hours of operation at a quarry to less than 72 hours per week, excluding hours on Sunday and holidays.

(8) Prohibit a political subdivision from establishing a setback for quarry operations that is more than 200 feet from the boundary of the property of a quarry. Notwithstanding this prohibition, a political subdivision that enacts an ordinance imposing setback requirements would be required to allow an operator to conduct quarry operations nearer to the boundary of the property of the quarry than the distance of the setback requirement if all of the following apply: (a) each property owner of a lot that is located within a radius of 200 feet of the boundary of a quarry consents in writing to that performance of quarry operations; (b) the quarry operator provides the clerk of the political subdivision with a copy of the written agreement entered into under "(a)"; and (c) the operator records the written agreement with the Register of Deeds for the county in which the land is located.

(9) Prohibit a political subdivision from adding conditions to a permit during the duration of the permit, unless the permit holder consents.

(10) Specify that, if a political subdivision requires a quarry to comply with another political subdivision's ordinance as a condition for obtaining a permit, the political subdivision that grants the permit may not require the quarry to comply with a provision of the other political subdivision's ordinance enacted after the permit is granted while the permit is in effect. Prohibit a

town from requiring, as a condition for granting a permit to a quarry, that the quarry satisfy any condition imposed by a county ordinance enacted after the permit is granted that the quarry is required to satisfy in order to obtain a permit from a county. Prohibit a county from requiring, as a condition for granting a permit to a quarry, that the quarry satisfy any condition imposed by a town ordinance enacted after the permit is granted that the quarry is required to satisfy in order to obtain a permit from a town.

(11) Prohibit a political subdivision from enacting an ordinance that requires a permit as a condition for performing quarry operations at a quarry site in existence prior to the enactment of such ordinance.

(12) Require that, when a quarry owner or operator submits a permit renewal application, the political subdivision shall renew the permit if the permit has a duration of less than 10 years. Authorize the political subdivision to require, as a condition of renewing the permit, that the quarry satisfy a condition as allowed by law. Authorize a political subdivision to deny the renewal of a permit having a duration of less than 10 years if the permit holder fails to cure a material violation of the conditions of the permit after reasonable notice from the political subdivision of the violation and a reasonable opportunity for the quarry to cure the violation.

(13) Prohibit a political subdivision from imposing a condition on a permit for a quarry that is inconsistent with the included provisions or s. 295.12 of the statutes. (Section 295.12 includes statewide standards for a nonmetallic mining reclamation program to be administered by a county, city, village, or town.)

C. Local Regulation of Blasting at Nonmetallic Mining Operations. Create the following definitions related to blasting at quarries:

(1) "Affected area" would mean an area within a certain radius of a blasting site that may be affected by a blasting operation, as determined using a formula established by the Department of Safety and Professional Services (DSPS) by rule that takes into account a scaled-distance factor and the weight of explosives to be used. (Administrative code Chapter SPS 307.41 (2) includes a scaled-distance formula calculation. In general, a scaled-distance formula is used to determine the maximum amount of explosives that can be used that ensures safety to structures within a certain distance of the blasting site.)

(2) "Airblast" would mean an airborne shock wave caused by a blast. (This definition is adapted from SPS 307.20 (1).)

(3) "Flyrock" would mean rock that is propelled through the air as a result of a blast. (This definition is adapted from SPS 307.20 (15).)

(4) "Ground vibration" would mean a shaking of the ground caused by the elastic wave emanating from a blast. (This definition is adapted from SPS 307.20 (16).)

Prohibit a city, village, town, or county from limiting blasting at a quarry. Notwithstanding the prohibition, authorize a political subdivision to require the operator of a quarry to do any of the following: (a) provide pre-blast notice of the blasting operation to all political subdivisions in which

the quarry is located and owners of dwellings or other structures within the affected area; (b) require that a pre-blast building survey be conducted by a third party on dwellings and other structures within the affected area; (c) require that pre-blasting well surveys and testing be conducted by a third party within the affected area; (d) maintain records and prepare and submit reports related to blasting operations at the quarry; and (e) require compliance with other properly adopted local blasting requirements not related to airblast, flyrock, or ground vibrations.

Authorize a political subdivision to suspend a permit for a violation of the state blasting requirements under s. 101.15 of the statutes, and rules promulgated by DSPS related to blasting under s. 101.15 (2)(e), only if DSPS determines that a violation of the requirements or rules has occurred and only for the duration of the violation, as determined by DSPS. (Under s. 101.15, DSPS administers rules under Chapter SPS 307, which regulate blasting and use of explosives at nonmetallic mining sites.)

Prohibit a political subdivision from making or enforcing a local order that limits blasting at a quarry. Authorize a political subdivision to petition DSPS for an order granting the political subdivision the authority to impose additional restrictions and requirements related to blasting on the operator of a quarry. If DSPS issues the order, the order may grant the political subdivision the authority to impose restrictions and requirements related to blasting at the quarry that are more restrictive than the state blasting requirements under s. 101.15, and DSPS rules promulgated under s. 101.15. Prohibit DSPS from charging a fee for a petition submitted by a political subdivision under this provision. Specify that, if a petition requests an order because of impacts to a qualified historic building, DSPS would be authorized to require the quarry operator to pay the costs of an impact study related to the qualified historic building.

D. Local Regulation of Water Quality and Quantity Related to Quarry Operations. Prohibit a political subdivision from doing any of the following with respect to the operation of a quarry: (1) establish or enforce a water quality standard; (2) issue permits, including permits for discharges to the waters of the state, or any other form of approval related to water quality or quantity; (3) impose any restriction related to water quality or quantity; and (4) impose any requirement related to monitoring water quality or quantity.

Authorize a political subdivision to require the operator of a quarry to conduct and provide water quality and quantity baseline testing and ongoing water quality testing, to occur not more frequently than annually, of all wells within 1,000 feet of the perimeter of a quarry site when a new high-capacity well is added to an existing quarry site or a new quarry site is established. A testing requirement under this provision could not impose any standard that is more stringent than the standards for groundwater quality required by rules promulgated by the Department of Natural Resources (DNR). Authorize the political subdivision to request a report of well testing results within 30 days of the completion of testing and require the quarry operator to provide the results within that time. Specify any person offered the opportunity to have a well tested under this requirement, but who knowingly refuses testing, would waive any claim against a quarry operator related to the condition of the well, if within 90 days of the offer, the quarry operator records against the property associated with the person with the Register of Deeds for the county in which the land is located a written certification, under oath, verifying that the person knowingly refused testing. Authorize a political subdivision that imposes a requirement to conduct any ongoing water quality

or quantity testing of wells adjacent to existing quarry sites prior to April 1, 2018, to continue to do so.

Authorize a political subdivision to enforce properly adopted local water regulations. In addition, authorize a political subdivision to suspend a permit for a quarry operation for a violation of state law or rules promulgated by DNR relating to water quality or quantity, only if DNR determines that a violation of state law or rules has occurred and only for the duration of the violation, as determined by DNR.

Specify that these provisions would not limit the authority of a political subdivision to take actions related to water quality or quantity that are specifically required or authorized by state statute.

E. Local Regulation of Air Quality and Fugitive Dust Related to Quarry Operations. Notwithstanding the current authorization in s. 285.73 of the statutes for local governments to administer certain air pollution control programs, prohibit a political subdivision from doing any of the following with respect to the operation of a quarry: (1) establish or enforce an ambient air quality standard, standard of performance for a new stationary source, or other emission limitation related to air quality; (2) issue permits or any other form of approval related to air quality; (3) impose any restriction related to air quality; or (4) impose any requirements related to monitoring air quality.

Authorize a political subdivision to take actions related to air quality that are specifically required or authorized by state statute.

Authorize a political subdivision to require the operator or a quarry to use best management practices to limit off-site fugitive dust. In addition to enforcing properly adopted fugitive dust regulation, authorize a political subdivision to suspend a permit for operation of a quarry for a violation of state law or rules promulgated by DNR relating to air quality, only if DNR determines that a violation of state statute or rules has occurred and only for the duration of the violation, as determined by DNR.

F. Previous Restrictions. Notwithstanding the limitations on local regulation of quarry operations included in the provision, if a political subdivision has in effect on January 1, 2017, an ordinance that is more restrictive than the provisions, the political subdivision would be authorized to maintain and enforce the ordinance. However, if a political subdivision has in effect on January 1, 2017, an ordinance provision that violates a prohibition or requirement under the following provisions, the ordinance provision would not apply and may not be enforced: (1) limitations on blasting [Section C. of provision]; (2) water quality or quantity requirements [Section D.]; (3) air quality requirements [Section E.]; and (4) requirements for nonmetallic mining production at night related to use of the materials for public works projects [Section B.].

If a political subdivision has in effect on January 1, 2017, a requirement not based on the political subdivision's authority under the nonmetallic mining provisions of Chapter 295, that an operator obtain a non-zoning permit that is more restrictive than the provisions, the political subdivision would be authorized to maintain and enforce that requirement if the political subdivision had authority to impose the requirement. However, such a requirement that violates the

prohibition or limitations related to blasting, water quality or quantity, air quality, or production at night for public works projects, would not apply and could not be enforced.

Notwithstanding the limitations on local regulation created by the provision, a zoning or non-zoning permit that is held by an operator and in effect on January 1, 2017, would remain in effect for the duration of the permit.

A condition in a zoning or non-zoning permit held by an operator and in effect on January 1, 2017, would be invalid if either of the following applies: (1) the political subdivision required a condition for obtaining the zoning or non-zoning permit that the political subdivision did not have the authority to require; or (2) a condition required in order to obtain the zoning or non-zoning permit violates the prohibition or limitations related to blasting, water quality or quantity, air quality, or production at night for public works projects.

12. MODIFICATIONS TO STATUTES GOVERNING CONDUIT REVENUE BONDS

Joint Finance: Make the following changes to current law governing the Public Finance Authority (PFA):

a. Specify that the PFA may adopt policies and procedures, in addition to bylaws as under current law, and may amend the bylaws, policies, and procedures;

b. Provide that PFA may own or operate property and may gift or otherwise transfer property, and specify that property includes real, personal, tangible or intangible property;

c. Provide that in addition to being able to employ or appoint agents, employees, finance professionals, and special advisors, PFA can employ counsel;

d. Provide that the PFA may purchase bonds issued by or on behalf of, or held by, a subunit of a political subdivision, as well as the federal government or a subunit of the federal government. In addition, clarify current law allowing bond purchases of any state to include a department, authority, or agency of such a state;

e. Define business entity as any nonprofit or for-profit corporation, limited liability company, partnership, or other business organization or entity. Authorize the PFA to create one or more business entity of which it is the sole controlling owner, member, manager, or partner, provided that the purpose of the business entity is to carry out or assist PFA to carry out all or part of the powers of PFA with respect to projects located outside of the state. Specify that control may consist of the power to appoint a majority of, or veto any proposed appointment to, the governing body of such a business entity. Provide that such a business entity have such powers, consistent with the laws of the jurisdiction in which it is organized, as are delegated to it by the PFA and set forth in its organizational documents or resolution. Specify that a business entity may be created or organized under the laws of any state or territory of the United States. Specify that such a business entity and the PFA could make loans to, borrow money from, and acquire or assign or transfer property to or from one another or any participant in a PFA financing. Provide that such a business entity would be subject to the same exemptions and

immunities that apply to PFA. Provide that any business entity established would be a legal entity separate and distinct from PFA, and its assets, liabilities and funds could neither be consolidated nor commingled with those PFA or any other business entity created by PFA. Provide that PFA would not be held accountable for the actions, omissions, debts or liabilities of any business entity nor would any business entity be held accountable for the actions, omissions, debts or liabilities of PFA or any other business entity established under this provision.

f. Modify the definition of "participant" under the PFA statutes to include the business entities under item e.

g. Modify the definition of "political subdivision" under the PFA statues include tribal governments.

h. Modify current law references to the "face" of a bond, to instead refer to the "form" of the bond;

i. Provide that a bond resolution, trust agreement or indenture, or other agreement for providing for issuance of the bonds, may provide that facsimile, electronic, or digital signatures of any person authorized to execute documents, including bonds, on behalf of PFA would be deemed the legal equivalent of a manual signature on specified documents or all documents and would be valid and binding for all purposes;

j. Modify current law relating to establishing an alternative to specifying the matters required to be specified in a bond resolution, to provide that PFA may delegate authority to the matters appropriate for inclusion, rather than which of the matters are included;

k. Modify current law requiring that the bond resolution specify the maximum interest to be borne by the bonds, to indicate that the interest rate be expressed as a numerical percentage and without regard to any penalty, default, or taxable rate applicable to the bonds.

l. Delete a reference to "as provided in the resolution" from current law relating to early mandatory or optional redemption or tender;

m. Specify that current law relating to a trust agreement or indenture would apply to other agreements providing for issuance of the bonds, and allow the pledge or assignment of tangible or intangible collateral, including contractual rights;

n. Delete the current law requirement that PFA disclose to any person who purchases a tax exempt bond issued by PFA, that interest paid on the bond is exempt from taxation;

o. Extend current law that exempts PFA board members from personal liability on the bonds, so that this exemption would apply to an officer, employee, or agent of PFA. Expand this exemption to also apply to any contract entered into by PFA, and provide that it would apply to the business entity under item e;

p. Extend current law that specifies that the state and the political subdivisions who are parties to the agreement creating PFA are not liable for PFA bonds or contracts, to also apply to

any political subdivision within or outside this state approving the issuance of bonds, and that liability would also not apply to bonds or contracts of the business entity under item e;

q. Extend current law that specifies that the bonds of PFA are not a debt of the state and the political subdivisions who are parties to the agreement creating PFA to also apply to any political subdivision within or outside this state approving the issuance of bonds. Specify that all bonds contain a statement to this effect, but eliminate the current requirement that it be on the face of the bonds;

r. Delete a current law requirement that PFA have debt covenants audited at least every two years;

s. Provide that projects not located in this state related to the PFA could not be considered public projects of this state and would not be subject to state law governing public projects;

t. Provide that current law governing local approval of financing by PFA be modified to include approval by an applicable elected representative of the political subdivision, if any, as defined in section 147 (f)(2)(e) of the Internal Revenue Code (IRC), except that for a 1st class city, or a county in which a 1st class city is located, such approval could only be given by the governing body of the city or county. In addition, specify that except for financing a capital improvement project in Wisconsin, PFA would not need approval under current law or the process described above, if the financing is approved in accordance with section 147(f) of the IRC.

u. Specify that bonds issued by PFA are not considered issued for the purpose of financing a capital improvement project if the bond proceeds are used for any of the following purposes: (a) to finance a facility placed in service for federal tax purposes by the participant or a related person prior to PFA bond issuance, and no more than 10% of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation, or remodeling of capital improvements; (b) to finance the acquisition of a facility, by a participant or PFA, if no more than 10% of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation or remodeling of the facility; or (c) to finance PFA's purchase either of bonds issued by a different issuer or of leases or contracts from a 3rd party provider, and those bonds, leases, or contracts are or were used to finance in whole or in part the construction, expansion, rehabilitation, renovation, or remodeling of real or tangible personal property.

v. Modify current law allowing projects to be located outside of the United States or its territories if the borrower is incorporated in the U.S., to instead allow such a project if any participant or the borrower is organized under the laws of any state or territory of the U.S. Delete a current law provision that specifies that to the extent current law applies to a borrower, it also applies to a participant if the participant is a nongovernmental entity.

w. Modify current law specifying that any action challenging bond issuance by PFA must be filed in circuit court within 30 days of PFA adopting the authorizing resolution for the bonds, to add the phrase: "or be barred". Specify that current law that generally governs the validity of municipal obligations would not apply to PFA.

x. Authorize eminent domain to a commission created by contract under current law governing intergovernmental cooperation among Wisconsin entities that are acting under the provision of the PFA statute. Under current law, this provision applies to municipal interstate cooperation.

y. Specify that a commission created under the PFA state means an entity created to exercise the powers under the PFA statutes, rather than only issuing bonds under those statutes.

z. Authorize PFA in connection with a project located outside this state directly, or through a business entity created under item e, to participate in any new markets or other tax credit, subsidy, grant, loan, or credit enhancement program, as well as any federal, state or local government program established for the purpose of fostering economic development, including disaster relief, clean or renewable energy, housing assistance, water efficiency, transportation, or any economic development in which PFA or a business entity created under item e is eligible to participate, regardless of whether bonds are issued. Specify that under this provision, PFA may exercise its powers relating to property transfers, accepting gifts, collecting fees, making loans, mortgaging property, assigning its interests, or obtaining insurance for debt repayment, or may delegate those powers to a business entity created under item e.

aa. Require a commission and any entity created under item e., within 30 days of the close of a calendar quarter to file a report with the Secretary of the Department of Administration (DOA) and the Legislative Audit Bureau showing the amount of bonds issued by the commission or that entity in the previous quarter, the names of the borrowers and the project associated with the bonds, the types of bonds issued, the location of the project, and a statement of the bond issuance fees that the commission or entity received in relation to each of those bond issues. In addition, modify current law that requires the commission to notify the Department of Revenue whenever it issues a bond, to also require such notification to the Department of Administration.

bb. Require a commission to establish a code of ethics for members of the board, employees, contract staff and agents, and file the code of ethics with DOA. Require any amendments to the code to be provided to DOA within 30 days of adoption of the amendment. In addition, define the position of member of the board of a commission to be a local public office for purposes of current law establishing a code of ethics for public officials and employees.

cc. Specify that a commission would be considered an "authority" as defined for purposes of the open records law, which would have the effect of applying the open records law to a commission.

dd. Specify that a commission would be considered a "governmental body" under the open meetings law, which would have the effect of applying the open meetings law to a commission.

ee. Authorize the Legislative Audit Bureau to audit the financial records of a commission and any entity created under item e., at the direction of the Joint Legislative Audit Committee.

GOVERNOR

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$7,953,000	$7,421,400	$7,421,400	$0	0.0%	- $531,600	- 6.7%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	37.25	37.25	37.25	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $134,200

Governor/Joint Finance: Adjust base budget funding by -$67,100 annually in the 2017-19 biennium associated with full funding of continuing positions salaries and fringe benefits.

2. SUPPLIES AND SERVICES REDUCTION

GPR	- $397,400

Governor/Joint Finance: Reduce supplies and services funding by $198,700 annually. Base funding for supplies and services in the Office of the Governor is $739,000 annually.

HEALTH SERVICES

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$7,556,881,800	$7,943,555,400	$7,827,314,000	- $116,241,400	- 1.5%	$270,432,200	3.6%
FED	11,707,133,400	12,291,034,300	12,194,137,500	- 96,896,800	- 0.8	487,004,100	4.2
PR	2,363,156,400	2,718,182,400	2,745,890,500	27,708,100	1.0	382,734,100	16.2
SEG	1,559,928,600	1,496,039,600	1,162,874,100	- 333,165,500	- 22.3	- 397,054,500	- 25.5
TOTAL	$23,187,100,200	$24,448,811,700	$23,930,216,100	- $518,595,600	- 2.1%	$743,115,900	3.2%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	2,536.63	2,578.81	2,561.21	- 17.60	24.58
FED	1,230.63	1,272.05	1,253.45	- 18.60	22.82
PR	2,365.39	2,359.23	2,360.23	1.00	- 5.16
SEG	2.00	2.00	2.00	0.00	0.00
TOTAL	6,134.65	6,212.09	6,176.89	- 35.20	42.24

Budget Change Items

Medicaid Services

1. OVERVIEW OF MEDICAL ASSISTANCE

This item presents several summary tables relating to the funding that would be provided for medical assistance (MA) benefits under the Joint Committee on Finance. The MA program is supported by general purpose revenue (GPR), federal Medicaid matching funds (FED), three segregated funds (SEG -- the MA trust fund, the hospital assessment trust fund, and the critical access hospital assessment trust fund), and various program revenue (PR) sources, such as drug manufacturer rebates.

Table 1 shows amounts budgeted for MA benefits during the 2017-19 biennium under

Joint Finance, compared to the base level funding for the program. For each year, the table shows the base appropriations for MA benefits, estimates of the amounts that would be needed to fund MA benefits in the 2017-19 biennium without any program changes (the program's "cost-to-continue"), and benefit funding adjustments associated with each of the program changes included in the bill. In addition to funding changes affecting MA appropriations in DHS, the table includes funding ($12.5 million) placed in the Committee's program supplements appropriation under a provision that would reserve funding for providing increases to Family Care managed care organizations.

The MA program's SEG appropriations for the hospital assessment trust fund and the critical access trust fund are used both to fund MA benefits and to make a transfer to the MA trust fund, which also funds MA benefits costs. Since the transferred funds are included in both the SEG appropriations from the hospital funds, as well as in the SEG appropriation from the MA trust fund, the transferred amounts are, in effect, counted twice in the SEG base funding. The bill would make an adjustment to SEG appropriations to eliminate these double-counted funds going forward. Since this adjustment does not affect the level of funding actually available for MA benefits, this change is shown separately from the other funding changes. An adjustment is also made to the 2016-17 base to provide a consistent basis of comparison for the program funding changes.

TABLE 1

Summary of Medical Assistance Benefits Funding
Joint Committee on Finance

	2017-18				
	GPR	FED	PR	SEG	Total
Base Funding	$2,910,973,500	$5,161,878,800	$770,931,100	$779,646,600	$9,623,430,000
Adjusted to Eliminate SEG Double-Count	2,910,973,500	5,161,878,800	770,931,100	616,740,000	9,460,523,400
Cost-to-Continue	21,371,800	15,034,000	169,326,100	-27,995,300	177,736,600
Program Changes					
Hospital DSH Payments	$12,500,000	$17,773,700	$0	$0	$30,273,700
Family Care -- Direct Care Services	12,500,000	17,773,700	0	0	30,273,700
Nursing Home Rate Increase	7,234,100	10,285,700	0	0	17,519,800
Children's Long-Term Support Program	5,847,600	8,314,600	0	0	14,162,200
Repeal Ambulatory Surgical Center Assessment	2,616,300	-3,640,400	0	-5,000,000	-6,024,100
Personal Care Rate Increase	2,046,500	2,909,300	0	0	4,955,800
Intensive Care Coordination Pilot Program	309,700	440,300	0	0	750,000
Rural Critical Care Supplement	250,000	355,500	0	0	605,500
Medicaid Purchase Plan Changes	0	0	0	0	0
Reimbursement for Lead Investigations	24,400	36,600	0	0	61,000
Medicaid Overpayment Recovery	-9,000	-13,000	22,000	0	0
Nursing Home Bed Assessment Exemption	387,600	0	0	-387,600	0
Reimbursement for Clinical Consultations	0	0	0	0	0
UW Rural Residency -- Critical Access Fund	100,000	0	0	-100,000	0
Subtotal, Program Changes	$43,807,200	$54,236,000	$22,000	-$5,487,600	$92,577,600
Total Funding, Unadjusted	$2,976,152,500	$5,231,148,800	$940,279,200	$746,163,700	$9,893,744,200
Eliminate SEG Double-Count	0	0	0	-163,524,900	-163,524,900
Total Adjusted Funding	$2,976,152,500	$5,231,148,800	$940,279,200	$582,638,800	$9,730,219,300

	2018-19				
	GPR	FED	PR	SEG	Total
Base Funding	$2,910,973,500	$5,161,878,800	$770,931,100	$779,646,600	$9,623,430,000
Adjusted to Eliminate SEG Double-Count	2,910,973,500	5,161,878,800	770,931,100	616,740,000	9,460,523,400
Cost-to-Continue	161,807,900	314,146,900	242,200,800	-29,450,000	688,705,600
Program Changes					
Hospital DSH Payments	$12,500,000	$17,958,100	$0	$0	$30,458,100
Family Care -- Direct Care Services	12,500,000	17,958,100	0	0	30,458,100
Nursing Home Rate Increase	12,859,600	18,468,200	0	0	31,327,800
Children's Long-Term Support Program	10,420,000	14,969,700	0	0	25,389,700
Repeal Ambulatory Surgical Center Assessment	2,623,400	-3,647,500	0	-5,000,000	-6,024,100
Personal Care Rate Increase	4,062,500	5,835,900	0	0	9,898,400
Intensive Care Coordination Pilot Program	616,400	883,600	0	0	1,500,000
Rural Critical Care Supplement	250,000	359,200	0	0	609,200
Medicaid Purchase Plan Changes	-756,500	-1,086,400	4,771,600	0	2,928,700
Reimbursement for Lead Investigations	48,800	73,200	0	0	122,000
Medicaid Overpayment Recovery	-9,000	-13,000	22,000	0	0
Nursing Home Bed Assessment Exemption	387,600	0	0	-387,600	0
Reimbursement for Clinical Consultations	250,000	360,000	0	0	610,000
UW Rural Residency -- Critical Access Fund	100,000	0	0	-100,000	0
Subtotal, Program Changes	$55,852,800	$72,119,100	$4,793,600	-$5,487,600	$127,277,900
Total Funding, Unadjusted	$3,128,634,200	$5,548,144,800	$1,017,925,500	$744,709,000	$10,439,413,500
Eliminate SEG Double-Count	0	0	0	-165,078,100	-165,078,100
Total Adjusted Funding	$3,128,634,200	$5,548,144,800	$1,017,925,500	$579,630,900	$10,274,335,400

Table 2 summarizes the funding for MA benefits for the 2017-19 biennium under the Finance Committee. The 2016-17 appropriation base funding is doubled, for the purpose of showing the biennial comparison, and adjusted to eliminate the SEG double count.

TABLE 2

Biennial Summary of Medical Assistance Funding
Joint Committee on Finance

	2017-19 Biennium Funding				
	GPR	FED	PR	SEG	Total
2016-17 Base, Doubled	$5,821,947,000	$10,323,757,600	$1,541,862,200	$1,559,293,200	$19,246,860,000
Adjusted for SEG Double-Count	5,821,947,000	10,323,757,600	1,541,862,200	1,233,480,000	18,921,046,800
Cost-to-Continue	$183,179,700	$329,180,900	$411,526,900	-$57,445,300	$866,442,200
Program Changes	99,660,000	126,355,100	4,815,600	-10,975,200	219,855,500
Total Programmatic Change to Base	$282,839,700	$455,536,000	$416,342,500	-$68,420,500	$1,086,297,700
Eliminate SEG Double-Count	0	0	0	-328,603,000	-328,603,000
Total Program Funding	$6,104,786,700	$10,779,293,600	$1,958,204,700	$1,162,269,700	$20,004,554,700

Table 3 shows the 2015-16 actual enrollment figures by major eligibility group, as well as the projections for 2016-17 and for the two years of the 2017-19 biennium used for the Committee's funding estimates.

TABLE 3

Actual and Projected Monthly Average Enrollment by Group
Joint Committee on Finance

	Actual	Estimates		
	2015-16	2016-17	2017-18	2018-19
Elderly, Blind, Disabled MA				
Elderly	63,008	64,975	66,972	69,009
Disabled, Non-Elderly Adults	136,522	136,699	138,960	141,507
Disabled Children	31,917	31,439	31,737	31,896
EBD Total	231,447	233,112	237,668	242,412
BadgerCare Plus				
Parents and Caretakers	175,930	169,861	167,424	168,263
Children	469,558	466,572	466,423	468,761
Pregnant Women	21,081	20,538	20,342	20,444
Childless Adults	149,049	147,233	146,721	147,457
BadgerCare Plus Total	815,618	804,204	800,911	804,925
Other Full Benefit MA				
Foster Care/Subsidized Adoption	18,667	19,548	20,245	20,861
Well Woman	655	591	578	584
Limited Benefit Groups				
Family Planning Only	39,387	37,631	37,299	37,673
Medicare Cost Sharing Assistance	21,915	22,110	22,464	22,689
Total Enrollment	1,127,689	1,117,196	1,119,165	1,129,144
Change from Previous Year		-10,493	1,969	9,979

Table 4 shows, by enrollment category, the annualized percentage growth percentages for six-month periods that were used for the purpose of the Committee's budget estimates, compared to the actual annualized growth rate from May, 2016, to April, 2017. While the enrollment figures shown in Table 3 reflect the monthly average for the entire period, these percentage changes are applied to the final month of the prior period.

TABLE 4

Annualized Enrollment Growth Rates--
Actual Change Compared to Revised Assumptions
Joint Committee on Finance

	Actual Change-- May, 2016 to April, 2017	Enrollment Growth Assumptions for Budget Estimates				
		2016-17	2017-18		2018-19	
		2nd Half	1st Half	2nd Half	1st Half	2nd Half
Elderly, Blind, Disabled	0.1%	1.7%	2.0%	2.0%	2.0%	2.0%
BadgerCare Plus						
Children	-0.1%	-1.0%	0.5%	0.5%	0.5%	0.5%
Parents	-0.3	-3.0	0.5	0.5	0.5	0.5
Pregnant Women	-0.2	0.5	0.5	0.5	0.5	0.5
Childless Adults	0.1	0.5	0.5	0.5	0.5	0.5
Other Full Benefit MA						
Foster Care	0.2%	3.0%	3.0%	3.0%	3.0%	3.0%
Well Woman	-0.6	0.0	1.0	1.0	1.0	1.0
Partial Benefit MA						
Family Planning Only	-0.1%	0.0%	1.0%	1.0%	1.0%	1.0%
Medicare Cost Sharing	0.3	0.0	1.0	1.0	1.0	1.0

Table 5 shows actual and projected SEG revenues to the MA trust fund under provisions of the Finance Committee. The Committee's cost-to-continue estimate is based on the assumption that all revenues in the MA trust fund will be spent on MA benefits in each year, offsetting the GPR budget requirements.

TABLE 5

Actual and Projected Medical Assistance Trust Fund Revenues
Fiscal Years 2015-16 through 2018-19
Joint Committee on Finance

		Estimates		
	2015-16	2016-17	2017-18	2018-19
Provider Assessments				
Hospital Assessment*	$156,103,400	$159,346,300	$161,109,600	$162,796,500
Nursing Home/ICF-IID Bed Assessment	73,673,800	71,545,400	69,775,000	68,001,600
Ambulatory Surgical Center Assessment	16,616,500	6,380,000	0	0
Critical Access Hospital Assessment*	1,697,700	1,759,600	1,505,600	1,363,500
Federal Funds Deposited to MA Trust Fund				
Nursing Home Certified Public Expenditure Program	$34,409,000	$27,500,000	$26,675,000	$25,874,800
Intergovernmental Transfer from UW System	12,987,100	13,000,000	13,000,000	13,000,000
UW Hospital Certified Public Expenditure Program	4,353,500	4,400,000	4,400,000	4,400,000
Other				
Transfer from Permanent Endowment Fund	$50,000,000	$50,000,000	$50,000,000	$50,000,000
Interest Earnings**	7,900	-50,000	-50,000	-50,000
Total Revenue	$349,848,900	$333,881,300	$326,415,200	$325,386,400

* Deposited in separate trust fund and then transferred to the MA trust fund.

** Negative interest earnings generally reflect negative earnings associated with negative cash balances that occur at times during the year.

Table 6 shows the estimated enrollment and amounts that would be provided by the Finance Committee to fund capitation payments to managed care organizations that provide long-term care services to enrollees in Family Care, PACE (Program for All-inclusive Care for the Elderly), and the Family Care Partnership program. It also provides the same information for services provided under the state's self-directed long-term care program, IRIS (Include, Respect, I Self-Direct).

TABLE 6

Funding and Enrollment for Selected Long-Term Care Programs, By Funding Source
Joint Committee on Finance
($ in Millions)

	2017-18			
Funding	Family Care	IRIS	PACE/ Partnership	Total
GPR	$670.7	$199.5	$65.9	$936.1
FED	1,036.7	281.1	93.7	1,411.5
PR	60.4	0.0	0.0	60.4
Total	$1,767.8	$480.6	$159.6	$2,408.0
Estimated Average Monthly Enrollment	47,638	15,493	3,675	66,806

	2018-19			
Funding	Family Care	IRIS	PACE/ Partnership	Total
GPR	$745.2	$223.1	$69.4	$1,037.7
FED	1,154.0	317.6	99.7	1,571.3
PR	59.9	0.0	0.0	59.9
Total	$1,959.1	$540.7	$169.1	$2,668.9
Estimated Average Monthly Enrollment	50,813	16,915	3,755	71,483

Table 7 shows the actual and projected federal medical assistance percentages (FMAP) used for the Committee's budget estimates, by state fiscal year. The FMAP rates for state fiscal years 2016-17 and 2017-18 are based on federal fiscal year FMAP rates that have already been established, whereas the 2018-19 FMAP rate is based on an estimated federal fiscal year 2018-19 FMAP rate.

TABLE 7

Federal Medical Assistance Percentage (FMAP) Rates, By Fiscal Year
Joint Committee on Finance

Fiscal Year	Title 19 (Most MA Services)	Title 21 (Children's Health Plan)	MA Supported Well Women Services
2016-17			
State	41.56%	6.09%	29.09%
Federal	58.44	93.91	70.91
2017-18			
State	41.29%	5.91%	28.91%
Federal	58.71	94.09	71.09
2018-19			
State	41.04%	5.73%	28.73%
Federal	58.96	94.27	71.27

2. MEDICAL ASSISTANCE COST-TO-CONTINUE [LFB Paper 320]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$279,390,900	- $96,211,200	$183,179,700
FED	433,708,700	- 104,527,800	329,180,900
PR	342,072,400	69,454,500	411,526,900
SEG	- 53,858,000	- 3,587,300	- 57,445,300
Total	$1,001,314,000	- $134,871,800	$866,442,200

Governor: Provide $213,493,300 ($48,108,600 GPR, $52,127,800 FED, $139,335,500 PR, and -$26,078,600 SEG) in 2017-18 and $787,820,700 ($231,282,300 GPR, $381,580,900 FED, $202,736,900 PR, and -$27,779,400 SEG) in 2018-19 to fund projected costs of MA program benefits during the 2017-19 biennium under a cost-to-continue scenario (no program changes). The funding increase is based on the administration's projections of program caseload growth, changes in the use and cost of providing medical and long-term care services, changes to the state's federal medical assistance percentage (FMAP), and other funding changes over the remainder of 2016-17 and the 2017-19 biennium.

Joint Finance: Reduce funding for MA benefits by $35,756,700 (-$26,736,800 GPR, -$37,093,800 FED, $29,990,600 PR, and -$1,916,700 SEG) in 2017-18 and $99,115,100 (-$69,474,400 GPR, -$67,434,000 FED, $39,463,900 PR, and -$1,670,600 SEG) in 2018-19 to reflect a reestimate of providing MA benefits in the 2017-19 biennium under a cost-to-continue scenario.

The Committee's cost-to-continue estimate relies on updated projections of caseload and the cost and utilization of medical services, as well as revised estimates for federal formula factors, such as the FMAP and Medicare premiums paid on behalf of MA beneficiaries who are also eligible for Medicare.

With the Committee's reestimate, the above-base GPR increase to MA benefits over the biennium would be $183.2 million. Since the GPR appropriation base for MA benefits is higher than the projected GPR expenditures in 2016-17, the funding increase under the cost-to-continue estimate, relative to actual expenditures, is higher than the change to the appropriation base. To illustrate this difference, the following table compares the 2016-17 appropriation base and projected 2016-17 GPR spending. In addition, the Committee's estimates of GPR spending in the two years of the 2017-19 biennium under the cost-to-continue scenario are also shown, in relation to the 2016-17 base and to projected 2016-17 spending. Compared to projected 2016-17 GPR spending, the Committee's cost-to-continue estimate would be an increase of $510.7 million GPR over the biennium.

Current and Projected GPR Funding for MA
($ in Millions)

2016-17 Base	$2,911.0
2016-17 Projected Spending	2,747.2
2016-17 Net Appropriation Surplus	$163.8

	2017-18	2018-19	Biennium
2017-19 Cost-to-Continue Projection	$2,932.3	$3,072.8	$6,005.1
Change to Base	21.4	161.8	183.2
Change to 2016-17 Spending	185.1	325.6	510.7

In considering the cost-to-continue estimate, the Committee did not adopt a provision in the Governor's bill that made a separate reduction of $320,300 GPR annually to MA benefits to fund a corresponding increase for the state mental health institutes, since this reduction was not associated with programmatic changes that would be expected to reduce MA benefits outlays. The fiscal effect of deleting this reduction is summarized under "Transfer Funding from MA Benefits to Mental Health Institutes" in " Care and Treatment Services."

3. TREATMENT OF MA SEGREGATED APPROPRIATIONS

SEG	- $328,603,000

[LFB Paper 328]

Joint Finance: Specify that the annual transfers from the hospital assessment fund and the critical access hospital assessment fund to the medical assistance trust fund shall be made as fund-to-fund transfers, rather than through the SEG appropriations for those funds. Reduce funding by $161,919,300 in 2017-18 and $163,614,600 in 2018-19 in the hospital assessment SEG appropriation and by $1,605,600 in 2017-18 and $1,463,500 in 2018-19 in the critical access hospital SEG appropriation to reflect that these transfers would be made directly from the respective funds, rather than through the SEG appropriations.

Specify that the SEG appropriations from the hospital assessment fund and the critical access hospital assessment fund shall be continuing appropriations, reflecting the amount of the assessment collected, minus the amounts transferred to the MA trust fund. Specify that the

amount of the annual hospital assessment shall equal $414,507,300, rather than the amount that appears in the Chapter 20 schedule of appropriations for the hospital assessment SEG appropriation. This change is necessary to maintain the assessment at the current level, since the hospital assessment SEG appropriation would no longer reflect the full amount of the assessment. Modify provisions related to refunds of assessment revenues made in certain circumstances to conform with the treatment of the hospital assessment and critical access hospital assessment SEG appropriations.

These changes have the effect of modifying the Chapter 20 appropriation schedule to eliminate SEG funds that are currently reflected twice, both from the SEG appropriations for the two assessment funds from which the transfers are made and in the SEG appropriation for the medical assistance trust fund from which the transferred amounts are used for general MA benefits. This item does not affect the overall level of funding available for MA benefits or the provisions for the payment of hospital access payments, hospital supplemental payments, or assessment refunds paid to hospitals from the hospital assessment funds.

4. SENIORCARE COST-TO-CONTINUE [LFB Paper 321]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$4,178,400	- $9,340,200	- $5,161,800
FED	3,814,400	- 7,684,900	- 3,870,500
PR	46,300,300	- 36,277,700	10,022,600
Total	$54,293,100	- $53,302,800	$990,300

Governor: Provide $17,626,900 ($752,900 GPR, $634,500 FED, and $16,239,500 PR) in 2017-18 and $36,666,200 ($3,425,500 GPR, $3,179,900 FED, and $30,060,800 PR) in 2018-19 to fund projected increases in the cost of benefits under the SeniorCare program. SeniorCare provides drug benefits for Wisconsin residents over the age of 65 who are not eligible for full Medicaid benefits.

The program is supported with a combination of state funds (GPR), federal funds the state receives under a Medicaid demonstration waiver (FED), and program revenue (PR) from rebate payments DHS collects from drug manufacturers. The program has four income eligibility categories: (a) less than 160% of the federal poverty level (FPL); (b) 160% of FPL to 200% of FPL; (c) 200% of FPL to 240% of FPL; and (d) greater than 240% of FPL. Each of these eligibility tiers has different requirements for deductibles. Persons in the last category, known as "spend-down" eligibility, do not receive benefits until they have out-of-pocket drug expenses in an annual period that exceed the difference between their annual income and 240% of the FPL, plus the deductible.

The funding increase reflects the administration's 2017-19 assumptions for enrollment, distribution of enrollees among eligibility categories, cost per enrollee, federal matching percentages, and drug rebate revenue estimates. The administration projects that during the three-year period from 2016-17 through 2018-19, SeniorCare enrollment will increase by 2% annually in the lowest two income eligibility categories ("a" and "b" above), by 4% annually in the third

highest category ("c" above), and by 10% annually in the spend-down category ("d" above). The administration also projects that the per beneficiary cost will increase by 12% annually in 2016-17 and 2018-19 and by 15.5% in 2017-18. The share of program costs funded with drug rebates is projected to increase slightly from current levels.

The following table summarizes SeniorCare funding under the bill, and includes actual and projected expenditures for 2015-16 and 2016-17.

	GPR	FED	PR	Total
2015-16 Actual Expenditures	$18,241,800	$17,180,800	$63,290,600	$98,713,200
2016-17 Projected Expenditures	$18,587,400	$17,952,100	$72,082,200	$108,621,700
2016-17 Appropriation Base	22,051,500	21,535,600	67,358,900	110,946,000
2017-18 Increase to Base	$752,900	$634,500	$16,239,500	$17,626,900
2017-18 Total Funding	22,804,400	22,170,100	83,598,400	128,572,900
2018-19 Increase to Base	$3,425,500	$3,179,900	$30,060,800	$36,666,200
2018-19 Total Funding	25,477,000	24,715,500	97,419,700	147,612,200

The following table shows the SeniorCare enrollment projections, by income enrollment category, which were used to develop the cost-to-continue estimate.

Income Category	2016-17	2017-18	2018-19
Less than 160% of FPL	30,800	31,400	32,000
160% of FPL to 200% of FPL	16,900	17,300	17,600
200% of FPL to 240% of FPL	10,600	11,000	11,500
Greater than 240% of FPL	33,400	36,800	40,400
Total Enrollment	91,700	96,400	101,500

Joint Finance: Reduce funding by $22,998,000 (-$4,790,600 GPR, -$4,037,100 FED, and -$14,170,300 PR) in 2017-18 and by $30,304,800 (-$4,549,600 GPR, -$3,647,800 FED, and -$22,107,400 PR) in 2018-19 to reflect a reestimate of providing SeniorCare benefits in the 2017-19 biennium. The Committee's estimate is based on updated projections of the SeniorCare caseload, federal matching percentage, and the average per person cost of benefits.

The following table summarizes SeniorCare funding under the Finance Committee, and includes actual and projected expenditures for 2015-16 and 2016-17.

	GPR	FED	PR	Total
2015-16 Actual Expenditures	$18,241,800	$17,180,800	$63,290,600	$98,713,200
2016-17 Projected Expenditures	$15,947,500	$15,040,300	$69,119,600	$100,107,400
2016-17 Appropriation Base	22,051,500	21,535,600	67,358,900	110,946,000
2017-18 Change to Base	-$4,037,700	-$3,402,600	$2,069,200	-$5,371,100
2017-18 Total Funding	18,013,800	18,133,000	69,428,100	105,574,900
2018-19 Change to Base	-$1,124,100	-$467,900	$7,953,400	$6,361,400
2018-19 Total Funding	20,927,400	21,067,700	75,312,300	147,612,200

The following table shows the SeniorCare monthly average enrollment projections, by income enrollment category, which were used to develop the cost-to-continue estimate.

Income Category	2016-17	2017-18	2018-19
Less than 160% of FPL	30,268	30,304	30,468
160% of FPL to 200% of FPL	16,483	16,424	16,513
200% of FPL to 240% of FPL	10,361	10,439	10,544
Greater than 240% of FPL	33,842	38,122	43,078
Total Enrollment	90,954	95,289	100,603

For the first two enrollment categories (less than 160% of FPL and 160% of FPL to 200% of FPL), the Committee's estimate is based on the assumption that enrollment will remain unchanged through 2017-18 (0% growth) and then grow at 1% on an annualized basis in 2018-19. For the third category (200% of FPL to 240% of FPL), it was assumed that enrollment will grow from current levels at an annualized growth rate of 1% through the end of the biennium. Finally, for the spend-down category (over 240% of the FPL), it was assumed that enrollment will grow at an annualized rate of 13%.

For average costs, the Committee's estimate assumes a 5% annual growth rate in 2017-18, and a 10% annual growth rate in 2018-19.

5. NURSING HOME AND ICF-IID REIMBURSEMENT [LFB Paper 322]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$21,191,400	- $1,097,700	$20,093,700
FED	30,282,400	- 1,528,500	28,753,900
Total	$51,473,800	- $2,626,200	$48,847,600

Governor: Increase funding for MA benefits by $18,354,900 ($7,579,700 GPR and $10,775,200 FED) in 2017-18 and $33,118,900 ($13,611,700 GPR and $19,507,200 FED) in 2018-19 to increase MA reimbursement to nursing homes.

Provide funding to: (a) increase reimbursement rates paid to nursing homes by 2% in 2017-18, and by an additional 2% in 2018-19; (b) increase funding for behavioral and cognitive impairment (BEHCI) access and improvement incentives by $5,000,000 (all funds) annually, which are intended to provide additional financial support for nursing homes that care for residents with dementia, psychiatric diagnoses, and other challenging behaviors; and (c) increase reimbursement rates paid to intermediate care facilities for individuals with intellectual disabilities (ICFs-IID) by 1% in 2017-18, and an additional 1% in 2018-19.

Joint Finance: Modify the Governor's recommendation by reducing funding by $835,100 (-$345,600 GPR and -$489,500 FED) in 2017-18 and by $1,791,100 (-$752,100 GPR and -$1,039,000 FED) in 2018-19 to reflect revised estimates of the state's federal medical assistance percentage and MA-funded patient days for nursing home care in the 2017-19 biennium.

The following table summarizes the funding that would be provided under Joint Finance.

Nursing Home Reimbursement Increases
Joint Committee on Finance

		2017-18	2018-19
Nursing Home Rates	GPR	$5,140,000	$10,748,700
(2% /2%)	FED	7,308,500	15,442,200
	Total	$12,448,500	$26,190,900
BEHCI Incentives	GPR	$2,064,700	$2,054,700
($5.0 million All Funds)	FED	2,935,300	2,945,300
	Total	$5,000,000	$5,000,000
ICF-IID Rates	GPR	$29,400	$56,200
(1%/1%)	FED	41,900	80,700
	Total	$71,300	$136,900
Grand Total -- Change to Base		$17,519,800	$31,327,800

6. CHILDREN'S LONG-TERM SUPPORT SERVICES [LFB Paper 323]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$15,853,400	$414,200	$16,267,600
FED	23,419,400	- 135,100	23,284,300
Total	$39,272,800	$279,100	$39,551,900

Governor: Provide $14,067,300 ($5,656,000 GPR and $8,411,300 FED) in 2017-18 and $25,205,500 ($10,197,400 GPR and $15,008,100 FED) in 2018-19 to increase funding for

services provided under the children's long-term support (CLTS) services program. The administration estimates that the funding increase provided under this item, program funding adjustments that would be provided under the MA cost-to-continue item, and the statutory changes in the bill that are intended to ensure the continuation of county support for these services, as described below, would enable the state to eliminate waiting lists for the CLTS program by the end of 2017-18.

Funding. Base funding for the CLTS program, which is included as part of the MA benefits budget, is approximately $76.1 million ($32.0 million GPR and $44.1 million FED). In response to a federal policy change, beginning in January, 2016, DHS began a transition to provide autism behavioral treatment services, which were funded under the CLTS program, as a state plan service. As part of the MA cost-to-continue item, funding for waiver services is reduced by approximately $23.3 million annually, and increased for state plan services by a corresponding amount to reflect this change. The MA cost-to-continue item also includes a 3% annual increase in funding for CLTS program services in each year.

This item would fund the difference between the available funding for the program (after the base reestimate adjustments) and the estimate of total program costs, including the cost of providing services to eligible children who are on waiting lists for CLTS services (approximately 2,200 children). Since DHS would phase in the enrollment of children on waiting lists in 2017-18, the cost of providing services to these children ($15.3 million) is slightly more than half of the annualized costs ($28.1 million).

Maintenance of Effort. Authorize DHS to require counties to maintain a specified level of contributions for the CLTS program. Specify that DHS must determine the amount of contribution that each county is required to maintain based on the county's historical expenditures for the program.

County Cooperation. Require counties to cooperate with DHS to determine an equitable funding methodology and county contribution mechanism for contributing to CLTS program costs, and to ensure that county contributions determined by DHS are expended for the program in the counties.

County Contracts. Authorize DHS to contract with a county or a group of counties to deliver services under the program.

Joint Finance: Modify the Governor's recommendations by increasing funding by $94,900 ($191,600 GPR and -$96,700 FED) in 2017-18 and by $184,200 ($222,600 GPR and -$38,400 FED) in 2018-19 to reflect revised estimates of the state's federal medical assistance percentage and to increase from $0.72 to $0.82, per diem payments DHS makes to a third-party administrator to reimburse service providers and to collect data for federal reporting purposes.

In addition, effective, December 31, 2017, repeal 2015 Act 55 provisions that specify that any funding the state retains for the provision of school-based services the exceed $42.2 million in 2015-16 and $41.7 million in 2016-17 be transferred to the MA trust fund to fund services for children on the CLTS waiting list.

The following table summarizes the total funding that would be budgeted for the CLTS program under Joint Finance.

Children's Long-Term Support Services
Summary of Total Funding Budgeted for CLTS under Joint Finance

Source	2017-18 GPR	2017-18 FED	2017-18 Total	2018-19 GPR	2018-19 FED	2018-19 Total
Base Funding (from MA Base Reestimate)	$22,530,000	$32,035,300	$54,565,300	$23,041,400	$33,102,400	$56,143,800
Expenditures						
Est. Ongoing Program Costs -- Current Law	$26,640,600	$37,880,100	$64,520,700	$26,479,300	$38,041,400	$64,520,700
Less County Funding	-4,587,700	-6,523,200	-11,110,900	-4,582,100	-6,582,900	-11,165,000
Services for Children on Current Waiting List	6,324,700	8,993,000	15,317,700	11,564,200	16,613,600	28,177,800
Subtotal	$28,377,600	$40,349,900	$68,727,500	$33,461,400	$48,072,100	$81,533,500
Difference Between Base Funding and Estimated Net Program Costs (Change to Base)	$5,847,600	$8,314,600	$14,162,200	$10,420,000	$14,969,700	$25,389,700

7. CHILDLESS ADULT EMPLOYMENT AND TRAINING WAIVER [LFB Paper 324]

	Governor (Chg. to Base) Funding	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Funding	Jt. Finance (Chg. to Gov) Positions	Net Change Funding	Net Change Positions
GPR	$9,863,500	12.00	- $9,863,500	- 12.00	$0	0.00
FED	9,863,500	12.00	- 9,863,500	- 12.00	0	0.00
Total	$19,727,000	24.00	- $19,727,000	- 24.00	$0	0.00

Governor: Modify a current law provision, enacted as part of the 2015-17 biennial budget, that requires DHS to submit a waiver request to the federal Department of Health and Human Services (DHHS) to impose certain eligibility requirements and restrictions on childless adults participating in BadgerCare Plus, to require DHS to also include in the waiver request a program to provide employment and training services to childless adults. Require DHS to implement the employment and training program, if approved by DHHS, and if the federal government provides federal financial participation for providing employment and training services.

Under the 2015-17 budget provision, DHS is required to seek a waiver that would modify BadgerCare Plus program requirements for childless adults to do all of the following: (a) impose monthly premiums; (b) impose higher premiums for enrollees who engage in behaviors that increase their health risks; (c) require a health risk assessment for all childless adults; (d) limit childless adult eligibility to no more than 48 months; and (e) require enrollees to submit to drug screening, and, if indicated, a drug test. DHS is currently developing a waiver application in accordance with these requirements. The administration indicates that the new employment and

training program would be incorporated into that application.

Provide $1,608,000 GPR, 1.0 GPR position, $1,608,000 FED, and 1.0 FED position in 2017-18 and $8,255,500 GPR, 12.0 GPR positions, $8,255,500 FED, and 12.0 FED positions in 2018-19 to implement the childless adult employment and training program. The following table shows the funding and positions that would be provided, by year and by appropriation.

Childless Adult Employment and Training Program Funding and Positions by Appropriation

	2017-18		2018-19	
	Funding	Positions	Funding	Positions
GPR				
Contracted Employment and Training Services	$0	0.0	$5,471,100	0.0
MA Administrative Contracts	1,502,900	0.0	1,578,100	0.0
State Staff	105,100	1.0	473,500	12.0
Income Maintenance Administration	0	0.0	732,800	0.0
Total GPR	$1,608,000	1.0	$8,255,500	12.0
FED				
Contracted Employment and Training Services	$0	0.0	$5,471,100	0.0
MA Administrative Contracts	1,502,900	0.0	1,578,100	0.0
State Staff	105,100	1.0	473,500	12.0
Income Maintenance Administration	0	0.0	732,800	0.0
Total FED	$1,608,000	1.0	$8,255,500	12.0

Income Maintenance Consortia and Tribal Contracts

The funding provided by the bill is based on the costs associated with administering the employment and training program for FoodShare participants. In 2017-18, funding and positions would be provided for implementation costs, primarily for making modifications to the system used to track public benefit program data (the client assistance for reemployment and economic support system, or CARES), and for 2.0 positions in the Department's central office for administering the program. In 2018-19, along with costs for completing CARES modifications, the bill would provide funding for initiating program services in April of 2019, which includes: (a) funding for making payments to county and tribal income maintenance consortia for costs associated with program enrollment and management; (b) funding and positions (22.0 positions) for enrollment and management functions conducted by DHS for program participants in Milwaukee County (income maintenance functions are conducted by DHS for Milwaukee County); and (c) funding for contracts with employment and training service agencies. The following table shows the total funding for each purpose. The funding provided by the bill assumes that the state would receive federal funds at a 50% matching rate for these program costs. Consequently, the amounts shown in the table would be split equally between state GPR and federal funds.

Childless Adult Employment and Training Funding by Purpose
(All Funds)

Purpose	2017-18	2018-19
CARES Modifications	$3,005,800	$3,156,200
DHS Central Office Positions	150,900	181,200
State Staff Development	59,300	0
Employment and Training Agency	0	10,942,200
Consortia/Tribal Workload	0	1,465,600
Milwaukee Enrollment Services (DHS Staff)	0	751,700
Income Maintenance Staff Training	0	14,100
Total	$3,216,000	$16,511,000

The Department assumes that program services would begin in April of 2019, three months before the end of the biennium. According to the administration's estimates, the program would be fully phased in in 2019-20, and total annual costs are estimated at $48.4 million beginning in that year.

The funding and positions provided by the bill are based on the assumption that 49,200 childless adults would be newly enrolled in the employment and training program, which would be approximately one-third of the total number of childless adults currently enrolled in BadgerCare Plus. The administration assumes that the remainder of the childless adults would not be enrolled in the program, either because they are currently employed, are already participating in an employment and training program (such as the program for FoodShare participants), or would qualify for an exemption. The administration indicates that policies with respect to exemptions have not yet been determined and would be established as part of the waiver development and approval process.

The bill does not assume a reduction in childless adult BadgerCare Plus enrollment or a reduction in MA benefits costs as a result of an employment and training participation requirement. The administration indicates that it was assumed that the employment and training program participation requirement would be incorporated with the proposed 48-month limit on participation. That is, eligibility for BadgerCare Plus as a childless adult would be contingent upon enrollment in employment and training only after a person had been enrolled for 48 months without meeting employment or training requirements. Consequently, no childless adult would lose MA coverage as a result of the employment and training provision until at least 48 months following the implementation of the waiver provisions.

Joint Finance: Delete the funding and positions related to the implementation of the proposed childless adult employment and training program. This would require the Department to implement the program with base funding and positions.

If the Secretary of DHHS approves the waiver amendment, require the Department to submit a report to the Joint Committee on Finance no later than three months following the final approval. Specify that the report shall include the following: (a) a description of each component of the approved waiver, including any pertinent information on the Department's plan for

implementation; and (b) an estimate of the impact on MA enrollment and the MA budget of the waiver provisions in the 2017-19 biennium and beyond.

Specify that the Department may not implement any approved portion of the waiver amendment unless the Committee meets under s. 13.10 of the statutes to review the report and approves that portion of the waiver amendment. Specify that the Committee may approve or disapprove the waiver amendment by removing one or more components. Require the Department to implement the waiver amendment as approved, with any modifications adopted by the Committee. Require the Department to submit a subsequent waiver amendment to CMS consistent with the Committee's actions if necessary to implement the waiver as modified.

8. COVERAGE OF INSTITUTE FOR MENTAL DISEASE SERVICES

Joint Finance: Modify provisions in state law that prohibit MA coverage of services provided in an institution for mental disease (IMD) for persons ages of 21 through 64 to permit DHS to provide MA coverage for these services to the extent permitted under federal law or under waiver agreement, if federal financial participation is available to support these services.

With limited exceptions, state and federal law prohibit reimbursement for IMD services for persons between the ages of 21 years and 64 years old. For the purposes of this provision, an IMD is defined as an institution with more than 16 beds that is primarily engaged in the diagnosis, treatment, and care of persons with mental diseases. The Department recently submitted a federal waiver to allow the state to receive federal matching funds for IMD services for persons requiring substance abuse treatment. This item would modify state law to allow such coverage to the extent that the state receives federal approval under the waiver.

9. PERSONAL CARE RATE INCREASE [LFB Paper 325]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$6,197,100	- $88,100	$6,109,000
FED	8,773,500	- 28,300	8,745,200
Total	$14,970,600	- $116,400	$14,854,200

Governor: Increase MA benefits funding by $5,034,300 ($2,085,900 GPR and $2,948,400 FED) in 2017-18 and $9,936,300 ($4,111,200 GPR and $5,825,100 FED) in 2018-19 to increase MA reimbursement rates for personal care services.

Personal care services are medically-oriented activities that assist MA beneficiaries with activities of daily living necessary to maintain the individual in his or her place of residence in the community. These activities may include assistance with daily living tasks, such as eating, dressing, bathing, and meal preparation.

The current fee for service reimbursement rate for personal care services is $16.08 per hour. The additional funding in the bill represents the administration's estimate of the cost,

including GPR and federal matching funds, to increase personal care rates by 2% in the first year of the biennium followed by an additional 2% increase in the second year. This would result in new rates of $16.40 in 2017-18 and $16.73 in 2018-19. The estimate assumes that new rates would take effect on July 1, 2017.

Joint Finance: Reduce funding in the bill by $78,500 (-$39,400 GPR and -$39,100 FED) in 2017-18 and by $37,900 (-$48,700 GPR and $10,800 FED) in 2018-19 to reflect a reestimate of the costs of Governor's proposal.

10. REPEAL AMBULATORY SURGICAL CENTER ASSESSMENT [LFB Paper 326]

SEG-REV	- $10,000,000
GPR	$5,239,700
FED	- 7,287,900
SEG	- 10,000,000
Total	- $12,048,200

Governor/Joint Finance: Repeal all statutory provisions relating to the ambulatory surgical center (ASC) assessment, including a Department of Revenue (DOR) appropriation that funds administration of the assessment. [See "Revenue -- Tax Administration" for the DOR fiscal effect associated with this item.]

Reduce estimates of revenue the state collects from the assessment for deposit to the MA trust fund (SEG revenue) by $5,000,000 annually to reflect the elimination of the assessment. Reduce funding by $6,024,100 ($2,616,300 GPR, -$3,640,400 FED, and -$5,000,000 SEG) in 2017-18 and $6,024,100 ($2,623,400 GPR, -$3,647,500 FED, and -$5,000,000 SEG) in 2018-19 to reflect the loss of MA trust fund revenue, and the administration's intent to stop making ASC access payments for services ASCs provide to MA recipients following the elimination of the assessment.

Under current law, DOR may collect an assessment on the gross patient revenues of ASCs located in Wisconsin, consistent with federal regulations relating to permissible health care provider taxes. In 2015-16, and in previous years dating back to 2010-11, DOR has collected and transferred to the MA trust fund approximately $16.6 million in ASC assessment revenues. A portion of these assessment revenues, along with federal matching dollars, are used to fund ASC access payments, which were previously budgeted at $20.0 million annually. Of the $20 million budgeted for these payments, approximately $7.9 million has been provided from the ASC assessment revenues deposited in the MA trust fund and $12.1 million has been provided from federal matching funds. The balance of the ASC assessment revenues not used for that purpose (approximately $8.7 million) is used to support other MA benefit expenditures.

As part of the MA cost-to-continue item, DHS anticipates that assessments will be reduced to approximately $5 million, allowing for ASC access payments of $6 million and offsetting GPR savings of $2.6 million. This anticipated reduction is due to the Department's determination that access payments at previous levels may not comply with federal regulations regarding upper payment limits for provider reimbursement in the MA program. The Department believes that the $6 million in annual access payments anticipated in the cost-to-continue item will not exceed federal reimbursement limits. Nevertheless, the bill would eliminate the ASC assessment and access payments entirely, and the funding changes in the bill reflect the elimination of these previously-reduced assessment amounts. Both reducing the access payments and eliminating

them entirely would require the Department to seek an MA state plan amendment from the federal Centers for Medicare and Medicaid Services.

The SEG funding reductions in this item reflect a reduction in funding from the MA trust fund and related MA matching funds that would support access payments (-$2.4 million annually) and other MA benefits costs (-$2.6 million annually). The FED reductions represent the amount of federal matching funds that would have been expended for access payments under current law (-$3.6 million annually). The GPR funding increase corresponds with the amount of SEG revenue from the assessments that DHS would use to fund other MA benefits costs under current law, which would be replaced with GPR under the bill.

11. MEDICAL ASSISTANCE PURCHASE PROGRAM AND EBD MA ELIGIBILITY

[LFB Paper 327]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $168,300	1.50	- $226,200	- 1.50	- $394,500	0.00
FED	- 498,200	1.50	- 226,200	- 1.50	- 724,400	0.00
PR	4,771,600	0.00	0	0.00	4,771,600	0.00
Total	$4,105,100	3.00	- $452,400	- 3.00	$3,652,700	0.00

Governor: Provide $901,200 ($450,600 GPR and $450,600 FED) in 2017-18 and $3,203,900 (-$618,900 GPR, -$948,800 FED, and $4,771,600 PR) in 2018-19 and 3.0 positions (1.50 GPR positions and 1.50 FED positions), beginning in 2018-19, to reflect the net effect of: (a) changes to MA benefits costs due to provisions in the bill that would modify the financial eligibility, premium, and work requirements for the medical assistance purchase plan (MAPP) program and financial eligibility requirements for elderly, blind, or disabled (EBD) MA recipients and MA-supported long-term care programs (-$756,500 GPR, -$1,086,400 FED and $4,771,600 PR in 2018-19); and (b) increases in MA administrative costs to implement these changes ($450,600 GPR and $450,600 FED in 2017-18 and $137,600 GPR and $137,600 FED in 2018-19).

Income Calculation for MAPP and Other Long-Term Care Programs. Subject to federal approval, exclude medical and remedial expenditures and long-term care costs that exceed $500 per month that would be incurred by the individual in absence of coverage under MAPP or an MA long-term care program from countable income. Currently, an individual may qualify for MAPP if the individual's net household income is less than 250% of the federal poverty level (FPL) for the size of the individual's household (currently $30,150 for a single-person household). The bill would maintain the current income limit, but enable individuals to "spend down" to meet this standard.

Asset Exclusion for Certain Retirement Benefits. Subject to federal approval, exclude assets from retirement benefits accumulated from income or employer contributions while the individual is employed and receiving MA benefits. Currently, an individual may qualify for MAPP if the individual's assets do not exceed $15,000. The bill would maintain the asset limit,

but exclude these retirement benefits from the calculation.

In addition, exclude any assets accumulated in an individual's independence account when determining financial eligibility for the community options program, the community integration programs, Family Care, IRIS, the Family Care Partnership program, and certain SSI Medicaid categories. Assets accrued in an independence account are excluded when determining MAPP eligibility under current law.

MAPP Premium Payments. Establish a new premium structure for MAPP participants so that each MAPP participant would pay a premium of at least $25 per month. For a participant whose individual income exceeds 100% of the FPL for a single-person household ($12,060 annually), require the individual to pay, in addition to the $25 monthly premium, a premium equal to 3% of his or her adjusted earned and unearned income that exceeds 100% of the FPL. Require DHS to temporarily waive an individual's monthly premiums when DHS determines that paying the premium would be an undue hardship on the individual.

Under current law, individuals enrolled in MAPP pay a monthly premium if their individual gross monthly income, before deductions or exclusions, exceeds 150% of the FPL for their household size ($18,090 for an individual). The premium consists of two parts, reflecting different rates for unearned and earned income. The part of the premium based on unearned income equals 100% of unearned income that is in excess of the following deductions: (a) standard living allowance ($838 per month in calendar year 2017); (b) impairment-related work expenses; (c) out-of-pocket medical and remedial expenses; and (d) a cost of living adjustment disregard. The part of the premium based on earned income is equal to 3% of earned income. If the deductions for unearned income are greater than unearned income, any remaining deductions can be applied to earned income before the 3% premium rate is applied.

Based on the current methodology, approximately 1,200 participants, representing 4% of the total number of MAPP participants, pay premiums.

MAPP Proof of Gainful Employment and Earned Income. Subject to federal approval, require that MAPP participants prove gainful employment and earned income to the Department by providing wage income or prove in-kind work income by federal tax filing documentation. To qualify as gainful income, specify that the amount of in-kind income must be equal to, or exceed, the minimum amount for which federal income tax reporting is required.

Under current law, MAPP participants must meet a work requirement. Under current policy, participants must engage in a work activity at least once per month or be enrolled in a health and employment counseling (HEC) program. An individual is also considered to be working if he or she engages in in-kind work in lieu of employment, meaning he or she receives something of value as compensation for a work activity. However, DHS does not currently require MAPP members to demonstrate that they are paying income and payroll taxes to prove that they are meeting MAPP's work requirement.

Under the bill, in-kind work would be considered for the purposes of MAPP eligibility only when the annual value of in-kind compensation received by the member reaches the IRS threshold for reportable earnings, which is $33.33 per month.

Financial Eligibility Changes for EBD Medicaid. Subject to federal approval, increase the income eligibility limit for medically indigent elderly, blind, or disabled individuals in the MA program by establishing the income threshold at 100% of the FPL. In 2017, this equals monthly income of $1,005 for a one-person household and $1,353 for a two-person household.

The current elderly, blind, and disabled (EBD) medically needy income limit in Wisconsin is $591.67 per month for both one- and two-person households, an amount that is not based on annual changes in the FPL. Under the bill, the same maximum income limit would be established for the EBD medically needy MA recipients as currently applies to nondisabled, nonpregnant adults enrolled in BadgerCare Plus, and would change each year to reflect changes in the FPL.

Federal Approval and Contingency. Provide that if DHS determines that a state plan amendment or waiver of federal Medicaid law is necessary to implement the premium methodology and changes to the income and asset standards in the bill, require DHS to submit a state plan amendment or waiver request to the U.S. Department of Health and Human Services (DHHS) requesting these changes. Provide that if DHHS disapproves the state plan amendment or waiver in whole or in part, DHS may maintain the current income and asset eligibility requirements, and premium methodologies for MAPP, rather than the income and asset eligibility requirements and premium methodologies in the bill.

Position Authority and One-Time Contracted Services. Of the additional 3.0 positions provided to implement the program changes, 2.0 positions would be permanent positions and 1.0 position would be a project position, expiring June 30, 2020. Of the funding provided in 2017-18, $730,000 ($365,000 GPR and $365,000 FED) would be to fund estimated costs of making one-time changes to the CARES eligibility system.

Effective Date and Initial Applicability. Provide that the statutory changes to MAPP would take effect on July 1, 2018. Specify that the changes relating to program eligibility and premium determinations would first apply to initial eligibility determinations and cost-sharing reviews and reviews for continued eligibility and cost-sharing on July 1, 2018, or on the first day of the fourth month beginning after the date of federal approval of the state plan amendment or waiver request, whichever is later.

MA Benefits Funding Change Summary. The following table summarizes 2018-19 MA benefits funding changes of each component of this item.

	GPR	FED	PR	Total
MA Benefits Costs				
New Eligibility Standard for EBD Medicaid	$1,764,400	$2,533,800	$0	$4,298,200
MAPP Income Exclusions	634,000	910,400	0	1,544,400
Income Eligibility -- Deduct Expenses > $500 per month	567,000	814,300	0	1,381,300
Asset Exclusion for MAPP Retirement Benefits	205,200	294,800	0	500,000
Asset Exclusion for other MA and MA-Supported Long-Term Care Programs	205,200	294,800	0	500,000
HEC Enrollment Increases	283,500	407,100	0	690,600
Individuals Transferring from EBD MA to MAPP due to New Premium Structure	280,800	403,200	0	684,000
Premium Hardship Exemption	60,300	86,600	0	146,900
MA Benefit Savings				
Establish New Premium Structure	-1,958,700	-2,812,900	4,771,600	0
MAPP Enrollees Transferring to EBD MA, with Spend-Down	-1,845,600	-2,650,400	0	-4,496,000
Requirement that MAPP Participants Document Work	-952,600	-1,368,100	0	-2,320,700
Net Effect on MA Benefits Costs	-$756,500	-$1,086,400	$4,771,600	$2,928,700

Joint Finance: Modify the Governor's provision by deleting the additional DHS position authority and associated funding provided under the bill. Reduce funding by $173,600 (-$86,800 GPR and -$86,800 FED) in 2017-18 and by $278,800 (-$139,400 GPR and -$139,400 FED) in 2018-19 and delete 3.0 positions (-1.50 GPR positions and -1.50 FED positions), beginning in 2017-18.

12. LEAD POISONING -- MA REIMBURSEMENT FOR INVESTIGATIONS AND STATUTORY DEFINITION

GPR	$73,200
FED	109,800
Total	$183,000

Governor/Joint Finance: Increase MA benefits funding by $61,000 ($24,400 GPR and $36,600 FED) in 2017-18 and by $122,000 ($48,800 GPR and $73,200 FED) in 2018-19 to increase, from $105.26 to $800, the MA reimbursement rate for lead investigations. The funding in the bill reflects an anticipated effective date of January 1, 2018.

Lead investigations are provided for children enrolled in the MA program as a part of the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit. Under current Department policy, an environmental investigation of the home of a lead-poisoned child is reimbursable through the MA program if all of the following conditions are met: (a) the child's blood lead level (BLL) is found to be greater than 10 micrograms per deciliter (mcg/dL) of blood; (b) a certified risk assessor or hazard investigator performs the service, and (c) prior authorization is received. The investigation entails the identification of potential sources of high-dose exposure to lead, as well as education for parents about identified and potential sources of lead and ways to reduce exposure. A follow-up investigation may also be provided.

Modify the statutory definition of "lead poisoning or lead exposure" from the current law definition of 10 or more micrograms per 100 milliliters of blood to a reduced threshold of 5 or

more micrograms per 100 milliliters of blood, which is the current standard used by the Centers for Disease Control and Prevention (CDC). The bill would retain a current statutory provision that requires DHS, notwithstanding the statutory definition, to promulgate a rule defining "lead poisoning or lead exposure," to correspond to the specification of the CDC.

13. HOMELESSNESS SERVICES COORDINATOR

	Funding	Positions
GPR	$70,700	0.50
FED	70,700	0.50
Total	$141,400	1.00

Governor/Joint Finance: Provide $63,600 ($31,800 GPR and $31,800 FED) in 2017-18 and $77,800 ($38,900 GPR and $38,900 FED) in 2018-19 to fund 1.0 position (0.5 GPR position and 0.5 FED position), beginning in 2017-18, to coordinate a federal waiver request that, if approved, would permit DHS to use MA funds for intensive care management services intended to assist homeless MA recipients to obtain permanent housing.

14. MA OVERPAYMENT RECOVERY

GPR	- $18,000
FED	- 26,000
PR	44,000
Total	$0

Governor/Joint Finance: Increase funding by $22,000 PR annually and make corresponding annual GPR and FED funding reductions (-$9,000 GPR and -$13,000 FED) to reflect estimates of savings that the MA program would realize by modifying its MA overpayment recovery procedures. Under this item, estimated recoveries, treated as PR, would replace GPR and FED funding used for MA benefits.

DHS Orders to Compel Payments. Specify that when DHS issues an order to compel payment from an individual, it must do so personally or by any type of mail service which requires a signature of acceptance from the recipient at the address of the person who is liable for repayment, as it appears on DHS records. Specify that the refusal or failure to accept or receive the order by the individual who is liable for payment does not prevent DHS from enforcing the order to compel repayment. Under current law, there is no specified manner for DHS to issue an order for payment.

Currently, DHS may issue orders for payment from MA recipients, or parents of minor MA recipients, who are liable for repayment of incorrect MA payments, and from employers who are assessed penalties for failing to provide information regarding an MA recipient's access to coverage. These orders may be issued after a liable individual fails to repay the incorrect amount, or fails to comply with an agreement for repayment.

Evidence Required for Discovery. Modify provisions relating to the evidence necessary for a circuit court judgment on an order for overpayment recovery. Under current law, if an individual fails to pay the amount due under the order, and no contested case regarding the order is pending and the window for contesting has passed, DHS may seek a judgment from a circuit court in any county. Permit DHS to present a true and accurate copy of the order to the court, rather than a certified copy, as required under current law. Specify that an affidavit from the DHS collections unit would serve as evidence of incorrect payment or failure to pay a penalty. Under current law, a sworn statement of the DHS Secretary is required as evidence.

15. BIRTH TO 3 PROGRAM -- MA REIMBURSEMENT FOR SERVICES

Governor/Joint Finance: Repeal the following statutory requirements relating to the Birth to 3 program: (a) that DHS reimburse counties for the federal share of MA allowable charges of services provided by MA-certified special educators that provide Birth to 3 services; (b) that counties pay the remaining expenses for these services; (c) that DHS promulgate rules relating to certification requirements for special educators and county expenditure reporting; and (d) that counties expend the MA federal share they receive for Birth to 3 services and for services counties provide under the children's long-term support program. Repeal a provision that limits MA coverage for Birth to 3 services to those services provided by MA certified special educators.

Authorize DHS to pay the costs of services provided under the program that are included in a participant's individualized service plan and that are not authorized for payment under the state MA plan or DHS policy before July 1, 2017, including any Birth to 3 program services that are delivered by the type of provider that becomes certified to provide MA service on or after July 1, 2017. Modify the GPR appropriation that currently funds Birth to 3 service costs to fund these MA eligible services, in addition to non-MA eligible costs. The bill would maintain base funding for this appropriation ($5,789,000 annually).

The Executive Budget Book indicates that the Governor's recommendation is to authorize DHS to submit any MA state plan amendment that increases MA reimbursement for Birth to 3 services. However, no provisions relating to this recommendation are included in the bill.

16. DISPROPORTIONATE SHARE HOSPITAL PAYMENTS AND RURAL CRITICAL CARE SUPPLEMENTS

GPR	$25,500,000
FED	36,446,500
Total	$61,946,500

Joint Finance: Increase disproportionate share hospital (DSH) payments under the MA program, and create a new supplemental payment for hospitals that would otherwise qualify for DSH payments but for the fact that they do not provide obstetric services.

DSH Payments. Increase MA benefits funding by $30,273,700 ($12,500,000 GPR and $17,773,700 FED) in 2017-18 and $30,458,100 ($12,500,000 GPR and $17,958,100 FED) in 2018-19, to increase DSH payments to hospitals. Modify statutory provisions relating to the program by: (a) increasing, from $15,000,000 to $27,500,000 per year, the state share of payments, in addition to the federal matching funds, that DHS is required to pay to hospitals that serve a disproportionate share of low-income patients; and (b) increasing, from $2,500,000 (all funds) to $4,600,000 (all funds) the maximum amount any single hospital can receive.

Rural Critical Care Supplement. Increase MA benefits funding by $605,500 ($250,000 GPR and $355,500 FED) in 2017-18 and by $609,200 ($250,000 GPR and $359,200 FED) in 2018-19 to create a "rural critical care supplement" payment to hospitals that would meet all of the criteria for disproportionate share hospitals, but do not provide obstetric services. Provide that the state's share of these payments would be $250,000, and that DHS would annually make supplemental payments totaling this amount, in addition to federal MA matching funds, to these

hospitals.

17. FAMILY CARE -- FUNDING FOR DIRECT CARE SERVICES

FED	$35,731,800

Joint Finance: Provide $30,273,700 ($12,500,000 GPR and $17,773,700 FED) in 2017-18 and $30,458,100 ($12,500,000 GPR and $17,958,100 FED) in 2018-19 to increase funding for capitation rates DHS provides to managed care organizations (MCOs) under the Family Care program. This funding is provided in addition to funding increases for capitation payments provided as part of the MA base reestimate item.

Require DHS to work with the Family Care MCOs and Centers for Medicaid and Medicare Services (CMS) to develop an allowable payment mechanism to increase the direct care and services portion of the capitation rates in recognition of the direct caregiver workforce challenges facing the state.

The GPR funding is budgeted in the Joint Committee on Finance's program supplements appropriation for this purpose. Require DHS to seek the release of these funds under s. 13.10 of the statutes, upon CMS approval of a payment mechanism. Require DHS to seek any necessary federal approvals by December 31, 2017, to implement the payment mechanism.

18. INTENSIVE CARE COORDINATION PILOT PROGRAM

GPR	$926,100
FED	1,323,900
Total	$2,250,000

Joint Finance: Provide one-time funding of $750,000 ($309,700 GPR and $440,300 FED) in 2017-18 and $1,500,000 ($616,400 GPR and $883,600 FED) in 2018-19 to create a pilot program under which DHS would reimburse hospitals and health care systems for intensive care coordination services they provide to MA recipients.

Program Eligibility. Require DHS to select eligible hospitals and health care systems to receive reimbursement under the program that submit a description of their programs to the Department that meet certain criteria, including:

a. The hospital or health care system must use emergency department utilization data to identify MA recipients to receive intensive care coordination to reduce use of the emergency department by those MA recipients by providing a connection to a primary care physician and other primary care services.

b. The hospital or health care system identifies for intensive care coordination a MA recipient who uses the emergency department frequently such that he or she visits the emergency room three or more times within 30 days, six or more times within 90 days, or seven or more times within 12 months.

c. The hospital or health care system has an intensive care coordination team that includes health care providers other than solely physicians, such as nurses; social workers, case managers, or care coordinators; behavioral health specialists; and schedulers.

d. The hospital or health care system provides to a MA recipient enrolled in intensive care coordination through the hospital or health care system all of the following, as appropriate to his or her care: (1) discharge instructions and contacts for following up on care and treatment; (2) referral information; (3) appointment scheduling; and (4) intensive care coordination by a social worker, case manager, or care coordinator to connect the MA recipient to a primary care provider or to a managed care organization.

e. The intensive care coordination by the hospital or health care system is designed to result in outcomes for a MA recipient during the six-month or 12-month period including successful connection to primary care or the managed care organization as evidenced by two or three primary care appointments, successful connection to behavioral health resources and alcohol and other drug abuse resources, as needed, and a decrease in use of the emergency room.

DHS Program Responsibilities. Require DHS to do all of the following: (a) respond to the hospital or health care system indicating if additional information is required to determine eligibility for reimbursement; and (b) if the hospital or health care system is eligible for intensive care coordination reimbursement, provide a description of the process for enrolling MA recipients in intensive care coordination for reimbursement.

Require DHS to provide as reimbursement for intensive care coordination to eligible hospitals and health care systems participating in the program under the program $500 for each MA recipient the hospital or health care system enrolls in intensive care coordination. Provide that the initial enrollment for each recipient would last for six months and the health care provider may enroll the MA recipient in one additional six-month period for an additional $500 reimbursement payment.

Reporting Requirements. Require each hospital and health care system that is eligible for reimbursement under this program to report, for each of the two years of the pilot program, to DHS all of the following: (a) the number of MA recipients served by intensive care coordination; (b) for each MA recipient, the number of emergency department visits for a time period before enrollment of that recipient in intensive care coordination and the number of emergency department visits for the same recipient during the same period after enrollment in intensive care coordination; and (c) any demonstrated outcomes.

Distribution of Shared Savings. Provide that, for each hospital or health care system receiving a reimbursement under the program, DHS must calculate the costs saved to the MA program by avoiding emergency department visits by subtracting the sum of reimbursements to the hospital or health care systems from the sum of costs of visits to the emergency department that were expected to occur without intensive care coordination. If the result of the calculation is positive, require DHS to distribute half of the amount saved to the hospital or health care system.

Report to Joint Committee on Finance. Provide that, no later than 24 months after the date on which the first hospital or health care system is able to enroll individuals in the intensive care coordination program, DHS must submit a report to the Joint Committee on Finance, including the costs saved by avoiding emergency department visits.

Federal Approval and Severability. Require DHS to obtain any necessary approval from

the federal Department of Health and Human Services (DHHS) to implement the program, and provide that if DHHS disapproves the request for approval, DHS may implement the reimbursement, the savings distribution, or both, or any part of the program.

19. NURSING HOME BED ASSESSMENT EXEMPTIONS

SEG-REV	- $775,200
GPR	$775,200
SEG	- 775,200
Total	$0

Joint Finance: Exempt county-owned institutions for mental disease and state licensed nursing homes that are not certified to participate in Medicaid or Medicare from the state nursing home bed assessment. Require DHS to seek approval from the U.S. Department of Health and Human Services to ensure that, by exempting these facilities from the assessment, the state would remain compliant with federal rules relating to health care provider taxes. Provide that the exemption would take effect only if the state receives federal approval for the exemption, and that the exemption would take effect on July 1, 2017, or the date on which the state receives approval to exempt these facilities, whichever is later.

Reduce estimated revenue to the medical assistance trust fund (MATF) by $387,600 SEG-REV annually to reflect the loss of assessment revenue. Reduce funding for MA benefits from the MATF by $387,600 SEG annually. Increase funding for MA benefits by $387,600 GPR annually to replace the loss of SEG funding to support MA benefit costs.

20. MEDICAL ASSISTANCE COVERAGE OF COMPLEX REHABILITATION TECHNOLOGY

Joint Finance: Specify that durable medical equipment that is considered complex rehabilitation technology (defined below) is a covered service under MA.

Definitions. Establish the definitions for terms used in these provisions, as follows:

(a) "Complex needs patient" means an individual with a diagnosis or medical condition that results in significant physical impairment or functional limitation;

(b) "Complex rehabilitation technology" means items classified within Medicare as durable medical equipment that are individually configured for individuals to meet their specific and unique medical, physical, and functional needs and capacities for basic activities of daily living and instrumental activities of daily living identified as medically necessary;

(c) "Individually configured" means having a combination of sizes, features, adjustments, or modifications that a qualified complex rehabilitation technology supplier can customize to the specific individual by measuring, fitting, programming, adjusting, or adapting as appropriate so that the device operates in accordance with an assessment or evaluation of the individual by a qualified health care professional and is consistent with the individual's medical condition, physical and functional needs and capacities, body size, period of need, and intended use;

(d) "Medicare" means coverage under Part A or Part B of Title XVIII of the federal social

security act, 42 USC 1395 et seq;

(e) "Qualified complex rehabilitation technology professional" means an individual who is certified as an assistive technology professional by the Rehabilitation Engineering and Assistive Technology Society of North America;

(f) "Qualified complex rehabilitation technology supplier" means a company or entity that meets all of the following criteria: (1) is accredited by a recognized accrediting organization as a supplier of complex rehabilitation technology; (2) is an enrolled supplier for purposes of Medicare reimbursement that meets the supplier and quality standards established for durable medical equipment suppliers, including those for complex rehabilitation technology under Medicare; (3) is an employer of at least one qualified complex rehabilitation technology professional to analyze the needs and capacities of the complex needs patient in consultation with qualified health care professionals, to participate in the selection of appropriate complex rehabilitation technology for those needs and capacities of the complex needs patient, and to provide training in the proper use of the complex rehabilitation technology; (4) requires a qualified complex rehabilitation technology professional to be physically present for the evaluation and determination of appropriate complex rehabilitation technology for a complex needs patient; (5) has the capability to provide service and repair by qualified technicians for all complex rehabilitation technology it sells; and (6) provides written information at the time of delivery of the complex rehabilitation technology to the complex needs patient stating how the complex needs patient may receive service and repair for the complex rehabilitation technology; and

(g) "Qualified health care professional" means any of the following: (1) a licensed physician or physician assistant; (2) a licensed physical therapist; or (3) a licensed occupational therapist.

Rules. Require the DHS to promulgate rules and other policies for use of complex rehabilitation technology by recipients of medical assistance. Specify that the rules shall include all of the following:

(a) Designation of billing codes as complex rehabilitation technology including creation of new billing codes or modification of existing billing codes and provisions allowing for quarterly updates to the designations;

(b) Establishment of specific supplier standards for companies or entities that provide complex rehabilitation technology and limiting reimbursement only to suppliers that are qualified complex rehabilitation technology suppliers;

(c) A requirement that MA recipients who need a manual wheelchair, power wheelchair, or other seating component to be evaluated by all of the following: (1) a qualified health care professional who does not have a financial relationship with a qualified complex rehabilitation technology supplier; and (2) a qualified complex rehabilitation technology professional;

(d) Establishment and maintenance of payment rates for complex rehabilitation technology that are adequate to ensure complex needs patients have access to complex rehabilitation technology, taking into account the significant resources, infrastructure, and staff needed to

appropriately provide complex rehabilitation technology to meet the unique needs of complex needs patients;

(e) A requirement for contracts with DHS that managed care plans providing services to MA recipients comply with statutory requirements related to the provision of complex rehabilitation technology and with the related administrative rules; and

(f) Protection of access to complex rehabilitation technology for complex needs patients.

Require DHS to submit in proposed form the administrative rules to the Legislative Council staff no later than the first day of the seventh month beginning after the effective date of the budget bill.

Specify that the proposed rules must designate certain healthcare common procedure system codes, which are used under the federal Medicare program and certain mixed complex rehabilitation technology product and standard mobility and accessory product codes. [The bill includes a list of 149 complex rehabilitation technology product codes that must be included.] Require the Department to specify, in the proposed rules, that procurement of these codes shall be exempt from any bidding or selective contracting requirements.

21. WAIVER REQUEST FOR STATEWIDE EXPANSION OF THE FAMILY CARE PARTNERSHIP PROGRAM

Joint Finance: Direct DHS to submit a request, by December 31, 2017, for a waiver from the Centers for Medicare and Medicaid Services (CMS) to expand the Family Care Partnership (Partnership) program statewide. Partnership is an integrated health and long-term care program for individuals who are elderly and people with disabilities, through which managed care organizations (MCOs) offer health and long-term support services, including home and community-based services, physician services, and all medical care.

Within 60 days of receiving approval from CMS, require DHS to submit a plan to expand Partnership statewide to the Joint Committee on Finance for approval following the guidelines issued in the waiver. Require that implementation of the plan be contingent on approval by the Finance Committee. If CMS denies the waiver request, require DHS to submit a report to the Finance Committee outlining the reasons why the request was denied.

DHS currently operates Partnership under the terms of an approved Medicaid state plan amendment and a federal waiver agreement, which authorize DHS to offer the program to qualifying residents in any county in which Family Care is available, with the exception of Milwaukee County, where a state plan amendment would be necessary to offer the program to individuals under the age of 55. The program is currently available to residents in 14 counties. As of January 1, 2017, there were 3,000 individuals enrolled in the program, including 1,698 individuals with physical disabilities, 773 frail elders, and 529 individuals with cognitive disabilities. Three MCOs currently offer Partnership services in multi-county regions.

DHS indicates that, in order to offer the program in additional areas of the state, DHS

would have to administer a competitive procurement process. Subsequently, a selected Partnership MCO would be required to apply to CMS to become a Medicare Dual-Eligible Special Needs Plan (D-SNP) and to submit an executed state Partnership Medicaid contract to CMS. This application would have to be submitted at least 10 months before the MCO begins providing Partnership services. While the state can influence the availability of D-SNP Medicare plans, the state cannot assure the availability of such plans in any particular area because their availability is contingent on the decisions of the managed care entities and CMS. If Partnership were expanded statewide, the state must continue to operate Family Care and cannot require individuals to disenroll from their Family Care MCOs and instead enroll in a Partnership D-SNP plan. Successful expansion of the Partnership program statewide would be contingent on enrollment in the program, as well as interest and engagement from the MCOs.

22. IRIS - SERVICES FOR CERTAIN INDIVIDUALS WHO RECEIVE POST-SECONDARY EDUCATION

Joint Finance: Direct DHS to request a waiver, or a modification to a current waiver, from the federal Centers for Medicare and Medicaid Services to receive the federal medical assistance matching funds for home- and community-based services provided to individuals with development disabilities who receive post-secondary education on the grounds of health care institutions. Provide that, if the waiver is approved, DHS must operate a waiver program to provide these services to no more than 100 individuals per month per year.

Specify that only individuals who are receiving post-secondary education in a setting that is distinguishable from the health care institution are eligible for services under the waiver. Require that individuals eligible for these waiver services meet the same financial and functional eligibility requirements as those established for the IRIS (Include, Respect, I Self-Direct) program, except that the individuals must also be developmentally disabled and receiving post-secondary education on the grounds of a health care institution. Require that DHS provide the same services under this waiver program as it provides under IRIS. Require DHS to determine the funding amount for a waiver program participant under this provision based on what the individual would have received if enrolled in IRIS.

23. ENHANCED REIMBURSEMENT FOR CERTAIN DENTAL PROVIDERS

Joint Finance: Authorize DHS to provide enhanced MA reimbursement payment rates for dental services rendered by facilities that provide at least 90% of their dental services to individuals with cognitive and physical disabilities, as determined by the Department. Specify that these enhanced reimbursement rates would equal 200% of the MA reimbursement rates that would otherwise be paid for these dental services. Require DHS to request any waiver from, and submit any amendments to, the state MA plan to the U.S. Department of Health and Human Services to implement this provision.

24. EMERGENCY PHYSICIAN SERVICES AND REIMBURSEMENT WORKGROUP

Joint Finance: Establish a workgroup to examine medical services provided in hospital emergency departments (EDs) to MA recipients, and to make recommendations regarding potential savings in these services and increases to MA reimbursement for emergency physician services. Specify that the workgroup may examine aspects of the healthcare system involving emergency care, including patient care practices, medication use and prescribing practices, billing and coding administration, organization of health care delivery systems, care coordination, patient financial incentives and other aspects, as the workgroup sees appropriate.

Specify that the workgroup would consist of the following members, appointed by the Secretary: (a) two physicians practicing in Wisconsin representing a statewide physician-member organization of emergency physicians; (b) two representatives of the DHS Division of Medicaid Services, with experience in emergency physician services, codes and payment; (c) one representative who is a hospital emergency department administrator employed by a Wisconsin hospital or hospital-based health system; (d) one coding/billing specialist from an organization with expertise in the business of emergency medicine that contracts emergency physicians practicing in Wisconsin. Authorize the workgroup to solicit input from others as it deems necessary and appropriate.

Specify that the workgroup must first convene no later than 60 days after the effective date of the bill, and meet at least every 45 days until arriving at a set of recommendations. Require the workgroup to report its findings and recommendations to the Joint Finance Committee no later than September 1, 2018. Provide that all recommendations of the workgroup must be made on the basis of a consensus of the workgroup.

25. MA REIMBURSEMENT FOR CLINICAL CONSULTATIONS

GPR	$250,000
FED	360,000
Total	$610,000

Joint Finance: Direct DHS to provide reimbursement for clinical consultations under the medical assistance program, subject to federal approval. Specify that DHS may not provide reimbursement for a clinical consultation that occurs after June 30, 2019. Increase funding for MA benefits by $610,000 ($250,000 GPR and $360,000 FED in 2018-19 to reflect an estimate of the cost of providing reimbursement for clinical consultations. Require DHS to report to the Joint Committee on Finance by March 31, 2019, on utilization of these services.

Define "clinical consultation" as, for a student up to age 21, communication from a mental health professional, or a qualified treatment trainee working under the supervision of a mental health professional, to another individual who is working with the client to inform, inquire, and instruct regarding all of the following and to direct and coordinate clinical service components: (a) the client's symptoms; (b) strategies for effective engagement, care, and intervention for the client; and (c) treatment expectations for the client across service settings.

26. STUDY ON THE USE OF PHYSICAL MEDICINE

Joint Finance: Require DHS to study best practices for physical medicine and how physical medicine affects the use, and frequency of use, of prescription and over-the-counter medication.

In addition, require DHS to develop a proposal for a physical medicine pilot program to minimize prescription of addictive drugs for individuals who receive benefits under the MA program by treating pilot participants using chiropractic and physical and occupational therapy services that are reimbursed under the MA program.

Define "physical medicine" as rehabilitation techniques that aim to enhance and restore functional ability and quality of life to persons with physical impairments, injuries or disabilities.

Require DHS to solicit input from persons that are interested in physical medicine, including those interested in chiropractic care and physical therapy, in completing the study and developing the pilot proposal. Require DHS to submit a report of the study and the proposal for the pilot program to the Legislature by April 1, 2018. Prohibit DHS from implementing the pilot program unless the Legislature directs or explicitly authorizes the DHS to implement the pilot program.

27. UNIVERSITY OF WISCONSIN RURAL PHYSICIAN RESIDENCY ASSISTANCE PROGRAM [LFB Paper 638]

GPR	$200,000
SEG	- 200,000
Total	$0

Joint Finance: Increase funding for MA benefits by $100,000 GPR annually and decrease funding from the medical assistance trust fund for benefits by $100,000 SEG annually. These changes result from the Committee's decision to replace an increase of $100,000 GPR annually for the University of Wisconsin rural physician residency assistance program with an increase of $100,000 SEG annually in that program's appropriation made from the critical access hospital assessment fund (CAHAF). This increase in the use of SEG funding for the rural physician residency assistance program would have the effect of decreasing the amount of CAHAF revenue available for transfer to the medical assistance trust fund (MATF). Since the MATF is used to offset GPR outlays for MA benefits, a reduction in MATF SEG funding has the effect of increasing GPR funding needed for MA benefits. The fiscal effect for the University of Wisconsin (a $100,000 GPR reduction annually and a $100,000 SEG increase annually) is summarized under "University of Wisconsin System."

Medicaid Services Administration

1. DIVISION OF MEDICAID SERVICES ADMINISTRATION -- CONTRACTS AND OTHER SUPPLIES AND SERVICES [LFB Paper 335]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$7,124,800	- $1,202,200	$5,922,600
FED	510,500	- 2,611,400	- 2,100,900
Total	$7,635,300	- $3,813,600	$3,821,700

Governor: Provide $2,080,600 ($2,247,200 GPR and -$166,600 FED) in 2017-18 and $5,554,700 ($4,877,600 GPR and $677,100 FED) in 2018-19 to reflect the net effect of funding adjustments to appropriations that support contracted services and general program operations for the Division of Medicaid Services. Factors resulting in these funding adjustments include rate increases incorporated into current contracts and projects to modify claims and eligibility information systems to implement state and federal policy changes.

Joint Finance: Reduce funding in the bill by $2,212,700 (-$462,900 GPR and -$1,749,800 FED) in 2017-18 and by $1,600,900 (-$739,300 GPR and -$861,600 FED) in 2018-19 to reflect: (a) a reestimate of the funding that would be needed to support all of the costs the administration intended to support (-$395,400 GPR and -$1,736,800 FED in 2017-18 and -$125,300 GPR and -$151,700 FED in 2018-19); (b) the deletion of funding that would be budgeted to support costs of relocating staff in Milwaukee Enrollment Services (-$545,700 GPR and -$714,300 FED in 2018-19); (c) a reduction in the estimated cost of the FoodShare electronic benefit transfer contract (-$17,500 GPR and -$17,500 FED in 2017-18 and -$18,300 GPR and -$18,300 FED in 2018-19); and (d) funding adjustments to support 2.0 positions for the Board on Aging and Long-Term Care to provide ombudsman and advocacy services (-$50,000 GPR and $4,500 FED in 2017-18 and -$50,000 GPR and $22,700 FED in 2018-19).

2. MEDICAID MANAGEMENT INFORMATION SYSTEM [LFB Paper 336]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$10,373,100	1.00	- $10,000	0.00	$10,363,100	1.00
FED	76,532,000	7.00	- 90,000	0.00	76,442,000	7.00
Total	$86,905,100	8.00	- $100,000	0.00	$86,805,100	8.00

Governor: Provide $37,751,800 ($3,930,900 GPR and $33,820,900 FED) in 2017-18 and $49,153,300 ($6,442,200 GPR and $42,711,100 FED) in 2018-19, and 8.0 positions (1.0 GPR position and 7.0 FED positions), beginning in 2017-18, to support the procurement and implementation of a new Medicaid Management Information System (MMIS) and of fiscal agent

services for the state's MA program.

The MA fiscal agent provides administrative services that support the state's MA program and several related programs. Those business functions include processing claims, certifying health care providers, reviewing prior authorization requests, and providing customer service for members and health care providers. In addition, the fiscal agent is responsible for maintaining the primary information system for the program, the Medicaid Management Information System (MMIS), to comply with state and federal reporting requirements. The state's currently contracted MA fiscal agent is Hewlett-Packard Enterprises, Inc. (HPE). The contract with HPE first took effect in 2005, was renewed for a five-year period in 2013, and will expire in November, 2018.

The federal Centers for Medicare and Medicaid Services (CMS) requires the state to rebid the MMIS contract every 10 years. In addition, CMS requires that all future MMIS procurements and implementations incorporate a modular approach to the MMIS structure. Adopting this modular structure could entail as many as eight separate contracts, including: (a) core MMIS takeover and fiscal agent contract; (b) three federally required independent contracts to oversee enterprise project management, system design, and integration; and (c) contracts for modularization of the MMIS.

Under current plans, eight strategic modules will be carved out of the existing Core MMIS structure and be re-built. They will then exist as self-contained yet fully-integrated units within the MMIS structure. These eight modules are: (a) enterprise data warehouse; (b) data analytics; (c) program integrity; (d) pharmacy pricing consultation; (e) pharmacy medication therapy management; (f) enrollment services; (g) member services; and (h) care management.

The project's costs can be divided into the following categories: (a) planning costs; (b) costs related to the design, development, and implementation of the new system; (c) costs for independent oversight contracts; (d) costs for the initial modules; (e) costs for maintenance and operations of the new system; and (f) costs for hardware and software.

In addition, the administration estimates that 45.40 full-time equivalent staff would be needed during the implementation phase of the project. Of this total, 8.0 FTEs would be permanent state positions, and the remainder would be filled by contract staff.

DHS estimates of project costs are summarized in the following table.

	2017-18			2018-19		
Cost Category	GPR	FED	Total	GPR	FED	Total
Planning	$164,400	$1,479,400	$1,643,800	$0	$0	$0
Design, Development, and Implementation	2,341,100	20,532,600	22,873,700	1,809,700	15,894,700	17,704,400
Independent Oversight	244,900	1,880,500	2,125,400	548,200	4,501,300	5,049,500
Initial Modules	0	0	0	1,200,000	10,800,000	12,000,000
Maintenance and Operations	20,600	43,700	64,300	1,726,200	1,831,900	3,558,100
Hardware and Software	561,700	5,055,200	5,616,900	272,100	2,449,000	2,721,100
Staff	598,200	4,829,500	5,427,700	886,000	7,234,200	8,120,200
Total	$3,930,900	$33,820,900	$37,751,800	$6,442,200	$42,711,100	$49,153,300

Joint Finance: Modify the Governor's recommendations by: (a) reducing funding in the bill by $100,000 (-$10,000 GPR and -$90,000 FED) in 2017-18 to delete funding that would have been provided to support a contracted independent observer for the procurement process; and (b) providing 8.0 four-year project positions that would expire June 30, 2021, rather than 8.0 permanent positions.

3. ADVANCED DATA ANALYTICS [LFB Paper 336]

GPR	$675,000
FED	3,075,000
PR	250,000
Total	$4,000,000

Governor/Joint Finance: Provide $2,000,000 ($425,000 GPR and $1,575,000 FED) in 2017-18 and $2,000,000 ($250,000 GPR, $1,500,000 FED, and $250,000 PR) in 2018-19 to implement and maintain the data analytics system in the Office of the Inspector General (OIG).

2015 Wisconsin Act 55 (the 2015-17 biennial budget act) provided $5,000,000 ($500,000 GPR and $4,500,000 FED) in one-time funding for DHS to procure and implement an advanced analytics system for the purpose of minimizing provider and beneficiary fraud in the state's MA program, and for verifying the identification of MA and Medicare beneficiaries prior to their receiving covered services. In 2016, following a request for proposal process, DHS selected LexisNexis to develop and implement the system, which is expected to be operational by the end of 2016-17. Under the contract, the Department pays the vendor up to $2.0 million per year, an amount that includes incentive payments that are dependent upon fraudulent payment recoveries. After an initial two-year period, the contract can be renewed, at the discretion of DHS and contingent on available funding, for up to three, one-year periods.

The funding provided in the bill is intended to cover the estimated cost of the contract over the biennium. Beginning in 2018-19, 20% of the GPR savings resulting from the program, up to $250,000, would be credited to a PR appropriation to partially support the costs of the contract. (This funding would otherwise be credited to a current PR appropriation that offsets MA benefit costs). This funding mechanism, which is intended to provide a financial incentive to the vendor and assist in measuring the program's cost effectiveness, would reduce the GPR share of the project's total costs from $425,000 in 2017-18 to $250,000 in 2018-19.

4. INCOME MAINTENANCE CONTRACTS [LFB Paper 337]

GPR	- $3,199,000
FED	27,986,600
Total	$24,787,600

Governor/Joint Finance: Provide $12,393,800 (-$1,599,500 GPR and $13,993,300 FED) annually to fund income maintenance (IM) contracts for county consortia and tribal government agencies at calendar year 2017 levels throughout the 2017-19 biennium. This item includes: (a) providing $4,730,100 ($1,892,000 GPR and $2,838,100 FED) annually to maintain base funding to support IM functions relating to work requirements for certain able-bodied adults without dependent children (ABAWDs) who receive FoodShare benefits, which was budgeted as one-time funding in Act 55; (b) maintaining $2,453,700 ($981,500 GPR and $1,472,200 FED) in base funding to support IM functions relating to workload resulting from the federal Affordable Care Act (ACA); (c) providing $300,000 GPR annually to maintain a contingency due to uncertainty regarding federal matching rates that will apply to IM activities; and (d) reestimating federal matching funds that will be

available to support IM functions to reflect that a 75% matching rate will apply to certain ACA-related IM costs, rather than a 50% matching rate, resulting in an estimated average rate of 60% for all IM functions.

Other items in the bill would increase funding for IM consortia to support costs of: (a) verifying asset information for certain FoodShare applicants; (b) implementing proposed employment and training requirements for certain MA recipients without dependents and certain FoodShare recipients with dependents; and (c) requiring FoodShare recipients to cooperate in establishing child support orders, avoiding delinquent support, and establishing paternity. The following two tables summarize the total funding that would be budgeted for IM contracts in fiscal years 2017-18 and 2018-19 and calendar years 2018 and 2019, by purpose and source, under the Joint Committee on Finance substitute amendment.

Income Maintenance Contracts
Summary of Total Funding Budgeted by Joint Committee on Finance

	2017-18			2018-19		
	GPR	FED	Total	GPR	FED	Total
Base Funding	$15,926,600	$44,461,900	$60,388,500	$15,926,600	$44,461,900	$60,388,500
Reestimate to Maintain Total Base Funding	-1,899,500	13,543,300	11,643,800	-1,899,500	13,543,300	11,643,800
Contingency due to Uncertainty of Federal Funding	300,000	450,000	750,000	300,000	450,000	750,000
Subtotal -- Funding to Maintain Current IM Functions	$14,327,100	$58,455,200	$72,782,300	$14,327,100	$58,455,200	$72,782,300
Program Changes in Substitute Amendment						
FoodShare --Work Requirements for Recipients with Dependents	$0	$0	$0	$98,100	$98,100	$196,200
FoodShare -- Child Support and FoodShare Cooperation	0	0	0	17,900	17,900	35,800
Subtotal -- Funding to Support Program Changes	$0	$0	$0	$116,000	$116,000	$232,000
Total	$14,327,100	$58,455,200	$72,782,300	$14,443,100	$58,571,200	$73,014,300

5. FUNERAL AND CEMETERY AIDS [LFB Paper 338]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $1,998,700	- $524,800	- $2,523,500

Governor: Reduce funding by $1,066,500 in 2017-18 and by $932,200 in 2018-19 to reflect reestimates of the amount of funding necessary to support payments under the Wisconsin funeral and cemetery aids program (WFCAP). Under the program, DHS reimburses costs incurred by funeral homes, cemeteries, and crematories for eligible services they provide to certain deceased individuals who were eligible for medical assistance (MA) or Wisconsin Works benefits at the time of their death. DHS is required to pay up to $1,000 for cemetery expenses and up to $1,500 for funeral and burial expenses not covered by the decedent's estate or other persons. The program does not provide any reimbursement if the total funeral expenses exceed $4,500 or total cemetery expenses exceed $3,500.

Base funding for the program is $10,514,700 GPR. The administration estimates that

reimbursement payments will total $9,222,900 in 2016-17, $9,448,200 in 2017-18 and

Joint Finance: Reduce funding by $352,900 in 2017-18 and by $171,900 in 2018-19 to reflect reestimates of the amount of funding that will be needed to pay reimbursement claims in the 2017-19 biennium.

6. LONG-TERM CARE -- CONTRACTED SERVICES [LFB Paper 339]

	Funding	Positions
GPR	- $1,751,900	20.20
FED	- 1,846,800	21.30
Total	- $3,598,700	41.50

Governor/Joint Finance: Reduce funding for contracted services DHS purchases from several private vendors to assist in the administration of the state's MA-supported, long-term care programs by $4,193,500 (-$1,956,500 GPR and -$2,237,000 FED) in 2017-18 and by $5,591,300 (-$2,608,700 GPR and -$2,982,600 FED) in 2018-19. Instead, create 41.50 positions (20.20 GPR positions and 21.30 FED positions), beginning in 2017-18, and provide $2,651,200 ($1,205,700 GPR and $1,445,500 FED) in 2017-18 and $3,534,900 ($1,607,600 GPR and $1,927,300 FED) to support these services with state staff.

The contracted positions provide a variety of services for the state's long-term care programs, including quality assurance, nurse consultations, service specialists, program coordination, and policy and information functions.

The net effect of this item would be to reduce funding by $1,542,300 (-$750,800 GPR and -$791,500 FED) in 2017-18 and by $2,056,400 (-$1,001,100 GPR and -$1,055,300 FED) in 2018-19 to reflect the administration's estimates of savings that would be realized by using state staff to perform this work.

7. OIG AUDITS OF MA REIMBURSEMENTS FOR FAMILY PLANNING SERVICES PROVIDED BY CERTAIN PROVIDERS

Joint Finance: Require the DHS Office of the Inspector General to conduct an audit of all family planning service reimbursements paid to covered entities under the medical assistance (MA) program for the period January 1, 2013, to December 31, 2016, and to conclude the audit no later than June 30, 2019. For this purpose, define "covered entities," by referring to definitions in federal rules for entities that participate in a federal drug discount program. The covered entities would be: (a) family planning projects that receive a grant or contract under Title 10 of the federal Public Health Service Act; and (b) entities receiving federal funds for the treatment of sexually transmitted diseases.

Specify that 20 percent of the total moneys received (the state's share of overpayment recoveries) from these audits would be budgeted in the 2019-21 biennium to supplement each of the following appropriations: (a) DHS fraud and error reduction activities; (b) public health general aids and local assistance; (c) community aids; (d) grants for community programs; and (e) services for sex-trafficking victims administered by the Department of Children and Family Services.

Most family planning services are funded 90% from federal MA matching funds and 10% with state funds. Consequently, 90% of any overpayments DHS recovers as a result of the audit would be returned to the federal MA program, while 10% would be retained by the state to supplement funding for specified programs in the 2019-21 biennium.

FoodShare

1. FOODSHARE EMPLOYMENT AND TRAINING PROGRAM -- COST-TO-CONTINUE [LFB Paper 345]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$11,697,600	- $11,285,700	$411,900
FED	0	- 28,134,000	- 28,134,000
Total	$11,697,600	- $39,419,700	- $27,722,100

Governor: Increase funding for the FoodShare employment and training (FSET) program by $2,843,500 GPR in 2017-18 and $8,854,100 GPR in 2018-19. The FSET program offers one way FoodShare recipients who are non-exempt able bodied adults without dependents (ABAWDs) can fulfill the work requirement enacted as part of 2013 Wisconsin Act 20 in order to remain eligible for FoodShare benefits.

Although the GPR funding change in the bill is partially due to reestimates of the amount of federal funding that will be available to support services in the 2017-19 biennium, the bill does not modify federal funding for FSET services to reflect these reestimates.

Pay for Performance. As part of this item, provide $1,722,200 GPR in 2017-18 and $1,769,800 GPR in 2018-19 to fund pay for performance incentive payments to encourage the FSET vendor to meet employment outcomes and other performance measures. Although not reflected in the bill, the administration estimates that $574,000 FED in 2017-18 and $589,900 FED in 2018-19 would be available to partially fund these payments.

Factors Affecting Federal Funding. Wisconsin is a federal "pledge state" which means the state has the federal ABAWD work requirement in place, reaches out to ABAWDs in their third month of FoodShare participation, and pledges to provide employment and training services to all ABAWDs. In return, pledge states receive a portion of an annual $20 million pledge state grant. However, as more states become pledge states the portion received by each becomes smaller. In 2016-17 there were four new pledge states, resulting in Wisconsin receiving $2.2 million in federal pledge state funding, which is less than in prior years.

Prior to 2016-17, Wisconsin’s share of 100% federal funding for SNAP (Supplemental Nutrition Assistance Program) Education and Training was based on an estimate of the number of ABAWDs in the state. Now that the ABAWD policy has been fully implemented, the U.S.

Department of Agriculture, Food and Nutrition Services uses the actual number of Wisconsin ABAWDs, rather than estimates. This has resulted in a decrease in the state's 100% federal funding allocations.

Joint Finance: Reduce funding by $21,192,100 (-$6,131,300 GPR and -$15,060,800 FED in 2017-18 and by $18,227,600 (-$5,154,400 GPR and -$13,073,200 FED) in 2018-19, by budgeting funding for the FSET program based on an average monthly enrollee cost of $283 including all administrative expenses, with no funding budgeted for a pay-for-performance incentive.

Require the Department to provide an outcome report to the Joint Committee on Finance before February 1, 2018, and include in the report any proposed program improvements and contract modifications necessary based on the reported outcomes.

The following table summarizes the funding provided by the Joint Committee on Finance.

FoodShare Employment and Training Program -- Vendor Contracted Services
Fiscal Years 2017-18 and 2018-19

	2017-18	2018-19
Base Program Costs (Includes FED and Local Funds)	$38,374,800	$42,450,000
Funding Offsets		
100% FED Allocation -- SNAP Education and Training and "Pledge State" Allocations	-$2,300,000	-$2,200,000
Local Contributions (including 50% FED match)	-5,000,000	-5,000,000
Remaining Program Costs Subject to 50% FED Cost-Sharing	$31,074,800	$35,250,000
FED	15,537,400	17,625,000
GPR	15,537,400	17,625,000
GPR Funding Budgeted in Substitute Amendment		
GPR Base Funding	$13,925,200	$13,925,300
Carryover from Previous Fiscal Year	4,900,000	0
Net Change to Base Funding under this Item	-3,287,800	3,699,700
Total GPR Available to Fund Vendor Contracts	$15,537,400	$17,625,000

2. FSET -- UNIVERSAL REFERRALS [LFB Paper 346]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$15,021,800	- $15,021,800	$0
FED	15,021,800	- 15,021,800	0
Total	$30,043,600	- $30,043,600	$0

Governor: Increase funding for the FoodShare employment and training (FSET) program by $470,400 ($235,200 GPR and $235,200 FED) in 2017-18 and $29,573,200 ($14,786,600 GPR and $14,786,600 FED) in 2018-19 to fund estimated costs of referring all eligible able-

bodied adults to the FSET program.

Currently, income maintenance (IM) staff refer non-exempt, able-bodied adults without dependents (ABAWDs) who need to meet the work requirement, either through employment or participation in a work program such as FSET, in order to remain eligible for FoodShare benefits. Under this item, IM staff would refer all eligible able-bodied adult FoodShare recipients to the program, including those with children up to the age of 18, and those who care for incapacitated persons, who are not required to meet the work requirement. Although these individuals would not be required to participate in FSET, it is assumed that by increasing the number of individuals referred to the program, enrollment will increase.

This funding would support: (a) FSET services provided by the program's vendors ($14,786,400 GPR and $14,786,400 FED in 2018-19); (b) contracted services to make changes to the client assistance for reemployment and economic support (CARES) system, which assists IM staff in making eligibility determinations and maintaining information on households enrolled in public assistance programs ($200,00 GPR and $200,000 FED in 2017-18); (c) state staff ($29,700 GPR and $29,700 FED in 2017-18); and (d) IM training costs for IM consortia, Milwaukee Enrollment Services (MilES), and the tribal IM agencies ($5,500 GPR and $5,500 FED in 2017-18, $200 GPR and $200 FED in 2018-19).

Joint Finance: Delete provision. Instead, require income maintenance workers to provide all FoodShare applicants and participants information about the FSET program at least once every six months, in addition to maintaining current practice of referring all able-bodied adults without dependents to FSET, regardless of whether they need to meet the work requirement.

3. FSET -- MANDATORY PARTICIPATION, DRUG TESTING, AND PILOT PROGRAM FOR CERTAIN ABLE-BODIED ADULTS WITH DEPENDENTS

[LFB Paper 347]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$4,249,700	0.75	- $4,249,700	0.00	$0	0.75
FED	4,249,700	0.75	- 13,300	0.00	4,236,400	0.75
Total	$8,499,400	1.50	- $4,263,400	0.00	$4,236,400	1.50

Governor: Provide $2,850,800 ($1,425,400 GPR and $1,425,400 FED) in 2017-18 and $5,648,600 ($2,824,300 GPR and $2,824,300 FED) and 1.50 position (0.75 GPR position and 0.75 FED position), beginning in 2017-18, to establish a pilot program under which certain able-bodied adults with children over the age of six would be required to participate in the FoodShare employment and training (FSET) program.

Mandatory FSET Participation for Certain Able-Bodied Adults with Dependents. Authorize DHS to require that certain FoodShare recipients enroll in FSET, including all able-bodied FoodShare recipients who are 18 to 60 years of age, or a subset of these individuals to the extent allowed by the federal government. In the 2017-19 biennium, authorize DHS to

implement this requirement in certain areas of the state, as determined by DHS.

Under current law, DHS may require "able-bodied adults" to participate in FSET. However, current law defines "able-bodied adults" as adults between the ages of 18 and 50, who are not: (a) physically or mentally unfit for employment; (b) exempt from work requirements under federal law: (c) pregnant; (d) parents of a household member who is younger than 18; (e) residing in a household that includes a household member who is younger than 18; and (f) other individuals who are exempt from FoodShare work requirements, as specified in federal law.

By creating a statutory definition of "able-bodied adults without dependents" (ABAWDs), which would apply to individuals who must meet work requirements as a condition of maintaining their eligibility for FoodShare benefits, the bill would create a new definition of "able-bodied adults," which would include ABAWDs, parents, and adults in households with members under the age of 18. Authorize DHS to require able-bodied adults to participate in FSET.

Authority to Screen, Test, and Treat All Able-Bodied Adults. Authorize DHS to screen, test, and treat able-bodied adults with dependents who participate in FSET for the use of controlled substances, in addition to ABAWDs, as provided under current law.

Employment and Training -- Compliance as a Condition of FoodShare Eligibility. Currently, able-bodied adults without dependents are required to work or participate in an allowable work program, such as FSET, for a minimum of 80 hours each month to remain eligible for FoodShare benefits. Although the bill would authorize DHS to require able-bodied adults, under the new definition, to participate in FSET, it would not establish a work requirement for all able-bodied adults as a condition of receiving FoodShare benefits.

Joint Finance: Modify the Governor's recommendation by only approving the pilot portion of the work requirement to operate from April, 2019, through June 30, 2020. Increase funding in the bill by $58,000 ($29,000 GPR and $29,000 FED) in 2017-18 and decrease funding in the bill by $84,600 (-$42,300 GPR and -$42,300 FED) in 2018-19. Transfer the GPR funding that would be provided under this item ($4,236,400) from DHS to the Joint Committee on Finance's program supplements appropriation. Require DHS to submit a detailed plan for implementation of the pilot to the Joint Committee on Finance in order to seek the release of funds for this provision under s. 13.10 of the statutes. Require that the pilot region selected by the Department be composed of no more than two FSET vendor regions.

Require that DHS evaluate the pilot program and, depending on its findings, submit a proposal for statewide expansion of this requirement in its 2021-23 biennial budget.

Modify the bill to exclude pregnant women from the new definition of "able-bodied adult."

The table below summarizes the funding provided by Joint Finance.

Summary of Total Funding Budgeted for FSET Non-ABAWD Pilot Program
Joint Committee on Finance
Fiscal Years 2017-18 and 2018-19

	2017-18			2018-19		
	GPR	FED	All Funds	GPR	FED	All Funds
CARES Modifications	$1,395,300	$1,395,300	$2,790,600	$1,457,700	$1,457,700	$2,915,400
FSET Vendor Costs (Begins April, 2019)	0	0	0	1,108,900	1,108,900	2,217,800
IM Consortia and Tribal IM Assistance	0	0	0	98,100	98,100	196,200
DHS Program Management Positions	59,100	59,100	118,200	68,800	68,800	137,600
Supplies and Services Related to Policy Development	0	0	0	29,700	29,600	59,300
FSET -- Funded Child Care	0	0	0	12,500	12,500	25,000
Training for Income Maintenance Staff	0	0	0	6,300	6,400	12,700
Total	$1,454,400	$1,454,400	$2,908,800	$2,782,000	$2,782,000	$5,564,000

4. FOODSHARE ELIGIBILITY -- ASSET LIMIT [LFB Paper 348]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$1,854,000	5.10	- $1,854,000	- 5.10	$0	0.00
FED	1,854,000	5.10	- 1,854,000	- 5.10	0	0.00
Total	$3,708,000	10.20	- $3,708,000	- 10.20	$0	0.00

Governor: Provide $118,200 ($59,100 GPR and $59,100 FED) and 1.50 positions (0.75 GPR position and 0.75 FED position) in 2017-18 and $3,589,800 ($1,794,900 GPR and $1,794,900 FED) and an additional 8.70 positions, for a total of 10.20 positions (5.10 GPR positions and 5.10 FED positions) in 2018-19, to implement provisions in the bill that would prohibit individuals who are not elderly, blind, or disabled from participating in the FoodShare program if the individual lives in a household that has liquid assets that exceed $25,000.

Statutory Change. Modify current financial eligibility requirements for FoodShare benefits by specifying that an individual who is not elderly, blind, or disabled is ineligible to participate in the program in a month in which the household of which the individual is a member has liquid assets of more than $25,000. Provide that, if necessary, DHS must request a waiver from the U.S. Department of Agriculture (USDA) to implement this provision, and that if USDA disapproves the waiver request, DHS may not implement this provision. These provisions would take effect on July 1, 2018.

Currently, assets are not considered in the FoodShare eligibility determination for broad-based categorically eligible FoodShare applicants and enrollees, which are households with gross income up to 200% of the federal poverty level (FPL). The only asset test for eligibility to Wisconsin's FoodShare program applies to households that include an elderly, blind, or disabled member with gross income over 200% of the federal poverty level. These households may not

have more than $3,250 in countable assets, although certain assets, such as vehicles and retirement savings accounts, do not count toward that limit.

Funding. The funding in the bill would support: (a) contracted services to make changes to the client assistance for reemployment and economic support (CARES) system, which assists income maintenance (IM) staff in making eligibility determinations and maintaining information on households enrolled in public assistance programs ($850,000 GPR and $850,000 FED in 2018-19); (b) DHS positions, including positions for the Milwaukee Enrollment Services (MilES), which conducts IM functions in Milwaukee County ($59,100 GPR and $59,100 FED in 2017-18 and $402,400 GPR and $402,400 FED in 2018-19); and (c) increased allocations for IM consortia and tribal IM agencies to fund additional workload of implementing the asset requirement ($542,500 GPR and $542,500 FED in 2018-19).

Joint Finance: Delete all funding and positions in the bill relating to this item.

In addition, modify the bill to specify that the asset requirements would first apply to initial applications and redeterminations for FoodShare benefits that occur after July 1, 2018, or the date the Federal Food and Nutritional Services (FNS) approves the state's waiver request, whichever is later. Finally, authorize DHS to use, for the FoodShare program, the same financial record matching program DHS currently uses for verifying eligibility for the medical assistance program.

5. FOODSHARE ELIGIBILITY -- CHILD SUPPORT AND PATERNITY COMPLIANCE [LFB Paper 349]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$472,800	0.45	- $472,800	0.00	$0	0.45
FED	472,800	0.45	- 9,200	0.00	463,600	0.45
Total	$945,600	0.90	- $482,000	0.00	$463,600	0.90

Governor: Provide $759,800 ($379,900 GPR and $379,900 FED) and 0.50 position (0.25 GPR position and 0.25 FED position) in 2017-18 and $185,800 ($92,900 GPR and $92,900 FED) and 0.90 position (0.45 GPR position and 0.45 FED position) in 2018-19 for DHS to implement provisions in the bill that would make eligibility for FoodShare benefits contingent on cooperation with establishing child support orders, avoiding delinquent support, and cooperation in establishing paternity, as follows.

Child Support -- Cooperation in Establishing Support Orders. Provide that an individual is ineligible to participate in the FoodShare program in any month in which all of the following occurs: (a) the individual is a custodial parent of, or lives with and exercises parental control over, a child who is under the age of 18 and who has an absent parent; (b) the individual refuses to cooperate fully, in good faith, with efforts directed at establishing or enforcing any support order or obtaining any other payments or property to which the individual or the child may have rights; and (c) the individual does not have a good cause for refusing to cooperate, as determined

by DHS in accordance with federal law. Similarly, provide that a noncustodial parent of a child under the age of 18 who refuses to cooperate in providing or obtaining support for the child is ineligible for FoodShare.

Child Support -- Delinquent Support. Provide that an individual is ineligible to participate in the FoodShare program in any month in which the individual is obligated by court order to provide support payments and is delinquent in making those court-ordered payments, unless any of the following occurs: (a) the delinquency balance equals less than three months of the court-ordered support amount; (b) a court or a county child support agency is allowing the individual to delay the child support payments; (c) the individual is complying with a payment plan approved by a county child support agency to provide support for the child of the individual; or (d) the individual is participating in an employment and training program, as determined by DHS.

Paternity Establishment. Provide that an individual is ineligible to participate in the FoodShare program in any month in which all of the following occurs: (a) the individual is a custodial parent of or lives with and exercises parental control over a child who is under the age of 18 and who has an absent parent; (b) the individual refuses to cooperate fully, in good faith, with applicable efforts directed at establishing the paternity of the child; and (c) the individual does not have good cause for refusing to cooperate, as determined by DHS in accordance with federal law. Similarly, provide that an individual is ineligible for FoodShare if the individual refuses to cooperate fully, in good faith, with efforts directed at establishing the paternity of the child if the individual is either: (a) alleged to be the father of a child under the age of 18; or (b) a noncustodial parent of a child under the age of 18 for whom paternity has not been established.

Effective Date. These provisions would take effect on the bill's general effective date.

Funding. The bill would fund the following: (a) contracted services to modify DHS information systems ($352,100 GPR and $352,100 FED) in 2017-18 and $52,000 ($26,000 GPR and $26,000 FED) in 2018-19; (b) DHS staff costs ($27,800 GPR and $27,800 FED in 2017-18 and $37,800 GPR and $37,800 FED) in 2018-19; and (c) increased funding for IM consortia and tribes to fund workload associated with these new requirements ($29,100 GPR and $29,100 FED annually).

Joint Finance: Include all of the statutory changes in the bill relating to this item. However, specify that the statutory changes in the bill would not take effect unless the Department of Children and Families (DCF) determines that the new FoodShare eligibility provisions, as they pertain to child support and paternity order establishment and compliance, can be implemented in a manner that is substantially state budget-neutral in regards to child support fees. Require DHS and DCF to request any applicable waivers or other federal authorization necessary to allow for budget-neutral implementation with respect to these fees. Require DCF and DHS to notify the Governor and the Joint Finance Committee upon making such a determination, and specify that the new provisions would take effect on the first day of the sixth month beginning after the date of DHS' and DCF's notification.

Increase funding in the bill by $14,800 ($7,400 GPR and $7,400 FED) in 2017-18 and decrease funding by $33,200 (-$16,600 GPR and -$16,600 FED) in 2018-19 to reflect

reestimates of the cost of implementing these provisions. In addition, place the GPR funding amounts for DHS ($387,300 in 2017-18 and $76,300 in 2018-19) in the Joint Committee on Finance's program supplements appropriation and specify that these funds could be released upon the request of DCF or DHS under a 14-day passive review process for the purpose of implementing the proposed FoodShare eligibility provisions. For additional information regarding funding for DCF, see "Children and Families -- Child Support."

6. EXPUNGING UNUSED FOODSHARE BALANCES

Joint Finance: Require DHS to remove all FoodShare benefits electronically and store the benefits offline for accounts that are inactive for a minimum of six months. Provide that accounts be considered inactive if, for a period of six months or longer, an individual or household that is receiving FoodShare benefits through an electronic benefit transfer system uses no benefits that have been posted to the individual's or household's account. Require that benefits stored offline must be made available to the individual or household again within 48 hours after a request by the individual, or a household member, to restore the benefits or upon reapplication for FoodShare. Require that DHS attempt to notify the affected individual or household before benefits are removed and describe the steps the individual or household must take to get the benefits returned to the account. Require DHS to permanently expunge any benefits that have not been used after a period of one year. Allow the implementation of this provision only if DHS seeks and obtains any approvals from the U.S. Department of Agriculture necessary to implement this provision.

Care and Treatment Services

1. OVERVIEW -- DHS INSTITUTIONS POPULATION ESTIMATES

The following table shows the estimates of the average daily population for the two years of the 2017-19 biennium at each of the Department's care and treatment facilities. The baseline population estimates are shown separately from the population associated with a decision to provide funding and positions to open two new forensic treatment units. The baseline population estimates were used as the basis for the Committee's funding decisions for food and nonfood supplies and services. The number of residents at each facility is subdivided according to the funding source used for their care.

Facility Baseline	2017-18 GPR	2017-18 PR	2017-18 Total	2018-19 GPR	2018-19 PR	2018-19 Total
Mendota MHI	282	21	303	282	21	303
Winnebago MHI	72	123	195	76	129	205
Central Wisconsin Center	0	225	225	0	225	225
Northern Wisconsin Center	0	13	13	0	13	13
Southern Wisconsin Center	0	141	141	0	141	141
Sand Ridge Secure Treatment Center	369	0	369	372	0	372
Wisconsin Resource Center	385	0	385	385	0	385
Subtotal	1,108	523	1,631	1,115	529	1,644
New Forensic Units	0	34	34	17	17	34
Total, All Facilities	1,108	557	1,665	1,132	546	1,678

The cost of care for individuals residing at the three state centers for individuals with intellectual disabilities is funded primarily from medical assistance (MA) reimbursement payments, as all of the residents at the centers are MA-eligible. This funding, together with county payments for services provided at the centers' intensive treatment programs, and third-party payments, is budgeted as program revenue (PR).

The cost of care for individuals committed to the mental health institutes (MHIs) under a civil process is funded with program revenues, derived from county payments based on daily charges, MA, Medicare, and private insurance. Care for forensic patients at the mental health institutes, correctional inmates at the Wisconsin Resource Center, and persons committed as sexually violent offenders to the Sand Ridge Secure Treatment Center is funded with GPR.

2. MENTAL HEALTH INSTITUTES FUNDING SPLIT [LFB Paper 355]

	Governor (Chg. to Base) Funding	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Funding	Jt. Finance (Chg. to Gov) Positions	Net Change Funding	Net Change Positions
GPR	$5,612,500	- 14.50	- $3,456,300	0.00	$2,156,200	- 14.50
PR	- 5,612,500	14.50	3,456,300	0.00	- 2,156,200	14.50
Total	$0	0.00	$0	0.00	$0	0.00

Governor: Provide $2,918,400 GPR in 2017-18 and $2,694,100 GPR in 2018-19 and reduce PR funding by corresponding amounts to adjust funding at the Mendota and Winnebago mental health institutes (MHIs) to reflect the Department's estimate of the percentage of patients whose care is funded with GPR and PR. Adjust the funding split for MHI positions between GPR and PR to reflect the Department's estimates of the projected population split, resulting in a reduction of GPR-funded positions of 11.88 positions in 2017-18 and 14.50 positions in 2018-19 and corresponding increases in PR-funded positions.

The share of MHI costs funded by GPR and PR is based on the composition of the patient population. The state is responsible for the cost of caring for forensic patients, which it funds

with GPR. The cost of caring for civilly-committed patients is funded from program revenues paid by counties and third-party payers, including MA for MA-eligible populations. In general, the PR-funded patients are projected to increase as a percentage of the total patient population, resulting in the position shift in this item. This, in turn, results in a decrease in the salary and fringe benefits funded with GPR and a corresponding increase in PR funding. However, these funding changes are more than offset by other adjustments to the funding provided for overtime and night and weekend differential salary, resulting in a net increase in GPR funding. The administration's 2017-19 budget instructions to agencies specify that the funding provided for the overtime and night and weekend differential salary standard budget adjustments must equal (with a few exceptions) what the agency received for those decision items in the prior budget. Since this has been the policy for several biennia, the amounts provided for these standard budget adjustments are ultimately based on overtime and night and weekend differential expenditures that no longer reflect current GPR- and PR-funded population splits. This discrepancy is, in effect, remedied by this item.

Joint Finance: Decrease funding by $1,738,600 GPR in 2017-18 and $1,717,700 GPR in 2018-19 and increase PR funding by corresponding amounts to reflect the impact of a separate decision (summarized under "Standard Budget Adjustments" in "Health Services--Departmentwide") that would modify the funding source split for the overtime and night and weekend differential pay adjustments such that those premium pay adjustments reflect the GPR- and PR-funded population splits at the Department's mental health institutes. Taken together, the adjustments made under this item and the changes to the standard budget adjustments item are nearly offsetting, although there is a small net effect (an increase of $2,300 GPR and a corresponding PR decrease over the biennium) resulting from a recalculation of premium pay fringe benefit costs.

3. CONTRACTED MENTAL HEALTH SERVICES

GPR	$3,768,300

Governor/Joint Finance: Provide $1,195,500 in 2017-18 and $2,572,800 in 2018-19 to fund projected increases in the costs of contracts for competency examinations, treatment to restore competency, conditional release, and supervised release services for mental health clients served by DHS facilities. Generally, the administration's estimates for the cost of these services are based on the assumption that the per-client costs will increase at 2.3% annually, and that caseloads will increase based on historical trends. Base funding for these contracted services is $13,641,100.

Outpatient Competency Examination. Chapter 971 of the statutes prohibits courts from trying, convicting, or sentencing an individual if the individual lacks substantial mental capacity to understand the proceedings or assist in his or her own defense. Courts may order DHS to conduct competency examinations, which may be performed either on an inpatient basis by DHS staff at the state mental institutes, or on an outpatient basis in jails and locked units of other facilities by contracted staff. This item would increase funding for contracted examinations by $289,800 in 2017-18 and $456,100 in 2018-19.

Treatment to Competency Services. DHS contracts with a vendor to provide outpatient

treatment services to individuals who are determined to be incompetent to proceed to a criminal trial if a court determines that the individual is likely to be competent within 12 months, or within the time of the maximum sentence specified for the most serious offense with which the defendant is charged. This item would increase funding for this contract by $122,300 in 2017-18 and $230,600 in 2018-19.

Conditional Release Services. The conditional release program provides treatment to individuals who have been found not guilty by reason of mental disease or defect and are either immediately placed on conditional release following the court's finding or following release from one of the state's mental health institutes. DHS contracts with five organizations, each of which provides services in one of five regions of the state. This item would increase funding for these contracts by $140,900 in 2017-18 and $407,600 in 2018-19.

Supervised Release Services. The supervised release program provides community-based treatment to individuals who are found to be sexually violent persons (SVPs) under Chapter 980 of the statutes. SVPs are committed to DHS and provided institutional care at the Sand Ridge Secure Treatment Center in Mauston, but may petition the court for supervised release if at least 12 months have elapsed since the initial commitment order was entered, since the most recent release petition was denied, or since the most recent order for supervised release was revoked. This item would increase funding for these services by $686,000 in 2017-18 and $1,391,800 in 2018-19.

Department of Correction Supervision. DHS contracts with the Department of Corrections for the supervision of clients in the conditional release and supervised release programs. The contract includes supervision, transportation escort, and global positioning system (GPS) monitoring. This item would decrease funding for these contracts by $43,500 in 2017-18 and increase funding by $86,700 in 2018-19.

The following table shows the administration's estimates for the number of persons served in each program component described above, the average cost per service, and the total amount of funding that would be provided in the bill in each fiscal year. Due to rounding in the average cost per client, the funding for each item does not equal the product of the figures shown in the table. Estimates of some of the components of the Department of Corrections contract are not based on a per-client average, so the average cost is not included in the table.

Contracted Services for Mental Health Clients

	2017-18			2018-19		
	Number	Average Cost	Total	Number	Average Cost	Total
Outpatient Competency Exams	1,603	$1,360	$2,180,500	1,688	$1,390	$2,346,800
Restoration to Competency	95	14,940	1,426,200	100	15,280	1,534,500
Conditional Release	332	15,160	5,033,100	342	15,510	5,299,800
Supervised Release	57	83,280	4,747,000	64	85,200	5,452,800
Department of Corrections Supervision			1,449,800			1,580,000
Total Funding			$14,836,600			$16,213,900
Base Funding			$13,641,100			$13,641,100
Difference (Change to Base)			**$1,195,500**			**$2,572,800**

4. MENDOTA MENTAL HEALTH INSTITUTE FORENSIC UNIT STAFFING [LFB Paper 356]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$3,610,000	36.50	- $628,100	0.00	$2,981,900	36.50
PR	10,800,500	36.50	- 1,785,400	0.00	9,015,100	36.50
Total	$14.410,500	73.00	- $2,413,500	0.00	$11,997,000	73.00

Governor: Provide $7,190,500 PR and 73.0 PR positions in 2017-18 and $3,610,000 GPR and $3,610,000 PR and 36.5 GPR and 36.5 PR positions in 2018-19 to staff two forensic patient units with a total of 34 beds. Forensic patients are persons who have been committed to the Department for treatment or evaluation as part of a criminal proceeding, either to be evaluated for competency to stand trial, to receive treatment to restore competency, or after being found not guilty by reason of mental disease.

Initially, all 73 new positions would be funded with program revenue, utilizing existing unexpended balances in the PR appropriation account for the mental health institutes. DHS estimates that the unexpended balance in the account will be $18.4 million at the end of 2016-17. The primary revenue source for this PR appropriation is payments from counties for costs related to their residents who have been committed under a civil, rather than criminal, proceeding. In the second year of the biennium, one-half of the new positions would be converted to GPR funding.

The following table shows the positions that would be provided for the forensic units.

Position Type	Number
Psychiatric Care Technician	40
Nurse Clinician	10
Nursing Supervisor	2
Office Operations Associate	2
Psychiatrist	2
Psychologist	2
Social Worker	3
Occupational Therapist	2
Recreation Leader	4
Teacher	2
Correctional Officer	4
Total	73

Joint Finance: Reduce funding by $1,157,300 PR in 2017-18 and by $628,100 GPR and $628,100 PR in 2018-19 to reflect a reassessment of the funding needed for facility costs. The Governor's recommendation was based on an assumption that the Department would lease space for one of the two units. However, subsequent to the bill's introduction, the Department determined that the unit would be housed at the Sand Ridge Secure Treatment Center, eliminating the need for lease funding.

DHS opened the other unit, with 14 beds, in July, 2016, in previously vacant space at the Mendota Mental Health Institute. The Department used temporary position authority and base PR funding to open the unit. This budget item would provide permanent positions and budget authority to enable DHS to continue to operate that unit.

The administration's intent is to eventually move both units into space at Lorenz Hall at Mendota, once renovations on that building have been completed. The renovations, which the Department included in its capital budget request and which were approved by the Committee as part of the capital budget, would include converting two vacant civil units for forensic use, and making general building improvements to provide program areas and increase security. The estimated cost of the project is $18.0 million. If the project is approved as part of the final budget, the Department anticipates that the renovated units would be ready for occupancy in April, 2020.

5. NONFOOD SUPPLIES AND SERVICES [LFB Paper 357]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$3,738,100	- $919,100	$2,819,000
PR	3,071,000	- 101,900	2,969,100
Total	$6,809,100	- $1,021,000	$5,788,100

Governor: Provide $1,615,200 ($508,400 GPR and $1,106,800 PR) in 2017-18 and

$5,193,900 ($3,229,700 GPR and $1,964,200 PR) in 2018-19 to fund projected increases in nonfood supplies and services costs at the Department's residential care and treatment facilities (the state mental health institutes, the state centers for individuals with intellectual disabilities, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center). Nonfood supplies and services include primarily medical services, medical supplies, prescription drugs, clothing, and kitchen supplies.

The administration's estimate reflects an assumption that the total population of the facilities, other than the state centers for persons with intellectual disabilities, will increase by approximately 0.5% annually, while the cost of prescription drugs and medical services will increase at a rate matching recent experience (ranging from approximately 5% to 30%, depending on the facility), and that other supplies will increase by an inflationary rate of 2.3% annually. The Department's base budget for nonfood supplies and services at these facilities is $29,122,500 ($21,036,200 GPR and $8,086,300 PR).

Joint Finance: Reduce funding by $471,000 GPR and $54,000 PR in 2017-18 and $448,100 GPR and $47,900 PR in 2018-19 to reflect a reestimate of the cost of nonfood supplies and services.

6. FOOD AT DHS INSTITUTIONS [LFB Paper 357]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$641,500	- $372,300	$269,200
PR	421,700	- 233,400	188,300
Total	$1,063,200	- $605,700	$457,500

Governor: Provide $488,600 ($297,100 GPR and $191,500 PR) in 2017-18 and $574,600 ($344,400 GPR and $230,200 PR) in 2018-19 to fund projected increases in the cost of food for residents at the Department's residential care and treatment facilities.

The administration's estimates reflect an assumption that the cost of food will increase by 1.5% annually and that the total population of the facilities, other than the state centers for individuals with intellectual disabilities, will increase by approximately 0.5% annually. The Department's base budget for food at its facilities is $3,738,900 ($2,458,100 GPR and $1,280,800 PR).

Joint Finance: Reduce funding by $189,300 GPR and $115,800 PR in 2017-18 and $183,000 GPR and $117,600 PR in 2018-19 to reflect a reestimate of the cost of food at DHS institutions.

7. YOUTH CRISIS STABILIZATION FACILITY [LFB Paper 358]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$1,245,500	- $1,245,500	$0

Governor: Create a certification program for youth crisis stabilization facilities, and provide funding to establish such facilities, as follows.

Certification Program. Specify that no person may operate a youth crisis stabilization facility without a certification issued by DHS, and specify that such a facility is not subject to facility regulation by the Department of Children and Families under the state children's code (children's group homes, treatment foster homes, and residential care centers).

Define a "youth crisis stabilization facility" as a treatment facility with a maximum of eight beds that admits a minor to prevent or de-escalate the minor's mental health crisis and avoid admission of the minor to a more restrictive setting. Define a "crisis" as a situation caused by an individual's apparent mental disorder that results in a high level of stress or anxiety for the individual, persons providing care for the individual, or the public and that is not resolved by the available coping methods of the individual or by the efforts of those providing ordinary care or support for the individual.

Specify that a minor may be admitted to a youth crisis stabilization facility under current law provisions for the admission of minors to an inpatient facility for treatment for mental illness, drug dependence, or alcoholism or under provisions governing civil commitment by a court of persons who are found to be mentally ill, drug dependent, or developmentally disabled and found to be dangerous to themselves or others. Specify that the youth crisis stabilization facility may not be used for the purposes of emergency detention.

Authorize DHS to promulgate administrative rules to implement these provisions. Authorize DHS to promulgate emergency rules to implement these provisions without providing evidence of the necessity of an emergency rule to preserve the public peace, health, safety, or welfare. Specify that any emergency rules established under this authority would remain in effect until July 1, 2019, or the date on which permanent rules take effect, whichever is sooner.

Funding. Provide $249,100 in 2017-18 and $996,400 in 2018-19 in an appropriation for the Division of Care and Treatment Services for interagency and intra-agency programs for the establishment of a youth crisis stabilization facility. Modify the PR appropriation for the institutional operations of the state mental health institutes to authorize DHS to transfer funds, in any amount as determined by the Department, to fund youth crisis stabilization facilities. (While the bill would increase the interagency and intra-agency programs appropriation by specific amounts to support a single youth crisis stabilization facility, the bill would authorize DHS to transfer any amount for the purpose of funding one or more facilities.)

Although the bill would provide DHS authority to certify any number of youth crisis stabilization facilities, the funding amounts in the bill reflect the administration's intent to

provide funding sufficient to support the estimated operating costs of a single eight-bed facility, beginning in April, 2018. The funding is based on the assumption that the facility would operate at a cost of $341 per day per bed, which is the current rate charged by DCF for placements in residential care centers.

The administration indicates that DHS would issue a request for proposal (RFP) to select a provider to establish and operate a youth crisis stabilization facility. The location of the facility would be determined as part of the RFP process. The facility would bill counties for services provided to their residents and counties could, in turn, bill the medical assistance (MA) program to receive the federal share of crisis intervention services for youth who are enrolled in MA. Counties are currently responsible for the nonfederal share of crisis services under MA and would be responsible for any portion of the facility charge that is attributable to room and board costs, which are not covered by MA. The administration's intent is that the youth crisis facility would be self-supporting through charges to counties after approximately five years of operation.

The funding that would be provided to the facility under this item is intended to fully support the facility during the biennium, but the administration indicates its intent to phase out state support over the following three years.

The administration's intent is to fund the youth stabilization facility using a portion of an unappropriated program revenue balance in the state mental health institutes institutional operations appropriation, without affecting the budget for the state mental health institutes. However, the bill would not increase the Department's budget authority in the mental health institutes appropriation for making the transfer.

Joint Finance: Delete funding in the interagency and intra-agency programs appropriation and, instead, provide $1,245,500 PR in 2017-18 in the Joint Committee on Finance program supplements appropriation. Specify that the Department may submit one or more requests to the Committee under s. 13.10 of the statutes, up to a total of $1,245,500, from revenues in the Department's PR appropriation for the institutional operations of the mental health institutes, for the purpose of providing grants to youth crisis stabilization facilities. Specify that any such request must be submitted prior to the Department soliciting proposals for grants and must include a description of the Department's plan for distributing grants, including the conditions that the Department would specify for the expenditure of grant funds and the criteria the Department proposes to use for selecting grantees. Specify that the Committee may approve or modify and approve the plan submitted by the Department.

Create a separate PR appropriation in DHS, with no funding, for the purpose of funding youth crisis stabilization grants. Specify that the appropriation may receive moneys transferred from the Joint Committee on Finance program supplements appropriation. Repeal the appropriation, effective July 1, 2019. Require DHS to include in its 2019-21 biennial budget request a proposal for funding grants to youth crisis stabilization facilities from a GPR appropriation.

The fiscal effect of the decision to provide funding in the Committee's appropriation is reflected under "Program Supplements."

8. PEER-RUN RESPITE CENTER FOR VETERANS [LFB Paper 359]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$450,000	$450,000	$900,000

Governor: Provide $450,000 in 2018-19 in a program revenue appropriation in the Division of Care and Treatment Services for interagency and intra-agency programs and authorize DHS to make payments from the appropriation to an organization that establishes peer-run respite centers that provide services to veterans who are experiencing mental health conditions or substance abuse. Modify the PR appropriation that funds the general operations of the state mental health institutes to authorize DHS to make transfers from that appropriation to the interagency and intra-agency programs PR appropriation, in an amount determined by DHS, for funding peer-run respite centers for veterans.

Although the bill would increase the interagency and intra-agency programs appropriation by a specific amount to fund payments to an organization that establishes a peer-run respite center, the bill would authorize the Department to transfer any amount for the purpose of funding one or more centers. Additionally, although the administration indicates its intent to establish a peer-run respite center in the Milwaukee area, the bill would not specify the location of the center.

The amount provided for the peer-run respite center would be similar to the amount that DHS provides to each of three centers supported under an existing peer-run respite program. Those centers, located in Appleton, Madison, and Menomonie, provide support for persons experiencing a mental health or substance abuse crisis. Staff at peer-run centers have successfully participated in mental health or substance abuse recovery or treatment programs. The administration indicates that the operator of the peer-run respite center for veterans would be selected through a competitive process.

The administration indicates its intent is to fund the peer-run respite center using a portion of an unappropriated program revenue balance in the state mental health institutes institutional operations appropriation, without affecting the budget for the state mental health institutes. However, the bill would not increase the Department's budget authority in the mental health institutes appropriation for making the transfer.

Joint Finance: Provide $450,000 in 2018-19 in the institutional operations appropriation for the state mental health institutes to provide the Department with the budget authority to make a transfer for the peer-run respite center. Delete $450,000 in 2018-19 in the interagency and intra-agency programs appropriation and, instead provide $450,000 in 2018-19 in a new PR appropriation for the purpose of making payments to an organization that establishes a peer-run respite center for veterans. With these modifications, the PR funding for the center would be shown twice in the appropriation schedule, in both the transferring and receiving appropriation.

Delete the provision in the bill that would authorize DHS to make transfers to the interagency and intra-agency programs appropriation, in an amount determined by the

Department, from the mental health institutes institutional operations appropriation. Instead, authorize the Department to transfer $450,000 in 2018-19 to the new appropriation specifically for the purpose of the peer-run respite center for veterans. Unlike under the Governor's recommendation, the amount of the transfer would be limited to $450,000, and would be made only on a one-time basis.

Repeal the PR appropriation for peer-run respite center for veterans, as well as the authority for the Department to make transfers to that appropriation, on July 1, 2019. Require DHS to include in its 2019-21 biennial budget request a proposal for providing ongoing general purpose revenue funding for a peer-run respite center that provides services to veterans.

9. MENTAL HEALTH INSTITUTES PROGRAM REVENUE SURPLUS

Joint Finance: Require DHS, at the close of each even-numbered fiscal year, to determine the unencumbered amount remaining in the program revenue appropriation account for the state mental health institutes and provide this information to county and tribal human services agencies. Require DHS, if the amount of the unencumbered balance exceeds 17% of the expenditures associated with the mental health institutes funded from that appropriation in the even-numbered year, to consult with county and tribal human services agencies to develop a proposal for the use of that excess amount, and require the Department to submit the proposal in its next biennial budget request.

10. VIDEOCONFERENCING FOR HEARINGS HELD UNDER CHAPTER 51

Joint Finance: Modify provisions relating to court hearings conducted under Chapter 51 of the statutes (Mental Health Act) to specify that if a person who is the subject of a hearing is detained in a facility that is more than 100 miles away from the courthouse where the hearing is held, the court may conduct the hearing by videoconference if the detention facility has videoconferencing capabilities that meet the current law technical and operational standards used for circuit courts. Specify that the hearing may not be held by videoconference if both the corporation counsel and the counsel representing the subject object to holding the hearing by videoconference. Also, specify that this provision does not preclude a court from holding a hearing by videoconferencing in other circumstances.

11. DUAL EMPLOYMENT RESTRICTION EXEMPTION FOR HEALTH CARE PROFESSIONALS

GPR	- $7,200

Governor: Modify a current law provision that places restrictions on dual employment to specify that this restriction does not apply to a health care professional who holds a full-time position with a state agency or authority and works for another agency and authority for less than 1,040 hours in a 12-month period. Under current law, any individual who holds a full-time position with a state agency or authority may not hold any position or be retained in any other capacity by another state agency or authority from which the individual receives, directly or indirectly, more than $12,000 from the agency or authority in the same year. Modify the current

law dual employment restriction to specify that the $12,000 limit applies to any 12-month period, rather than in "the same year." For these purposes, define a "health care professional" as a registered nurse, licensed practical nurse, a physician licensed to practice medicine and surgery, or a psychologist.

Reduce funding for the state mental health institutes (MHIs) by $3,600 annually to reflect the administration's estimate of reduced training costs DHS would incur at the MHIs if this provision were enacted. The MHIs currently employs resident physicians, who are employed by the UW Hospitals and Clinics Authority, to serve as limited-term employee (LTE) medical consultants. Once these LTEs reach the $12,000 annual salary limit, they are either terminated or unscheduled for the remaining months in the year, resulting in the need for DHS to train other LTEs to perform consultation services. With this change, it is anticipated that fewer of these resident LTEs would reach the $12,000 annual earnings limit.

Joint Finance: Include physician assistants in the definition of "health care professional" for the purposes of this provision.

12. INVOLUNTARY COMMITMENT OF STATE PRISON INMATES TO STATE MENTAL HEALTH INSTITUTES

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $2,400	$2,400	$0

Governor: Modify the statutory requirements associated with the involuntary mental health commitment of inmates at a state prison to eliminate a requirement that the commitment petition submitted to the court include a signed statement by a licensed physician or a licensed psychologist of a state treatment facility. The current requirement that the petition also include a signed statement by a licensed physician or a licensed psychologist of a state prison would not be affected by the bill.

Reduce funding by $1,200 annually to reflect anticipated savings associated with a reduction in travel costs of staff at the Mendota Mental Health Institute. Under current practice, Mendota personnel must travel to state prisons to examine inmates who are the subject of a commitment petition.

Joint Finance: Delete provision as a non-fiscal policy item. Restore $1,200 GPR annually.

13. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $1,609,600	$531,200	- $1,078,400

Governor: Increase funding by $352,000 in 2017-18 and reduce funding by $1,961,600 in 2018-19 to reflect an estimate of debt service payments on bonds issued for DHS facilities. Base debt service funding is $20,614,700.

Joint Finance: Increase funding by $261,400 in 2017-18 and $269,800 in 2018-19 to reflect a reestimate of debt service costs for the biennium. With this change, total DHS debt service payments would be estimated at $21,228,100 in 2017-18 and $18,922,900 in 2018-19.

14. FUEL AND UTILITIES REESTIMATE

GPR	- $1,107,300

Governor/Joint Finance: Reduce funding by $581,300 in 2017-18 and $526,000 in 2018-19 to reflect a reestimate of GPR-funded fuel and utilities costs at the Division of Care and Treatment Services (DCTS) residential facilities. With these adjustments, total GPR-funded fuel and utility funding would be $4,770,000 in 2017-18 and $4,825,300 in 2018-19. The bill would not modify funding for fuel and utility costs supported by the Division's program revenue general program operations budget.

15. RENEWABLE ENERGY [LFB Paper 120]

Governor/Joint Finance: Create a GPR annual appropriation to fund the premium cost incurred for the generation or purchase of electrical energy derived from renewable resources. Transfer $241,000 GPR annually in base funding from the Department's current appropriation that supports energy costs for the DHS residential care facilities to the new appropriation. Modify the current DHS utilities appropriation to prohibit DHS from expending funding from that appropriation for costs that would instead be funded from the new appropriation.

This item is part of the administration's initiative to create separate appropriations in the Department of Administration, the Department of Corrections, DHS, the Department of Public Instruction, the Department of Veterans Affairs, and the University of Wisconsin System to support premium costs incurred for the generation or purchase of electrical energy derived from renewable resources.

16. ACCOUNTING FOR CAPITAL EXPENDITURES

Governor/Joint Finance: Authorize DHS, notwithstanding current law provisions that prevent agencies from creating any debt or liability against the state that exceed authorized appropriations, to create liabilities and expend moneys in three PR appropriations for the state centers for individuals with intellectual disabilities and the state mental health institutes in an additional amount, not exceeding the value of the equipment and buildings used for the operations supported from those appropriations.

The three appropriations affected by this provision fund institutional operations and charges, alternative services provided by the mental health institutes and centers, and interagency and intra-agency programs.

Medicaid, which is the primary funding source for the state centers, reimburses for capital expenditures over a multi-year period in accordance with depreciation schedules that vary by the type of asset. Under current accounting practices, the Department is unable to count future payments for capital assets as a receivable. With the change under this item, the Department would count those future payments as a receivable, thereby reducing the unsupported overdrafts in the state centers appropriations.

The additional spending authority that would be provided to DHS under this item is similar to the authority currently granted for PR appropriations in other agencies where capital expenditures are financed with payments received over the course of several years, such as the Department of Corrections' appropriations for Prison Industries, and fleet service appropriations in various agencies.

17. TRANSFER FUNDING FROM MA BENEFITS TO MENTAL HEALTH INSTITUTES [LFB Papers 320 and 360]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$0	$640,600	$640,600

Governor: Decrease MA benefits funding by $320,300 GPR annually and provide corresponding annual funding increases for the operations of the state mental health institutes. The funding transfer is intended to reverse an error that was made with a gubernatorial veto contained in the 2015-17 budget act.

As passed by the Legislature, the 2015-17 budget bill included a provision that would have exempted certain nursing homes from the nursing home bed assessment. Because this change would have reduced SEG revenue to the MA trust fund by an estimated $320,300 annually, the enrolled bill would have increased GPR MA benefits funding to offset the SEG decrease. The Governor vetoed the nursing home bed assessment exemption, but instead of reducing the MA GPR benefits appropriation, the partial veto reduced the GPR funding for the state mental health institutes by $320,300 annually. By making an offsetting adjustment for the 2017-19 biennium, this item would have the effect of underfunding estimated MA benefit costs by $320,300 annually in the 2017-19 biennium and of providing a $320,300 annual increase over the 2016-17 adjusted base for the state mental health institutes.

Joint Finance: Delete the $320,300 annual GPR decrease to MA benefits. In considering this item, the Committee treated the $320,300 annual GPR increase to the appropriation for the mental health institutes and the $320,300 annual GPR decrease to the MA benefits appropriation as separate decisions. The Committee approved the $320,300 GPR increase to the mental health institutes appropriation. The change to the MA benefits appropriation was considered along with the MA cost-to-continue item. The Committee adopted a reestimate for MA benefits, resulting in a reduction of $96.2 million in GPR funding over the biennium. Unlike the bill, the Committee did not adopt an annual decrease of $320,300 GPR below the revised cost-to-continue estimate, since this proposed decrease was not associated with MA programmatic changes that would

reduce MA costs.

18. MENDOTA JUVENILE TREATMENT CENTER -- FUNDING TRANSFER FROM DOC [LFB Paper 361]

Governor: Modify a statutory provision that identifies the amount of funding that the Department of Corrections (DOC) is required to transfer to DHS to support the costs of the Mendota Juvenile Treatment Center (MJTC), to require transfers of $2,768,100 in 2017-18 and $2,834,800 from the DOC PR appropriation for juvenile correctional services. In 2016-17, DOC is required to transfer $2,997,600 from this PR appropriation.

DOC is also required to transfer $1,365,500 GPR annually to support the cost of the MJTC, an amount that would not be changed by the bill. Consequently, the total amount transferred from both fund sources would be $4,363,100 in 2016-17, $4,133,600 in 2017-18, and $4,200,300 in 2018-19. The administration indicates that the reduction in the total funding from the 2016-17 statutory transfer amount ($229,500 in 2017-18 and $162,800 in 2018-19) is primarily due to a decrease in the fringe benefit rate used in the estimate calculation. MJTC provides mental health treatment in a secured setting for males transferred from the juvenile correctional institution. The MJTC, which is on the grounds of the Mendota Mental Health Institute, has space for 29 individuals.

Joint Finance: Modify the statutory transfer amounts to require PR transfers of $2,869,200 in 2017-18 and $2,932,600 in 2018-19, to reflect a reestimate of the MJTC salary and fringe benefit costs in the 2017-19 biennium. With this reestimate, the transfer would be reduced from current levels, but not by as much as under the bill. The total transfer would decline from $4,363,100 in 2016-17 to $4,234,700 ($1,365,500 GPR and $2,869,200 PR) in 2017-18 and to $4,298,100 ($1,365,500 GPR and $2,932,600 PR) in 2018-19.

19. COUNTY REPORT IDENTIFYING RESIDENTIAL OPTIONS FOR INDIVIDUALS ON SUPERVISED RELEASE

Joint Finance: Modify statutory requirements relating to plans for supervised release of sexually violent persons (SVPs) and representation of SVPs by the State Public Defender as follows.

County Plans for the Release of SVPs

Report Preparation and Content. Specify that if a court finds that an individual has met all the criteria for supervised release, the court must order the county of the person's residence, as determined by DHS, to prepare a report to submit to DHS. Require the county to create a temporary committee to prepare the report, consisting of: (a) the county human services department: (b) a representative from DHS; (c) a local probation or parole officer; (d) the county corporation counsel or his or her designee; and (e) a representative of the department of the county that is responsible for land use and planning or the department of the county that is responsible for land information. Specify that the report would identify an appropriate residential

option in that county while the person is on supervised release and demonstrate that the county has contacted the landlord for that residential option and that the landlord has committed to enter into a lease.

Require that the county consider the following factors when identifying an appropriate residential option: (a) the distance between the person's placement and any school premises, child care facility, public park, place of worship, or youth center; (b) if the person committed a sexually violent offense against an adult at risk or an elder adult at risk, the distance between the person's placement and a nursing home or assisted living facility; and (c) if the person is a serious child sex offender, the distance between the person's placement and a property where a child's primary residence exists. Repeal current law provisions requiring that the residential option identified in the supervised release plan be a specific distance from the above locations.

Consultation with Law Enforcement Agencies. Specify that when preparing the report, the county must consult with a local law enforcement agency having jurisdiction over the residential option. Permit the law enforcement agency to submit a written report that provides information relating to the residential option, and, if the law enforcement agency submits a report, require the county department to include the agency's report when the county department submits its report to DHS.

Deadline for Submission of Report and Penalties. Require the county to submit its report to DHS within 120 days following the court order, rather than 60 days as required under current law. Specify that a county that does not submit its report within 120 days violates the person's rights under s. 51.61 of the statutes, and that each day that the county does not submit a report after the 120 days have expired constitutes a separate violation. Specify that any damages beyond costs and reasonable actual attorney fees recovered by the person for a violation would be deposited into a new PR appropriation that would authorize DHS to use all moneys it receives from this source to fund payments of costs associated with housing persons on supervised release.

Specify that within the first 12 months following the effective date of the bill, the time limit for counties to submit the report to DHS shall be 180 days, rather than 120 days.

DHS Assistance in Preparing Report. Require DHS, within 30 days after the court orders the county to prepare a report, to determine the identity and location of known and registered victims of the person's acts by searching its victim database and consulting with the Office of Victim Services in the Department of Corrections, the Department of Justice, and the county coordinator of victims and witnesses services in the county of intended placement, in the county where the person was convicted, and in the county of commitment. Authorize the county to consult with DHS on other matters while preparing the report, and require DHS to respond as soon as practically possible.

DHS Preparation of Supervised Release Plans. Require the court to direct DHS to use the report to prepare a supervised release plan for the person that identifies the residential option the county identified in its report. Specify that the plan must also address the person's need, if any, for supervision, counseling, medication, community support services, residential services, vocational services, and alcohol and other drug abuse treatment. Require DHS to provide the

supervised release plan to the court within 30 days after the county submits its report to DHS. Permit DHS to grant one extension of up to 30 days for good cause. Repeal a current law requirement that the Department may not arrange placement in a facility that did not exist before January 1, 2006.

Determination of County of Residence. Specify that in determining the person's county of residence for the purposes of the supervised release process, if current law procedures are insufficient, the Department must find that the county of residence is the county in which, on the date that the person committed the sexually violent offense that resulted in the sentence, placement, or commitment, the person would have been a resident for the purposes of social security disability insurance eligibility.

Initial Applicability. Specify that these changes shall apply to all petitions for supervised release under Chapter 980 currently pending at the time of the effective date of the bill.

State Public Defender Counsel

Provide that, in any situation under Chapter 980 ("Sexually Violent Persons Commitments") in which the person has a right to be represented by counsel, the court must refer the person as soon as practicable to the State Public Defender, who would be required to appoint counsel for the person without a determination of indigency. Modify references to Chapter 977 ("State Public Defender") to reflect this change.

Provide that, at the conclusion of any proceeding under Chapter 980 in which the Public Defender has provided counsel for a person, the court may inquire as to the person's ability to reimburse the state for the costs of representation. Provide that, if the court determines that the person is able to make reimbursement for all or part of the costs of representation, the court may order the person to reimburse the state an amount up the maximum amount established in the Public Defender's fee schedule. Upon request, require the Public Defender to conduct a determination of indigency and report the results of the determination in court.

Provide that reimbursements would be made to the clerk of courts of the county where the proceedings took place, and require the clerk to transmit payments to the county treasurer. Require the treasurer to deposit 25% of the payment amount in the county treasury and transmit the remainder to the Department of Administration, to be credited to the Public Defender's PR appropriation that supports legal representation provided by the private bar.

Require the clerk of courts for each count to report, by January 31 of each year, to the State Public Defender the total amount of reimbursements ordered for Chapter 980 cases, in the previous calendar year and the total amount of reimbursements paid to the clerk of courts in the previous year.

20. LONG-TERM SERVICE AWARDS FOR CORRECTIONAL OFFICERS, SERGEANTS, AND YOUTH COUNSELORS

Joint Finance: Direct the Administrator of the Division of Personnel Management (DPM)

in DOA, in preparing the biennial state employee compensation plan for approval by the Joint Committee on Employment Relations, to include the following one-time lump sum awards for correctional officer correctional sergeant positions at DHS: (a) on the employee's 10th anniversary of service, $250; (b) on the employee's 15th anniversary of services, $500; (c) on the employee's 20th anniversary of service, $750; (d) on the employee's 25th anniversary of service, $1,000; and (e) for every 5th anniversary of service after completion of 25 years of service, $1,000.

Provide that, if on the effective date of the budget bill, the 2017-19 state employee compensation plan has already been adopted and the compensation plan does not include the supplemental pay provisions identified above, the Administrator of DPM must propose an amendment to the compensation plan to include the above supplemental pay provisions by no later than 30 days after the effective date of the budget bill.

Funding is not provided to the DHS to support these long-term service awards. As a result, costs would be supported through the use of agency base resources.

Mental Health, Public Health, and Other Programs

1. CHILD PSYCHIATRY CONSULTATION PROGRAM [LFB Paper 365]

GPR	$1,000,000

Governor/Joint Finance: Provide $500,000 annually for the child psychiatry consultation program, to increase total funding for the program to $1,000,000 annually. Under the program, which was established in 2014, DHS contracts with the Medical College of Wisconsin (MCW) to provide child psychiatry consultation services for clinicians in Milwaukee County and in several northern Wisconsin counties. Primary care providers contact the consultation service, staffed by child psychiatrists and other mental health professionals, for guidance on their pediatric patients who have mental health needs. In 2016, the consultation service had 384 enrolled providers, and provided 860 consultations. The administration indicates that the additional funds are intended to allow the Department to contract for consultation services in additional counties.

2. TRANSFER PATH PROGRAM FROM DOA TO DHS

	Funding	Positions
GPR	$111,600	0.20
FED	1,753,600	0.60
Total	$1,865,200	0.80

Governor/Joint Finance: Transfer the projects for assistance in the transition from homelessness program (PATH) from the Department of Administration (DOA) to DHS on the effective date of the bill.

Provide $55,800 GPR and $876,800 FED annually and 0.8 position (0.2 GPR position and 0.6 FED position), beginning in 2017-18, to reflect this program transfer. [Corresponding funding and position reductions are summarized under "Administration -- Transfers."]

Program funding is summarized in the following table.

PATH Annual Funding and Position Summary, By Source and Purpose

	GPR	FED	Total
Funding			
Grants	$41,900	$835,100	$877,000
Administration	13,900	41,700	55,600
Total	$55,800	$876,800	$932,600
Positions	0.2	0.6	0.8

Specify that the assets and liabilities, tangible personal property, contracts, rules and orders, and any pending matters associated with the PATH program, as determined by the DOA Secretary, would become the assets and liabilities, tangible personal property, contracts, rules and orders, and pending matters of the program in DHS, as of the date of the transfer. Repeal and renumber current statutory references to the program.

The U.S. Department of Health and Human Services, Substance Abuse and Health Services Administration distributes formula grants to states to support services for homeless individuals who have serious mental illness or serious mental illness and substance abuse. Eligible programs and activities include outreach services, screening and diagnostic treatment services, habilitation and rehabilitation services, community mental health services, alcohol and drug treatment services, staff training, case management services, supportive and supervisory services in residential settings, referrals for primary health services, job training, educational services, and certain housing services. DOA currently provides these federal funds, together with GPR funding, to local human services agencies and nonprofit organizations to provide these services.

3. OFFICE OF CHILDREN'S MENTAL HEALTH TRAVEL REIMBURSEMENT [LFB Paper 366]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$20,000	- $20,000	$0

Governor: Provide $10,000 annually for the Office of Children's Mental Health for reimbursement of travel expenses for individuals who have first-hand experience with mental health systems who participate in meetings arranged by the Office.

Joint Finance: Delete funding for this item. Instead, authorize DHS to fund these reimbursement expenses from a GPR-funded general program operations appropriation that support's the agency's general administrative expenses.

4. SSI AND CARETAKER SUPPLEMENT REESTIMATE [LFB Paper 367]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$4,772,000	$328,000	$5,100,000
PR	- 6,188,600	- 2,602,200	- 8,790,800
Total	- $1,416,600	- $2,274,200	- $3,690,800

Governor: Delete $1,981,800 ($1,112,500 GPR and -$3,094,300 PR) in 2017-18 and provide $565,200 ($3,659,500 GPR and -$3,094,300 PR) in 2018-19 to fund the projected supplemental security income (SSI) state supplement and caretaker supplement payments in the 2017-19 biennium. SSI provides federal and GPR-funded benefits to low-income residents who are elderly, blind, or disabled. Recipients with dependent children may also receive a caretaker supplement payment supported by federal temporary assistance to needy families (TANF) funds transferred as program revenue from the Department of Children and Families (DCF).

Basic State Supplement. Provide $1,112,500 GPR in 2017-18 and $3,659,500 GPR in 2018-19 to fully fund projected costs of state supplemental SSI benefits. In June, 2016, approximately 121,400 individuals received state supplemental payments, including the basic supplement ($83.78 per month for single individuals) and the exceptional expense benefit ($95.99 per month for single individuals). Base funding for these payments is $159,455,400 GPR, which is budgeted in a sum sufficient appropriation. The administration projects payments totaling $160,567,900 GPR in 2017-18 and $163,114,900 GPR in 2018-19.

Caretaker Supplement. Reduce funding by $3,094,300 PR annually to reflect estimates of the amounts needed to fully fund projected SSI caretaker supplement benefit payments. DHS provides SSI recipients with a monthly payment of $250 for the first dependent child and $150 for each additional dependent child. Base TANF funding for the caretaker supplement is $30,433,400. The administration projects caretaker supplement benefit payments will total $27,339,100 PR in each year of the 2017-19 biennium, which is the amount DHS expended for these payments in 2015-16.

Joint Finance: Increase funding by $153,700 GPR in 2017-18 and $174,300 GPR in 2018-19 to fully fund state supplemental payments for SSI recipients, and reduce funding by $1,301,100 PR annually to reflect a reestimate of payments for the caretaker supplement.

5. DISEASE AIDS REESTIMATE

GPR	- $2,446,100
PR	- 371,400
Total	- $2,817,500

Governor/Joint Finance: Reduce funding by $1,509,500 (-$1,301,400 GPR and -$208,100 PR) in 2017-18 and by $1,308,000 (-$1,144,700 GPR and -$163,300 PR) in 2018-19 to reflect the administration's estimates of benefit costs provided under the Wisconsin chronic disease program (WCDP) in the 2017-19 biennium.

The WCDP provides coverage of services for enrolled individuals with chronic renal disease, hemophilia, and adult cystic fibrosis. WCDP serves as a payer of last resort for

enrollees, and covers costs not already covered by other public or private health insurance plans. Enrollees in WCDP are responsible for deductibles and coinsurance based on their household income and size, as well as for copayments on prescription medications. The Department receives rebates from drug manufactures for medications dispensed through WCDP, which DHS uses to offset the program's benefit costs.

The following table summarizes the administration's estimates and the funding changes in the bill.

Summary of Disease Aids Cost Estimates

	2017-18			2018-19		
	GPR	PR	Total	GPR	PR	Total
Benefits Costs						
Chronic Renal Disease Program	$2,561,200	$0	$2,561,200	$2,700,800	$0	$2,700,800
Hemophilia Home Care	1,708,400	0	1,708,400	1,759,600	0	1,759,600
Adult Cystic Fibrosis Program	193,900	0	193,900	204,600	0	204,600
Subtotal	$4,463,500	$0	$4,463,500	$4,665,000	$0	$4,665,000
Less Est. Rebate Revenue (PR)	-$991,900	$991,900	$0	-$1,036,700	$1,036,700	$0
Contingency	500,000	0	500,000	500,000	0	500,000
Total	$3,971,600	$991,900	$4,963,500	$4,128,300	$1,036,700	$5,165,000
Base Funding	$5,273,000	$1,200,000	$6,473,000	$5,273,000	$1,200,000	$6,473,000
Change to Base	**-$1,301,400**	**-$208,100**	**-$1,509,500**	**-$1,144,700**	**-$163,300**	**-$1,308,000**

6. EMERGENCY MEDICAL SERVICES

Governor: Modify current law provisions relating to training and licensure for emergency medical service (EMS) providers as follows.

Emergency Medical Services Grants. Expand the purposes for which ambulance service providers may use grants to include training and examinations required for the certification and renewal certification of first responders. Currently, ambulance service providers may use grant funds to pay for training and examinations required for individuals applying for licensure as an emergency medical technician - basic, and to purchase ambulance service vehicles, vehicle equipment, EMS supplies or equipment or emergency medical training. The bill would not modify base funding for these grants ($1,960,200 GPR annually).

Authorize grant recipients to escrow any grant funds provided for emergency medical technician and first responder training that are not used within a calendar year. Specify that these funds would be available for use in subsequent years to pay for first responder training and examinations, as well as training and examinations for emergency medical technicians of any level.

Certification Renewal for EMTs and First Responders. Require licensed emergency medical technicians and certified first responders to renew their credentials every four years. Under current law, EMTs must renew their licenses every two years.

Endorsement for Intravenous Technician. Require DHS to develop an intravenous technician endorsement available to licensed emergency medical technicians (EMTs), and approve a training program for EMTs to obtain such an endorsement. EMTs with an endorsement as an intravenous technician would have training in successfully administering intravenous and intraosseous infusions of medicated and nonmedicated fluids.

Joint Finance: Delete provision as a non-fiscal policy item.

7. PAYMENTS TO DONATE LIFE WISCONSIN AND THE WISCONSIN WOMEN'S HEALTH FOUNDATION

Governor/Joint Finance: Transfer the responsibility for making payments to Donate Life Wisconsin and the Wisconsin Women's Health Foundation, which are supported by voluntary donations collected by the Department of Transportation (DOT), from DHS to DOT. Renumber current appropriations and statutory sections to reflect this transfer. Make minor clarifying changes to: (a) delete current references to agreements between the state and the Donate Life Wisconsin and the Wisconsin Women's Health Foundation, but retain all current conditions these organizations must meet to receive funding from these revenues; (b) require DOT to consult with DHS in designating a new agency to receive funding if Donate Life Wisconsin dissolves or no longer retains its tax exempt status, and add statutory references to a possible successor organization if that occurs.

Under current law, DOT collects revenue from the issuance of special license plates for people wishing to support Donate Life Wisconsin and the Wisconsin Women's Health Foundation, as well as revenue from voluntary $2 donations to Donate Life Wisconsin when applying for a driver's license. This revenue is deposited into the general fund and credited to two DHS appropriations. DHS is then responsible for distributing these funds to the two organizations.

8. ACCREDITATION FOR HOME HEALTH AGENCIES AND HOSPICES

	Funding	Positions
GPR	- $52,600	- 0.30
FED	52,600	0.30
Total	$0	0.00

Governor/Joint Finance: In lieu of performing its own inspection or investigation of a home health agency prior to licensure, authorize the Division of Quality Assurance (DQA) to recognize accreditation by an organization that is approved by the federal Centers for Medicare and Medicaid Services (CMS) and that meets any requirements established by DHS. Require a home health agency to provide DHS with a copy of the report by the accreditation organization of each period review the organization conducts of the home health agency for DHS' use in tracking compliance, investigating complaints, and conducting further surveys.

Under current law, DQA may accept evidence that a hospice applying for licensure has been inspected and is currently in compliance with the hospice requirements of the Joint Commission (a not-for-profit organization that accredits several types of health providers, including hospitals, home care agencies and laboratories). For this purpose, the bill would replace current references to the Joint Commission with a reference to an organization approved

by CMS that meets any requirements established by DHS.

Reduce funding by $26,300 GPR annually, and delete 0.3 GPR position, beginning in 2017-18, and provide corresponding increases in FED funding and position authority to reflect that less DQA staff time would be billed to (GPR funded) state licensing activities, and more DQA staff time would be billed to federally-funded projects.

9. EXTEND DCTS FEDERAL PROJECT POSITIONS

Governor/Joint Finance: Extend 4.5 FED project positions in the Division of Care and Treatment Services (DCTS) so that each of these positions would be authorized for the four-year statutory maximum duration. All of these positions are funded from grants from the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA).

The positions include: (a) 2.5 positions that provide program coordination and communication services for a project to improve access to treatment and support services for youth and young adults that have, or are at risk of developing a mental illness or substance use disorder, and are at high risk of suicide in Jefferson and Outagamie Counties (Project YES!); (b) 1.0 position that coordinates an expansion of medication assisted treatment services to individuals in Sauk and Columbia Counties with opioid addiction; and (c) 1.0 position that serves as a clinical coordinator for the veterans outreach and recovery program (VORP), which assists veterans in accessing housing and treatment services for veterans and all former service members, regardless of discharge status, experiencing homelessness and mental and substance use disorders. The following table summarizes this item.

FTEs	Position Title	End Dates Current	Bill	Approx. No. of Months Extended
	Project YES!			
1.0	Human Services Program Coordinator	3/11/2019	9/29/2019	6.5
1.0	Human Services Program Coordinator	3/11/2019	6/29/2019	3.5
0.5	Communication Specialist	3/11/2019	5/23/2020	14.0
	Prescription Drug and Opiate Treatment			
1.0	Human Services Program Coordinator	5/11/2018	9/29/2018	4.5
	Veterans Outreach and Recovery			
1.0	Human Services Program Coordinator	5/11/2018	7/31/2019	14.5

Expiring project positions are removed under a standard budget adjustment unless the Governor recommends that the positions be extended, in which case they are considered as a separate item. The funding DHS would use to support the positions that would be extended under this item remains in the agency's base budget.

10. DEMENTIA CARE SPECIALISTS [LFB Paper 368**]**

GPR	$2,680,000
FED	469,000
Total	$3,149,000

Joint Finance: Provide $893,000 ($760,000 GPR and $133,000 FED) in 2017-18 and $2,256,000 ($1,920,000 GPR and $336,000 FED) in 2018-19, to maintain ongoing support for the 19 current dementia care specialist positions through June 30, 2018, and to fund 24 dementia care specialist positions, on an ongoing basis, beginning July 1, 2018.

Dementia care specialist positions are not state positions. Dementia care specialists work at aging and disability resource centers and provide cognitive screenings, programs that engage individuals with dementia in regular exercise and social activities, and promote independence for individuals with dementia. They also provide support for family caregivers, including assistance with care planning and connections to support groups. Finally, they provide community support, assisting in the development of dementia friendly communities through outreach events and professional consultations.

Currently there are 19 dementia care specialist positions serving 26 counties and three tribes in Wisconsin. These positions are funded through the end of calendar year 2017. Since the 2015 Act 55 funding for DCS was provided on a one-time basis, it is deleted from the agency's adjusted base budget as a standard budget adjustment.

11. GRADUATE MEDICAL EDUCATION

GPR	$1,500,000

Joint Finance: Increase funding for grants to establish graduate medical training programs by $750,000 in each year of the biennium. Create a continuing appropriation to fund (ongoing) graduate medical training programs, budgeted at $750,000 in 2017-18 and $750,000 in 2018-19, by transferring base funding for grants for current programs ($750,000) from the MA benefits appropriation to the new appropriation. Provide that, if January 2017 Special Session Assembly Bill 7 is enacted, the one-time funding in that bill to support fellowships in addiction medicine or addiction psychiatry ($63,000 GPR in 2017-18) would be transferred from the medical assistance MA benefits appropriation to the new appropriation.

12. COMMUNICABLE DISEASE CONTROL AND PREVENTION GRANTS

GPR	$1,000,000

Joint Finance: Provide $500,000 annually, in a continuing appropriation, for DHS to distribute as grants to control and prevent communicable diseases. Permit local health departments to use grant funds for disease surveillance, contact tracing, staff development and training, improving communication among healthcare professionals, public education and outreach, and other infection control activities which local health departments are required to undertake in accordance with Chapter 252.

Specify criteria the Department must consider when determining the amount of grant funding to distribute to each local health department. These criteria would include: (a) base funding amount, with each local health department guaranteed at least some level of base

funding; (b) general population; (c) target populations; (d) risk factors; and (e) geographic area, including consideration of the size of the geographic area served by the local health department or the density of the population. Provide DHS discretion in how these criteria are applied, including in determining what level of base funding to provide to each local health department.

Require local health departments receiving funding under this program to submit biennial financial statements to the Department on their use of the funds, with the first such statements due January 1, 2019.

13. HIV/AIDS SERVICES -- MIKE JOHNSON LIFE CARE GRANTS

GPR	$646,000

Joint Finance: Increase funding for Mike Johnson life care and early intervention service grants by $323,000 annually, beginning in 2017-18. Increase, from $3,677,000 to $4,000,000, the maximum amount DHS may award in grants to applying organizations.

DHS distributes this funding to the only state-designated AIDS service organization, AIDS Resource Center of Wisconsin (ARCW), to fund medical and support services statewide to persons with human immunodeficiency virus (HIV) and acquired immune deficiency syndrome (AIDS). These services include medical case management, outpatient medical care, mental health services, oral health care, food services, and legal services. In addition to the state funding provided under the Mike Johnson life care and early intervention service grants, ARCW receives federal funding under Part B of the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act to fund medical and support services to persons with HIV/AIDS.

14. GRANTS FOR TRAINING ALLIED HEALTH PROFESSIONALS

GPR	$500,000

Joint Finance: Provide $500,000 annually, beginning in 2018-19 for DHS to distribute as grants for training allied health professionals.

Direct the Department to distribute grants to hospitals, health systems, and educational entities that form health care education and training consortia for allied health professionals. Define an "allied health professional" as any individual who is a health care provider other than a physician, registered nurse, dentist, pharmacist, chiropractor, or podiatrist and who provides diagnostic, technical, therapeutic, or direct patient care and support services to the patient.

Specify that DHS may distribute up to $125,000 per fiscal year per consortium to be used for any of the following: (a) curriculum and faculty development; (b) tuition reimbursement; and (c) clinical site or simulation expenses. Specify that each grant recipient must match, through its own funding sources, the amount of the grant distributed by the Department for the purposes of operating an allied health professional training consortium. Require DHS to determine the requirements for the formation of health care education and training consortia for allied health professionals, and that in distributing grants under this section, the Department give preference to rural hospitals, health systems with a rural hospital or rural clinic, and rural educational

entities.

Create a biennial appropriation, budgeted in $500,000 GPR annually, beginning in 2018-19, for the Division of Public Health to fund grants.

15. GRANTS FOR ADVANCED PRACTICE CLINICIANS

GPR	$500,000

Joint Finance: Provide $500,000 annually, beginning in 2018-19, to establish a grant program for training advanced practice clinicians.

Direct the Department to distribute grants to hospitals and clinics that provide new training opportunities for advanced practice clinicians. For these purposes, define an "advanced practice clinician" as a physician assistant or an advanced practice nurse, including a nurse practitioner, certified nurse midwife, clinical nurse specialist, or certified registered nurse anesthesiologist.

Create a biennial GPR appropriation for the Division of Public Health to distribute $500,000 GPR annually in grants, beginning in 2018-19. Specify that of this total, DHS could distribute up to $50,000 per fiscal year per hospital or clinic. Specify that DHS must require the hospital or clinic to use the grant to pay for the costs of operating a clinical training program for advanced practice clinicians, which may include any of the following: (a) required books and materials; (b) tuition and fees; (c) stipends for reasonable living expenses; (d) preceptor costs, including preceptor compensation attributable to training, certification requirements, travel, and advanced practice clinician training. Provide that if a hospital or clinic awarded a grant has not previously received such a grant, it may also use the grant to create the education and infrastructure for training advanced practice clinicians.

Require grant recipients to provide a match to the state grant amount for the purposes of operating an advanced practice clinician rotation. Provide that a hospital or clinic supported by these grants may determine what, if any, post-education requirements must be fulfilled by participants in the training program.

Specify that in distributing these grants, DHS must give preference to advanced practice clinician clinical training programs that include rural hospitals and rural clinics as clinical training locations.

16. HOSPITAL-BASED BEHAVIORAL HEALTH CRISIS MANAGEMENT GRANT

GPR	$250,000

Joint Finance: Provide one-time funding of $250,000 GPR in 2017-18 in the DHS appropriation for grants for community programs and require DHS to make a grant of $250,000 in the 2017-19 biennium to a critical access hospital to support the cost of a behavioral health crisis management system. Specify that the Department must award the grant to a hospital that presents a proposal that does the following: (a) provides in-person triage, assessment, and brief intervention services to persons presenting in the hospital emergency department for reasons related to a behavioral health crisis; (b) provides the same services to persons presenting in the

hospital emergency department of hospitals within the same region via video telemedicine consultation; and (c) coordinates the transfer of persons who require care for a behavioral health condition in another facility, as appropriate. Specify that the grant shall be made to a critical access hospital that meets the following criteria: (a) is located in the northwestern part of the state in a county that borders Minnesota and that has immediate access to I-94; (b) provides alcohol and drug abuse assessment and treatment services; and (c) provides inpatient psychiatric services. Hudson Hospital and Clinic is the only hospital in the state meeting these criteria.

17. BIRTH DEFECT PREVENTION AND SURVEILLANCE SYSTEM

Joint Finance: Modify provisions relating to the state's birth defect prevention and surveillance system as follows.

Release of Children's Names. Authorize DHS to require the hospital, pediatric specialty clinic, or physician that diagnoses or treats an infant or child with a birth defect requiring a report to release the name of the infant or child to DHS unless the parent or guardian of the infant or child states in writing that he or she refuses to release the name or address of the infant or child. Require persons who are required to report to notify a parent or guardian of the infant or child who is diagnosed with a birth defect of the option to refuse to release the name and address of the infant or child to the registry.

Under current law, DHS may not require the hospital, pediatric specialty clinic, or physician to report the infant or child's name if the parent or guardian refuses to consent in writing to the release of the name or address of the infant or child. Therefore, the current provision requires affirmative consent by the parents before a child's name is released.

List of Reportable Birth Defects. Require the DHS Secretary, after reviewing recommendations of the Council on Birth Defect Prevention and Surveillance, to keep a list of specific birth defects that the Council unanimously decides must be reported to DHS, and authorize DHS to require hospitals, pediatric specialty clinics and physicians to report these birth defects, in addition to any birth defects specified by rule. Provide that DHS may specify by rule any other birth defects that the Council does not unanimously decide should be reported.

Under current law, DHS is required to specify by rule all birth defects which require a report, and the Council is charged with making recommendations to DHS, including which birth defects DHS should reported under its rules.

Confidentiality. Authorize the release of information identifying the subject of the report to the State Registrar, vital records system, and other data systems maintained by DHS, or another state or federal agency for the purpose of: determining whether multiple reports are made for the same infant or child; matching reported information with vital records and other registries; and making referrals to intervention and treatment.

Deleting Names from Files More than 10 Years Old. Repeal a current requirement that DHS, not more than 10 years from the date of receipt of a report of a birth defect, delete from any DHS file the name of the infant or child that is contained in the report.

Modifications to Current Rules. Modify current rules relating to the program (DHS 116) to reflect these statutory changes.

18. PROVISION OF 18 NURSING HOME BED LICENSES

Joint Finance: Require DHS to increase by 18 the number of licensed beds for a nursing facility that meets the following criteria: (a) has a licensed bed capacity of no more than 30 on the effective date of the bill; (b) is located in a county with a population of at least 27,000, with the population of the county seat of no more than 9,200, and the home county is adjacent to a county with a population of at least 20,000, on the effective date of the bill; and (c) the facility has requested the increase in the number of its licensed beds through a notice to DHS that includes the applicant's per diem operating and capital rates. The only facility in the state that meets criteria (a) through (c) is Door County Medical Center in Sturgeon Bay.

Specify that DHS must approve an application from a nursing home under this provision, within one month after DHS receives the application.

In addition, require DHS to develop a policy that specifies the procedures nursing homes may use to apply for, and receive approval of, the transfer of available, licensed nursing home beds. Require the Department to report the details of the policy to the Joint Committee on Finance no later than July 1, 2018.

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 355]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $17,766,400	0.00	$3,458,600	0.00	- $14,307,800	0.00
FED	- 2,122,000	- 1.60	0	0.00	- 2,122,000	- 1.60
PR	- 2,148,400	0.00	-3,458,600	0.00	- 5,607,000	0.00
SEG	- 31,000	0.00	0	0.00	-31,000	0.00
Total	- $22,067,800	- 1.60	$0	0.00	- $22,067,800	- 1.60

Governor: Reduce funding by $10,996,200 (-$8,883,200 GPR, -$1,023,300 FED, -$1,074,200 PR and -$15,500 SEG) in 2017-18 and by $11,071,600 (-$8,883,200 GPR, -$1,098,700 FED, -$1,074,200 PR, and -$15,500 SEG) in 2018-19, and delete 1.60 FED positions, beginning in 2018-19, to reflect the following standard budget adjustments: (a) turnover reduction (-$2,958,800 GPR, -$1,643,700 FED, and -$2,288,900 PR annually); (b) removal of noncontinuing elements (-$3,525,000 GPR and -$174,500 FED in 2017-18, -$3,525,000 GPR and -$249,900 FED in 2018-19, and -1.60 FED positions, beginning in

2018-19); (c) full funding of continuing salaries and fringe benefits (-$6,258,700 GPR, $693,500 FED, -$5,336,100 PR, and -$15,500 SEG annually); (d) overtime ($1,944,200 GPR and $4,121,800 PR annually); (e) night and weekend salary funding ($1,915,100 GPR, $101,400 FED, and $2,429,000 PR annually); and (f) minor transfers within appropriations.

Joint Finance: Provide increases of $1,739,700 GPR in 2017-18 and $1,718,900 GPR in 2018-19 and provide corresponding PR decreases in the Department's appropriations for the state mental health institutes, to modify the bill's standard budget adjustments for overtime (increases of $1,566,900 GPR in 2017-18 and $1,554,000 in 2018-19 and corresponding PR decreases) and night and weekend pay differential (increases of $172,800 GPR in 2017-18 and $164,900 GPR in 2018-19 and corresponding PR decreases). With these modifications, the funding split between GPR and PR funding for the overtime and night and weekend pay differential adjustments would reflect the estimated allocation between GPR- and PR-funded populations and the mental health institutes. This change, in turn, results in fund source adjustments under the budget's mental health institutes funding split decision item (summarized under "Care and Treatment Services"). Taken together, the adjustments made under this item and the changes to the mental health institute funding split item are nearly offsetting, although there is a small net effect (an increase of $2,300 GPR and a corresponding PR decrease over the biennium) resulting from a recalculation of fringe benefit costs in the mental health funding split item.

With these modifications, the overtime adjustment for the mental health institutes would be $2,132,800 GPR and $913,700 PR in 2017-18 and $2,119,900 GPR and $926,600 PR in 2018-19 and the night and weekend pay differential adjustment would be $1,098,400 GPR and $543,600 PR in 2017-18 and $1,090,500 GPR and $551,500 PR in 2018-19.

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	- 26.12	$0	1.00	$0	- 25.12
FED	0	- 4.63	0	0.00	0	- 4.63
PR	- 289,600	- 53.11	52,000	1.00	- 237,600	- 52.11
Total	- $289,600	- 83.86	$52,000	2.00	- $237,600	- 81.86

Governor: Delete $144,800 PR annually and 2.0 vacant PR positions, beginning in 2017-18, associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. This funding and these positions would be deleted from the Department's general administrative and support services appropriation, which is supported by cost-based charges to DHS programs.

Delete 81.86 additional positions (for a total of 83.86 positions) in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to DOA for a human resources shared agency services program. These positions would be deleted from the following appropriations: (a) mental health and developmental disabilities facilities -- general

program operations (-10.37 GPR positions), secure mental health units or facilities (-11.0 GPR positions), alternative services of the mental health institutes and centers (-2.04 PR positions), and the state centers and mental health institutes general program operations (-16.15 PR positions); (b) Medicaid services -- general program operations (-0.75 GPR positions) and federal program operations (-1.25 FED positions); and (c) general administration -- general program operations (-4.0 GPR positions), administrative support services (-32.92 PR positions), federal program operations (-1.75 FED positions), and federal block grant operations (-1.63 FED positions).

Funding associated with the positions that would be deleted in 2018-19 ($2,083,400 GPR, $360,500 FED, and $4,145,000 PR) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

With regards to the positions transferred to DOA in 2018-19, the administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DHS but would become DOA employees rather than employees of DHS.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Modify the Governor's recommendations by: (a) restoring 3.0 positions (1.0 GPR position and 2.0 PR positions), beginning in 2018-19, that provide agency-specific staff training for the Division of Care and Treatment Services; (b) transfer an additional 1.0 PR position, beginning in 2018-19, in the Department's administration and support services appropriation to DPM, and transfer $102,900 from the Department's salary and fringe benefits budget lines to the supplies and services budget line in that year to reflect this transfer; and (c) modify the transfer of 2.0 PR positions that begins in 2017-18 by substituting 1.0 PR position in the Department's administration and support services appropriation for another PR position that would have been transferred in the original proposal, and transfer $26,000 PR annually from the Department's supplies and services budget to the salary and fringe benefits budget to reflect the fact that the new transferred position has lower salary and fringe benefit costs than the original transferred position. In addition, require that all proposed and future shares services positions provided by DOA for the Department of Health Services, the Department of Corrections and the Department of Veterans Affairs remain on-site at these agencies.

Additional information on the Joint Finance modifications to the Governor's recommendations relating to this item is summarized under "Administration -- Transfers."

3. AGENCY REORGANIZATION AND POSITION FUNDING

	Funding	Positions
GPR	$0	4.90
FED	- 370,800	- 2.45
PR	- 402,000	- 2.45
Total	- $772,800	0.00

Governor/Joint Finance: Delete 4.90 positions (-2.45 FED positions and -2.45 PR positions) and provide a corresponding increase of 4.90 GPR positions, beginning in 2017-18, and make annual funding adjustments associated with these positions ($386,400 GPR, -$185,400 FED, and -$201,000 PR) to reflect the net effect of: (a) transferring base funding and positions between appropriations to align the agency's budget with a recent reorganization of the Department; and (b) transferring funding for current positions in the Bureau of Aging and Disability Resources (BADR) to new funding sources, due primarily to the discontinuation of the availability of federal income augmentation revenue to support these positions.

Transfer BADR to the Division of Public Health. 2015 Wisconsin Act 55 included funding and position transfers that anticipated the elimination of the Division of Long-Term Care (DLTC), beginning in 2015-16, and the transfer of all DLTC functions to the Division of Medicaid Services (DMS). In spring, 2016, DHS finalized a reorganization plan that included transferring the staff and programs administered by the Bureau of Aging and Disability Resources (which includes the Office for the Blind and Visually Impaired, the Office for the Deaf and Hard of Hearing, and the Office on Aging) to the Division of Public Health (DPH), rather than to DMS. The bill would renumber and modify current DHS appropriations and references to DHS appropriations to reflect the reorganization.

Reassign Funding for Current DHS Positions. This item would modify funding sources for several positions in BADR and the Office of Electronic Health Records System Management.

ADRC Contracts. This item would reduce funding budgeted for ADRC contracts by $772,800 GPR in 2017-18 to reflect the availability of funding DHS expects to carry forward from the 2015-17 biennium to fund contracts in the 2017-19 biennium. This one-time reduction is intended to offset, in the 2017-19 biennium, the increased (ongoing) costs of GPR-support for positions in BADR.

4. STATE OPERATIONS FUNDING AND POSITION TRANSFERS

	Funding	Positions
FED	$137,200	0.60
PR	- 137,200	- 0.60
Total	$0	0.00

Governor/Joint Finance: Provide $68,600 FED and reduce funding by $68,600 PR annually, and convert the funding sources for current positions to create a net increase of 0.60 FED position and a net decrease of 0.60 PR position, beginning in 2017-18. These transfers are intended to budget current base positions from appropriations that better reflect the current activities of these positions, and to reflect internal transfers of positions that occurred in the 2015-17 biennium due to intra-agency reorganizations. The following table identifies the funding and position changes for each affected program and appropriation.

Funding and Position Transfers

	Source	Annual Change Funding	Annual Change Positions
Public Health			
Medical Assistance Administration	FED	$0	-1.00
Women, Infants and Children -- Operations	FED	0	1.00
Federal Projects Operations	FED	53,000	1.25
Federal Preventive Health Services Block Grant -- Operations	FED	0	-0.65
Medicaid Services			
General Program Operations	GPR	-21,000	-0.40
MA -- State Administration	FED	-101,000	-1.25
Interagency and Intra-agency Programs	PR	533,000	4.60
Care and Treatment Services			
Federal Substance Abuse Block Grant -- Operations	FED	-53,000	-0.60
General Administration			
General Program Operations	GPR	21,000	0.40
Administration and Support -- General	PR	51,200	0.75
Administration and Support -- Fiscal Services	PR	-51,200	-0.75
Administration and Support -- Personnel	PR	-68,600	-0.60
Bureau of Information Technology Services	PR	-533,000	-4.60
Federal Program Operations	FED	101,000	1.25
Legal Services	FED	68,600	0.60
Total		$0	0.00

5. FEDERAL REVENUE REESTIMATES

FED	- $45,635,600

Governor/Joint Finance: Reduce funding by $22,713,700 in 2017-18 and by $22,921,900 in 2018-19 to reflect the net effect of funding adjustments to federal appropriations that are not included in the Governor's other budget recommendations.

The following table shows the base funding amount for each appropriation affected by this item, the funding change under this item, the funding changes under other items in the bill, and the total amount that would be budgeted in each appropriation.

Summary of Adjustments to Selected Federal Appropriations

Appropriation, by Division	2016-17 Base Funding	2017-18 Reestimate	2017-18 Other Items	2017-18 Total	2018-19 Reestimate	2018-19 Other Items	2018-19 Total
Public Health							
Program Aids	$93,000,000	-$5,586,400	$5,321,700	$92,735,300	-$5,586,400	$5,321,700	$92,735,300
Project Aids	56,365,500	-16,300,000	5,800,000	45,865,500	-16,300,000	5,800,000	45,865,500
Preventive Health Block Grant -- Operations	1,599,900	40,000	484,100	2,124,000	40,000	484,100	2,124,000
Maternal and Child Health Block Grant -- Operations	4,532,900	191,500	-414,600	4,309,800	191,500	-333,600	4,390,800
Preventive Health Block Grant -- Aids and Local Assistance	843,600	63,600	0	907,200	63,600	0	907,200
Care and Treatment Services							
Project Aids	334,600	4,304,800	0	4,639,400	4,304,800	0	4,639,400
Substance Abuse Block Grant -- Local Assistance	7,503,300	29,700	0	7,533,000	29,700	0	7,533,000
Projects -- Operations	1,015,600	-385,200	64,600	695,000	-509,300	-10,800	495,500
Block Grants -- Local Assistance	2,109,500	-283,000	0	1,826,500	-283,000	0	1,826,500
Community Mental Health Block Grant -- Aids	2,246,300	971,000	0	3,217,300	971,000	0	3,217,300
Substance Abuse Block Grant -- Aids	8,376,200	-666,500	0	7,709,700	-666,500	0	7,709,700
Disability and Elder Services							
Social Services Block Grant -- Local Assistance	21,080,900	-21,600	0	21,059,300	-102,200	0	20,978,700
Social Services Block Grant -- Aids -Family Care	62,000	-62,000	0	0	-62,000	0	0
General Administration							
Income Augmentation Services -- Title IV-E Receipts	6,634,900	-5,216,800	0	1,418,100	-5,216,800	0	1,418,100
Medicaid State Administration	5,510,800	290,400	-43,700	5,757,500	290,400	-43,700	5,757,500
FoodShare Administration	555,800	269,400	-5,000	820,200	269,400	-5,000	820,200
Office of the Inspector General -- Program Aids	814,200	-31,000	0	783,200	-31,000	0	783,200
Social Services Block Grant-- Operations	1,219,600	-321,600	27,900	925,900	-325,100	27,900	922,400
Total	**$213,805,600**	**-$22,713,700**	**$11,235,000**	**$202,326,900**	**-$22,921,900**	**$11,240,600**	**$202,124,300**

6. PROGRAM REVENUE FUNDING ADJUSTMENTS

PR	- $39,105,900

Governor/Joint Finance: Reduce funding by of $19,535,700 in 2017-18 and by $19,570,200 in 2018-19 to reflect the net effect of funding adjustments to program revenue appropriations. The following table shows the base funding amount for each appropriation, the funding change under this item, the net funding changes to these appropriations under other items in the bill, and the total amount that would be budgeted in each appropriation in the bill.

Summary of Adjustments to Selected Program Revenue Appropriations

Appropriation, by Division	2016-17 Base Funding	2017-18 Reestimate	2017-18 Other Items	2017-18 Total	2018-19 Reestimate	2018-19 Other Items	2018-19 Total
Public Health							
Licensing, Review and Certifying Activities	$3,900	-$4,400	$500	$0	-$4,400	$500	$0
Congenital Disorders -- Diagnosis, Treatment and Counseling	3,179,500	2,170,500	0	5,350,000	2,170,500	0	5,350,000
Gifts and Grants	21,157,500	-7,880,000	-400	13,277,100	-7,880,000	-400	13,277,100
Congenital Disorders -- Operations	502,000	98,000	0	600,000	63,500	0	565,500
Treatment Facilities							
Repair and Maintenance of Institutions	865,100	100,000	0	965,100	100,000	0	965,100
Gifts and Grants	187,600	-93,800	0	93,800	-93,800	0	93,800
Interagency and Intra-agency Programs	8,708,200	-1,228,400	-24,000	7,455,800	-1,228,400	-24,000	7,455,800
Medicaid Services							
Provider Assessments to Support Audits and Investigations	247,600	96,300	-168,900	175,000	96,300	-168,900	175,000
Third Party Administrator for Children's Long-Term Care	12,165,500	-11,655,500	0	510,000	-11,655,500	0	510,000
Interagency and Intra-agency Local Assistance	1,145,300	-300,000	0	845,300	-300,000	0	845,300
Care and Treatment Services							
Alcohol and Drug Abuse Initiatives	659,900	-209,900	18,000	468,000	-209,900	18,000	468,000
Gifts and Grants	133,700	-58,900	-900	73,900	-58,900	-900	73,900
Interagency and Intra-agency Programs	3,541,400	-608,700	-41,200	2,891,500	-608,700	-41,200	2,891,500
General Administration							
Office of the Inspector General -- Interagency and Intra-agency operations	878,200	39,100	-139,200	778,100	39,100	-39,100	878,200
Total		**-$19,535,700**			**-$19,570,200**		

7. IT PURCHASING CONSOLIDATION [LFB Paper 112]

	Funding	Positions
PR	- $145,400	- 1.00

Governor/Joint Finance: Reduce funding by $72,700 annually and delete 1.0 vacant position, beginning in 2017-18, associated with IT administrative and support services. [See "Administration -- Transfers."]

8. STUDY ON PUBLIC BENEFITS AND ABSENTEEISM

Governor/Joint Finance: Direct DHS, the Department of Children and Families, the Department of Public Instruction, and the Department of Workforce Development, together with any other relevant programs or agencies these Departments identify as appropriate, to collaborate to prepare a report on the population overlap for families that receive public benefits and children who are absent from school for 10 percent of more of the school year. Direct the agencies to submit the report to the Governor and the Legislature on or before December 30, 2018.

9. FRAUD PREVENTION AND INVESTIGATIONS -- COUNTY ALLOCATIONS

GPR	$500,000
FED	500,000
Total	$1,000,000

Joint Finance: Provide $500,000 ($250,000 GPR and $250,000 FED) annually to increase, from $1,000,000 per year to $1,500,000 per year, the amount of funding DHS provides to counties to conduct MA and FoodShare fraud prevention and investigation activities.

The DHS fraud prevention and investigation program (FPIP) is currently budgeted $1,000,000 ($500,000 GPR and $500,000 FED) annually to support statewide fraud prevention activities conducted by agencies, other than Milwaukee Enrollment Services (MilES) that administer MA and FoodShare. In each calendar year, DHS allocates this funding based on each agency's percentage of the statewide income maintenance (IM) caseload. State and local funding that supports these activities is eligible for federal matching funds equal to 50% of the costs of these activities. Each IM consortium determines who will conduct FPIP investigations, which may include county staff, contracted staff, and local law enforcement agencies.

Recoveries of public benefit overpayments made as a result of local activities and activities conducted by the DHS Office of the Inspector General are divided between the federal government, the state, and the local agencies. The federal, state and local share of these recoveries depends on whether the recovered benefits were initially paid from FoodShare or MA, and whether the recoveries were the result of client error, an error made by the administering agency, or fraud committed by the recipient. For recoveries resulting from FoodShare fraud, the amounts recovered are divided as follows: federal share -- 65%; state share -- 20%; and local share -- 15%. For recoveries resulting from MA fraud, amounts recovered are divided as follows: federal share -- 60%; state share -- 25%; and local share 15%.

10. SURPLUS RETENTION LIMITATIONS FOR PROVIDERS OF RATE-BASED SERVICES

Joint Finance: Modify contracting requirements for certain rate-based services purchased by the Department of Health Services (DHS), the Department of Children and Families (DCF), the Department of Corrections (DOC), and by county departments of human services, social services, community programs, and developmental disability services for certain social services, public assistance, children and family services, and corrections services. These provisions, as they affect all three agencies, are summarized under "Children and Families -- Departmentwide."

The provisions that affect services purchased by DHS and county departments that administer DHS programs under Chapter 46 of the statutes are described below.

Rate-Based Services -- Retention of Surplus Funds and Allowable Uses. Under current law, a "rate-based service" is defined as a service or a group of services, as determined by DHS, that is reimbursed through a prospectively set rate and that is distinguishable from other services or groups of services by the purpose for which funds are provided for that service or group of services and by the source of funding for that service or group of services. The substitute amendment would not change this definition.

Currently, subject to certain exceptions, if a provider receives revenue under a contract for the provision of a rate-based service that exceeds allowable costs incurred in the contract period, the provider may retain from the surplus up to 5% of the revenue received under the contract. Providers must use the surplus to cover a deficit between revenue and allowable costs incurred in any preceding or future contract period for the same rate-based services that generated the surplus or to address the programmatic needs of clients served by the same rate-based service that generated the surplus.

Repeal the provision that specifies how providers must use surplus funds. In addition, DHS, in consultation with DCF and DOC, would be directed to promulgate rules to: (a) require that contracts for rate-based services allow a provider to retain from any surplus up to 5% of the total revenue the provider received under the contract, or a different percentage that applies uniformly to all rate -based service contracts; and (b) establish a procedure for reviewing rate-based contracts to determine whether a contract complies with these statutory provisions.

Accumulation and Disposition of Surplus Funds over Multiple Periods. Under current law, a provider may accumulate funds from more than one contract period, except that, if at the end of the contract period the amount accumulated from all contract periods for a rate-based service exceeds 10% of the revenue received under all current contracts for that rate-based service, the provider must, at the request of the purchaser, return to that purchaser the purchaser's proportional share of that excess and use any of that excess that was not returned to the purchaser to reduce the provider's unit rate per client for that rate-based service in the next contract period. If a provider has held for four consecutive contract periods an accumulated reserve for a rate-based service that is equal to or exceeds 10% of the revenue received under all current contracts for the rate-based service, the provider must apply 50% of that accumulated amount to reducing its unit rate per client for that rate-based service in the next contract period.

Repeal this provision. Instead, provide that, if on December 31 of any year the provider's accumulated surplus from all contract periods ending during that year for a rate -based exceeds the allowable retention rate, the provider must provide written notice of that excess to all purchasers of the rate-based service. Upon written request of a purchaser received no later than six months after the date of the notice, the provider would be required to refund the purchaser's proportional share of the excess. If DHS determines, based on an audit or fiscal review that the amount of the excess identified by the provider was incorrect, DHS would be authorized to seek to recover funds after the six-month period has expired. DHS must commence any audit or fiscal review within six years after the end of the contract period.

Requirement for Certified Financial and Compliance Audit Reports. Under current law, a service provider must submit to DHS or a county department, annually or biennially if required by federal law, a certified financial and compliance audit report if the dollar value of the care and services DHS or the county department purchases from the provider is $25,000 or more. DHS may waive this requirement. Under Joint Finance, the $25,000 threshold would be increased to $100,000.

Effective Date and Initial Applicability. Specify that these changes would take effect on January 1, 2018, and would first apply to contracts commencing performance after that date.

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$275,565,400	$278,040,500	$285,419,200	$7,378,700	2.7%	$9,853,800	3.6%
FED	3,135,400	300,000	300,000	0	0.0	- 2,835,400	- 90.4
PR	3,279,600	3,279,600	3,323,900	44,300	1.4	44,300	1.4
TOTAL	$281,980,400	$281,620,100	$289,043,100	$7,423,000	2.6%	$7,062,700	2.5%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	10.00	10.00	10.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$11,900

Governor/Joint Finance: Provide $4,200 in 2017-18 and $7,700 in 2018-19 for: (a) full funding of continuing position salaries and fringe benefits ($2,000 annually); and (b) full funding of lease and directed moves costs ($2,200 in 2017-18 and $5,700 in 2018-19).

2. WISCONSIN GRANTS -- UW SYSTEM STUDENTS [LFB Paper 380]

GPR	$5,690,800

Governor: Increase funding for Wisconsin Grants for UW System students by $2,142,100 in 2017-18 and by $3,548,700 in 2018-19, which would increase program funding by 3.7% in 2017-18 and by an additional 2.3% in 2018-19. Base level funding for this program is $58,345,400.

Joint Finance: Delete the link between the appropriation for Wisconsin Grants for UW System students and the average percentage increase in resident undergraduate tuition and make the appropriation a biennial, sum certain appropriation.

3. WISCONSIN GRANTS -- PRIVATE, NONPROFIT COLLEGE STUDENTS [LFB Paper 380]

GPR	$2,620,800

Governor/Joint Finance: Increase funding for Wisconsin Grants for private, nonprofit college students by $986,500 in 2017-18 and $1,634,300 in 2018-19, which would increase funding by 3.7% in 2017-18 and by an additional 2.3% in 2018-19. Base level funding for this program is $26,870,300.

4. WISCONSIN GRANTS -- TECHNICAL COLLEGE STUDENTS [LFB Papers 380 and 675]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$1,882,300	$5,000,000	$6,882,300

Governor: Increase funding for Wisconsin Grants for technical college students by $708,500 in 2017-18 and $1,173,800 in 2018-19, which would increase program funding by 3.7% in 2017-18 and by an additional 2.3% in 2018-19. Base level funding for this program is $19,297,900.

Joint Finance: Provide an additional $2,500,000 annually for Wisconsin Grants for technical college students.

5. WISCONSIN GRANTS -- TRIBAL COLLEGE STUDENTS [LFB Paper 380]

PR	$44,300
GPR-Tribal (REV)	- $44,300

Joint Finance: Increase funding for Wisconsin Grants for tribal college students by $16,700 PR in 2017-18 and $27,600 PR in 2018-19, which would increase funding by 3.7% in 2017-18 and by an additional 2.3% in 2018-19. Base level funding for this program is $454,200 PR, which is drawn from tribal gaming revenues. Reduce GPR-Tribal (REV) from tribal gaming revenues by $16,700 in 2017-18 and $27,600 in 2018-19.

6. WISCONSIN GRANT FORMULAS

Joint Finance: Require that, if the Higher Educational Aids Board determines during a fiscal year that any formula used to award Wisconsin Grants would need to be modified during the fiscal year in order to expend the entire amount appropriated for those grants, the Board must submit the modified formula to the Joint Committee on Finance for approval through a 14-day passive review process.

In addition, require the UW System Board of Regents, the Wisconsin Technical College System Board, the Wisconsin Association of Independent Colleges and Universities, and the tribally controlled colleges to develop and submit a proposed formulas for awarding Wisconsin

Grants to the Higher Educational Aids Board by February 10 of each year, instead of April 10 as under current law. Require the Higher Educational Aids Board to approve, modify, or disapprove the proposed formulas by March 1 of each year, instead of May 1 under current law.

7. MINNESOTA-WISCONSIN STUDENT RECIPROCITY [LFB Paper 381]

GPR	$3,976,000

Joint Finance: Reestimate payments under the Minnesota-Wisconsin student reciprocity agreement at $7,130,000 annually, which would be $1,988,000 above base level funding of $5,142,000. Reduce the projected opening balance for the 2017-19 biennium by $3,041,000, to reflect the actual reciprocity payment of $8,383,000 in 2016-17, which exceeded the estimate by $3,241,000, partially offset by related revenues of $200,000. Payments made to Minnesota under the reciprocity agreement are funded through a GPR, sum sufficient appropriation.

8. WISCONSIN COVENANT SCHOLARS GRANTS [LFB Paper 381]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $7,730,700	- $719,300	- $8,450,000

Governor: Reduce funding for the Wisconsin covenant scholars grant program by $2,605,500 in 2017-18 and by $5,125,200 in 2018-19. Program funding would be $5,604,500 in 2017-18 and $3,084,800 in 2018-19 under the bill.

From spring, 2007, through fall, 2011, Wisconsin resident students enrolled in the eighth grade were invited to sign the Wisconsin covenant pledge. Students who successfully complete the pledge are eligible to receive Wisconsin covenant scholars grants while enrolled in UW institutions, technical colleges, private, nonprofit colleges and universities, and tribal colleges located in this state. Grants range from $125 to $1,500 annually based on student need and enrollment status.

The last class of students who were eligible to sign the Wisconsin covenant pledge would have enrolled in post-secondary education during the 2015-16 year. The grant program is scheduled to end in 2020-21 when no students will be eligible for grants through the program.

Joint Finance: Reduce funding by $564,500 in 2017-18 and $154,800 in 2018-19 to reflect a reestimate of program expenditures.

9. TECHNICAL EXCELLENCE SCHOLARSHIP [LFB Paper 381]

GPR	- $878,000

Joint Finance: Reduce funding by $468,000 in 2017-18 and $410,000 in 2018-19 to reflect a reestimate of program expenditures. The technical excellence scholarship program is funded through a GPR, sum sufficient appropriation.

10. REESTIMATE FEDERAL REVENUES

FED	- $2,835,400

Governor/Joint Finance: Reduce the federal aid appropriation by $1,417,700 annually to reflect the elimination of the federal Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) programs. Prior to 2011-12, HEAB received funds through these programs which were used to provide grants through the talent incentive grant program.

11. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from HEAB to DOA, the bill allows that on July 1, 2018, all positions in HEAB relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at HEAB even though the positions would be employees of DOA. [See "Administration -- Transfers."]

12. PRIMARY CARE AND PSYCHIATRY SHORTAGE GRANT PROGRAM

Joint Finance: Modify eligibility for the primary care and psychiatry shortage grant program such that all individuals who have graduated from a graduate medical education training program with an emphasis on primary care medicine or psychiatry would be eligible for the program instead of only individuals who had graduated from such programs in this state. In addition, delete the current requirement that an applicant for the grant program apply before accepting employment or any other affiliation as a physician or psychiatrist in an underserved area in this state.

13. SCHOOL LEADERSHIP LOAN PROGRAM

Joint Finance: Create a new, continuing appropriation under the Higher Education Aids

Board (HEAB) for the school leadership loan program and provide $500,000 GPR in 2017-18. To be eligible for a loan through the program, a student would have to meet all of the following criteria: (a) be enrolled in a school leadership program at a UW institution that permits students to earn degrees in less time than a traditional school leadership program and includes a required mentorship or apprenticeship component; (b) be nominated by a superintendent of a school district; and (c) be selected by the Board of HEAB in a competitive application process.

Loan recipients could have 25% of the loan forgiven for each year that the recipient satisfies the following requirements: (a) is employed in a school leadership position in an elementary or secondary school in this state; and (b) received a rating of proficient or distinguished on the educator effectiveness system or the equivalent in a school that does not use the educator effectiveness system. Loan recipients who do not qualify for loan forgiveness would have to repay their loans at an interest rate of 5%. Require HEAB to deposit in the general fund as GPR-Earned all repayments of loans made under the program and the interest on the loans.

Reduce the appropriation for the minority teacher loan program and the teacher loan program under HEAB by $125,000 GPR each in 2017-18 and 2018-19. Base level funding for the minority teacher loan program is $259,500 and base level funding for the teacher loan program is $272,200. Require HEAB in preparing its agency budget request for the 2019-21 biennial budget to submit information concerning the appropriations for the minority teacher loan program and the teacher loan program as though the total amount appropriated for the 2018-19 fiscal year was $125,000 more than the total amount that was actually appropriated.

HISTORICAL SOCIETY

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$30,380,400	$38,780,600	$38,639,500	- $141,100	- 0.4%	$8,259,100	27.2%
FED	2,626,400	2,725,200	2,725,200	0	0.0	98,800	3.8
PR	6,576,000	9,962,200	8,011,500	- 1,950,700	- 19.6	1,435,500	21.8
SEG	7,577,000	9,356,000	9,356,000	0	0.0	1,779,000	23.5
TOTAL	$47,159,800	$60,824,000	$58,732,200	- $2,091,800	- 3.4%	$11,572,400	24.5%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	93.65	96.15	97.15	1.00	3.50
FED	7.86	6.86	6.86	0.00	- 1.00
PR	16.25	18.25	18.25	0.00	2.00
SEG	11.28	12.78	12.78	0.00	1.50
TOTAL	129.04	134.04	135.04	1.00	6.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 385 and 386]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$4,620,700	$72,400	$4,693,100
FED	19,100	0	19,100
PR	1,844,600	- 1,950,700	- 106,100
SEG	- 71,000	0	- 71,000
Total	$6,413,400	- $1,878,300	$4,535,100

Governor: Provide adjustments to the base budget totaling $1,685,400 GPR, $9,500 FED, $714,000 PR, and -$35,500 SEG in 2017-18 and $2,935,300 GPR, $9,600 FED, $1,130,600 PR, and -$35,500 SEG in 2018-19 for the following: (a) turnover reduction (-$174,400 GPR annually); (b) full funding of continuing salaries and fringe benefits (-$497,800 GPR, $10,200

FED, -$65,300 PR, and -$35,500 SEG annually); (c) reclassifications and semiautomatic pay progression ($5,200 FED annually); (d) overtime ($7,300 GPR annually); (e) night and weekend differential pay ($12,400 GPR annually); and (f) full funding of lease and directed moves costs ($2,337,900 GPR, -$5,900 FED, and $779,300 PR in 2017-18 and $3,587,800 GPR, -$5,800 FED, and $1,195,900 PR in 2018-19).

Joint Finance: Modify adjustments to the base budget by $28,400 GPR and -$767,500 PR in 2017-18 and $44,000 GPR and -$1,183,200 PR in 2018-19 for full funding of lease and directed move costs. This change reflects a reduced lease rate, consistent with that charged for Class A office space, for the new State Archive Preservation Facility (equal to $28,400 GPR and -$773,400 PR in 2017-18 and $44,000 GPR and -$1,189,000 PR in 2018-19), as well as a minor corrective PR funding adjustment (equal to $5,900 PR in 2017-18 and $5,800 PR in 2018-19).

2. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$3,108,200	- $214,500	$2,893,700
PR	1,041,600	0	1,041,600
Total	$4,149,800	- $214,500	$3,935,300

Governor: Provide $1,454,400 GPR and $346,200 PR in 2017-18 and $1,653,800 GPR and $695,400 PR in 2018-19 as a reestimate of debt service payments. Base level funding is $3,299,900 GPR and $421,400 PR annually.

Joint Finance: Reduce funding under the bill by $153,100 GPR in 2017-18 and $61,400 GPR in 2018-19 to reflect reestimates of debt service payments.

3. CIRCUS WORLD MUSEUM [LFB Paper 387]

	Funding	Positions
GPR	$1,200,000	6.50
PR	500,000	2.00
SEG	1,850,000	1.50
Total	$3,550,000	10.00

Governor/Joint Finance: Provide $500,000 GPR in 2017-18 and $700,000 GPR in 2018-19 and 6.5 GPR positions beginning in 2017-18, $250,000 PR annually and 2.0 PR positions beginning in 2017-18, and $925,000 SEG annually and 1.5 SEG positions beginning in 2017-18 to provide funding for the Circus World Museum to operate as a historic site within the Historical Society.

Provide that the Historical Society would operate and maintain Circus World Museum as a historic site, if there was not a lease agreement in effect with the Circus World Museum Foundation for the purpose of operating the museum on the effective date of the bill. If a lease agreement is in effect on the effective date of the bill, the lease agreement would be required to terminate on January 1, 2018, or on the date that termination occurs according to the lease agreement, whichever is earlier, after which the Historical Society would operate and maintain the museum.

Specify that if a lease agreement is in effect on the effective date of the bill, the Historical Society would be required to offer employment to each individual employed by the Foundation on the lease termination date, but only if vacant authorized or limited-term positions were available and the Historical Society had funding for the positions. Additionally, all contracts entered into by the Foundation that were in effect on the lease termination date would remain in effect and would be transferred to the Historical Society on the lease termination date. The Historical Society would be required to carry out any contractual obligations under such a contract until the contract is modified or rescinded by the Historical Society to the extent allowed under the contract.

Currently, the Circus World Museum facilities and site are state-owned, but operations are funded privately through the Circus World Museum Foundation. The Circus World Museum is located in Baraboo, Wisconsin.

4. FUEL AND UTILITIES REESTIMATE

GPR	- $528,700

Governor/Joint Finance: Delete $270,300 GPR in 2017-18 and $258,400 GPR in 2018-19 to reflect estimated costs for fuel and utilities at Historical Society facilities. Base level funding is equal to $999,000 GPR annually.

5. FEDERAL FUNDS REESTIMATE

FED	$79,700

Governor/Joint Finance: Reestimate federal revenues by $63,800 and 1.0 one-year project position in 2017-18 and $15,900 in 2018-19. Base level funding in the federal general program operations appropriation is $1,211,400 FED annually.

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
GPR	- 4.00	1.00	- 3.00
FED	- 1.00	0.00	- 1.00
Total	- 5.00	1.00	- 4.00

Governor: Delete 5.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) general program operations (-4.0 GPR positions); and (b) indirect cost reimbursements (-1.0 FED position). Funding associated with the positions ($355,700 GPR and $58,200 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit

services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the Historical Society, but would become DOA employees rather than employees of the Historical Society.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Restore 1.0 GPR position. Additionally, include 1.0 LTE human resources assistant that was excluded from the proposal in error, according to errata materials submitted to the Committee by the administration. As a result of these changes, transfer $30,900 GPR from supplies and services to salaries and fringe benefits.

7. HIGHWAY SIGN FOR PESHTIGO FIRE MUSEUM

GPR	$1,000

Joint Finance: Provide $1,000 GPR in 2017-18 in the Society's appropriation for general program operations for two highway signs for the Peshtigo Fire Museum.

Notwithstanding current law governing the placement of tourist-oriented directional signs, require the Department of Transportation (DOT) to place two tourist-oriented directional highway signs on Highway 41 (one on the northbound side and one on the southbound side) in Marinette County for the Peshtigo Fire Museum in the Town of Peshtigo. Prohibit DOT from charging a fee for the signs exceeding $1,000, which would be paid by the Society using the funds from its general program operations appropriation.

INSURANCE

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
FED	$0	$1,202,000	$1,202,000	0	$0.0%	$1,202,000	N.A.
PR	37,774,800	37,179,200	37,179,200	0	0.0	- 595,600	- 1.6%
SEG	183,558,600	183,484,800	183,484,800	0	0.0	- 73,800	0.0
TOTAL	$221,333,400	$221,866,000	$221,866,000	$0	0.0%	$532,600	0.2%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
FED	7.10	5.10	5.10	0.00	- 2.00
PR	131.65	120.15	120.15	0.00	- 11.50
SEG	12.75	11.75	11.75	0.00	- 1.00
TOTAL	151.50	137.00	137.00	0.00	- 14.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

FED	$1,202,000
PR	- 646,500
SEG	- 73,800
Total	$481,700

Governor/Joint Finance: Provide $149,100 ($601,000 FED, -$414,400 PR, and -$37,500 SEG) in 2017-18 and $332,600 ($601,000 FED, -$232,100 PR, and -$36,300 SEG) in 2018-19 to reflect the following standard budget adjustments: (a) -$260,800 PR annually for turnover reduction; (b) $601,000 FED, -$222,700 PR, and -$31,800 SEG and annually for full funding of continuing position salaries and fringe benefits; and (c) $69,100 PR and -$5,700 SEG in 2017-18 and $251,400 PR and -$4,500 SEG in 2018-19 for full funding of lease and directed move costs.

2. CEASE OPERATIONS OF THE LOCAL GOVERNMENT PROPERTY INSURANCE FUND [LFB Paper 390]

Governor/Joint Finance: Specify that no insurance coverage may be issued under the local government property insurance fund program on or after July 1, 2017, no existing coverage

may be renewed after December 31, 2017, and no coverage may terminate later than December 31, 2018. Specify that all claims under the program must be filed by no later than July 1, 2019, and that no claim filed after that date will be covered by the fund. Require the manager of the fund to distribute any moneys remaining in the fund among the local governmental units that were insured under the fund on July 1, 2017. Repeal an obsolete provision related to a loan made by the local government property insurance fund to the general fund in 1992. The local government property insurance fund makes property insurance available for tax-supported local government property, such as government buildings, schools, libraries, and motor vehicles.

There are currently 157 policies issued through the fund, with a total insured value of $1.6 billion, which is a reduction from nearly 1,000 policies and total coverage of $52.3 billion at the end of 2014.

3. BOALTC HELPLINE FUNDING TRANSFER

PR	$50,900

Governor/Joint Finance: Provide $26,700 in 2017-18 and $24,200 in 2018-19 to reflect a reestimate of the amount of insurance fee revenue that will be needed to fund telephone counseling services provided by the Board on Aging and Long-Term Care (BOALTC) for individuals seeking information on Medicare supplemental insurance policies ("Medigap" policies), Medicare Part D policies (policies that cover prescription drugs), and SeniorCare.

The BOALTC Helpline provides free one-on-one insurance counseling services to state residents over the age of 60. The Helpline is supported from two sources -- federal funds the state receives under the state health insurance assistance program (SHIP) and state insurance fee revenue budgeted as part of OCI's general program operations appropriation that OCI transfers to BOALTC.

4. TRANSFER INFORMATION TECHNOLOGY POSITIONS TO DOA [LFB Paper 391]

	Positions
FED	- 2.00
PR	- 11.50
SEG	- 1.00
Total	- 14.50

Governor: Transfer 14.5 information technology positions (2.0 FED positions, 11.5 PR positions, and 1.0 SEG position), beginning in 2017-18, to the Division of Enterprise Technology (DET) in the Department of Administration (DOA). Transfer the base salary and fringe benefit funding associated with these positions ($155,800 FED, $1,076,300 PR, and $77,100 SEG in 2017-18 and $207,700 FED, $1,435,000 PR, and $102,700 SEG in 2018-19) to supplies and services budget lines, to provide OCI with the budget authority to purchase information technology support services from DOA.

Specify that, on October 1, 2017, the following is transferred from OCI to DET: (a) OCI's assets and liabilities that are primarily related to information technology functions, as determined by the DOA Secretary; (b) the 14.5 positions and incumbent employees holding those positions in OCI who are performing information technology functions, as determined by the DOA Secretary; and (c) all tangible personal property, including records, that is primarily related to information technology functions, as determined by the DOA Secretary.

Provide that the transferred employees have all the rights and the same status in DET as they enjoyed in OCI immediately before the transfer, no transferred employee who has attained permanent status is required to serve a probationary period following the transfer, and that all contracts entered into by OCI and in effect on the date of the transfer that are primarily related to information technology functions remain in effect and are transferred to DET. Require DET to carry out any obligations under those contracts unless modified or rescinded by DET to the extent allowed under the contract.

Specify that all rules promulgated by OCI and in effect on the date of the transfer that are primarily related to information technology functions remain in effect until their specified expiration dates or until amended or repealed by DET. Specify that all orders issued by OCI that are primarily related to information technology functions remain in effect until their specified expiration dates or until modified or rescinded by DET. Specify that any matter pending with OCI on the date of the transfer that is primarily related to information technology is transferred to DET and that all materials submitted to or actions taken by OCI with respect to the pending matter are considered as having been submitted to or taken by DET.

A separate item, summarized under DOA, provides a corresponding increase in positions in DOA and provides $1,344,500 PR annually to reflect the purchase of IT services by OCI. The funding provided in DET is equal to the amount of base funding in OCI (salaries, fringe benefits, and supplies and services) associated with the transferred positions and functions. [See "Administration -- Transfers."]

Joint Finance: Require DOA, in consultation with OCI, to prepare a report on information technology services provided by DET to OCI during the 2017-19 biennium. Specify that the report should identify efficiencies associated with providing OCI information technology services through DET. Require the report to be submitted with the Department's 2019-21 budget request.

Reduce the amount transferred from salary and fringe benefit budget lines to the supplies and services budget line by $51,100 PR in 2017-18 and $68,100 PR in 2018-19 to reflect a reassessment of the particular positions that would be transferred to DET. Two positions that had originally been part of the proposed transfer would be replaced with two different positions with slightly lower total salary and fringe benefit costs.

The Committee deleted two of the transferred positions in DET, a fiscal change that is reflected in the summary item under "Administration -- Transfers."

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from OCI to DOA, the bill allows that on July 1, 2018, all positions in OCI relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at OCI, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

6. MEMBERSHIP DUES FOR THE NATIONAL CONFERENCE OF INSURANCE LEGISLATORS

Joint Finance: Require OCI to annually transfer funding from its general program operations appropriation to the Legislature's legislative service agencies gifts and grants appropriation to support the payment of annual dues for membership in the National Conference of Insurance Legislators. The National Conference of Insurance Legislators is a national organization representing state legislators who serve on insurance and financial institution committees. This item would not provide funding in OCI for making the transfer, so OCI would be required to make this payment from its base budget. A separate item, summarized under "Legislature," would increase funding in the legislative services agencies gifts and grants PR appropriation by $10,000 annually (the current amount of annual membership dues) to reflect the transfer from OCI.

7. NONRESIDENT INSURANCE APPOINTMENT FEE

PR-REV	-$4,100,000
GPR-REV	-$4,100,000

Joint Finance: Reduce the annual fee for nonresident insurance appointments by $10, from $40 to $30, effective January 1, 2019. Reduce estimated PR revenue collected by OCI by $4,100,000 in 2018-19 to reflect this reduction. Under current law, fee revenues collected by OCI in excess of OCI's budget are deposited in the general fund (treated as GPR-earned). OCI currently deposits approximately $25 million in the general fund under this provision. Since this item would reduce PR revenue collected by OCI, it would also result in a reduction of $4,100,000 in 2018-19 in GPR-earned revenue.

Under current law, insurers are required to appoint intermediaries (generally, licensed insurance agents) who solicit, negotiate, or place insurance or annuities on behalf of the insurer. Insurers are required to report to OCI all appointments, including renewals of appointments, and all terminations of appointments of insurance agents to do business in Wisconsin, and pay a fee for each resident and nonresident appointment. The annual appointment fee for agents who are Wisconsin residents is $16, and would not be affected by this item.

INVESTMENT BOARD

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
PR	$106,999,200	$106,999,200	$106,999,200	$0	0.0%	$0	0.0%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
PR	173.35	173.35	173.35	0.00	0.00

Under current law, the State of Wisconsin Investment Board (SWIB) is authorized to independently establish its operating budget each year and monitor the fiscal management of the budget. Further, SWIB's Executive Director is also authorized to independently create or abolish staff positions for the agency. The Investment Board is required to provide quarterly reports to the Department of Administration, the Co-Chairpersons of the Joint Committee on Finance, and the Co-Chairpersons of the Joint Committee on Audit, identifying all operating expenditures and the number of full-time equivalent positions created or abolished during that quarter. Finally, SWIB officials are required to appear each fiscal year at the first quarterly meeting of the Joint Committee on Finance under s. 13.10 of the statutes, to provide an update of SWIB's budget changes, position authorization changes, assessment of the funds under management, and performance of the funds under management for the current and next fiscal year.

Total expenditures in 2015-16 for the Board were $42,797,400 with 173.35 authorized positions. In June, 2016, the Board approved an operating budget for 2016-17 of $53,499,600. In the table above, this amount is indicated for the adjusted base in 2016-17. The SWIB budget recommendation also utilizes this amount for 2017-18 and 2018-19. The actual 2017-18 budget is expected to be finalized by the Board in June, 2017, and the 2018-19 budget one year later.

Budget Change Item

1. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from SWIB to DOA, the bill allows that on July 1, 2018, all positions of SWIB relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at SWIB, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

Joint Finance: Exclude the State of Wisconsin Investment Board from the definition of a shared services agency under the human resources shared services proposal.

JUDICIAL COMMISSION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$603,800	$0	$607,600	$607,600	N.A.	$3,800	0.6%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2016-17 Base
GPR	2.00	0.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$3,800

Governor/Joint Finance: Provide $1,600 in 2017-18 and $2,200 in 2018-19 for standard budget adjustments, including: (a) $1,500 annually for salary and fringe benefits; and (b) $100 in 2017-18 and $700 in 2018-19 for full funding of lease and directed moves costs.

2. TRANSFER JUDICIAL COMMISSION TO THE SUPREME COURT [LFB Paper 395]

	Governor (Chg. to Base) Funding	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Funding	Jt. Finance (Chg. to Gov) Positions	Net Change Funding	Net Change Positions
GPR	- $607,600	- 2.00	$607,600	2.00	$0	0.00

Governor: Delete funding and position authority for the Judicial Commission. Transfer administration of the Judicial Commission to the Supreme Court. Under current law, the Judicial Commission is an independent agency which investigates and prosecutes any possible misconduct or permanent disability of Wisconsin judges or court commissioners. [See "Supreme

Court."]

Joint Finance: Delete provision.

JUDICIAL COUNCIL

Budget Summary							
				Joint Finance Change to:			
	2016-17 Base	2017-19	2017-19	Governor		Base	
Fund	Year Doubled	Governor	Jt. Finance	Amount	Percent	Amount	Percent
PR	$222,800	$0	$222,800	$222,800	100.0%	$0	0.0%

FTE Position Summary					
		2018-19	2018-19	Joint Finance Change to:	
Fund	2016-17 Base	Governor	Jt. Finance	Governor	2016-17 Base
PR	1.00	0.00	1.00	1.00	0.00

Budget Change Item

1. ELIMINATE JUDICIAL COUNCIL [LFB Paper 400]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $222,800	- 1.00	$222,800	1.00	$0	0.00

Governor: Delete statutory language, funding of $111,400 annually, and position authority of 1.0 position for the Judicial Council. Under a separate provision, create 1.0 PR position under the Supreme Court.

Under current law, the Judicial Council includes 21 members, including: one Supreme Court justice designated by the Supreme Court, one Court of Appeals judge designated by the Court of Appeals, the Director of State Courts or his or her designee, four Circuit Court judges designated by the judicial conference, the Chairpersons of the Senate and Assembly committees dealing with judicial affairs or a member of each committee designated by the Chairpersons, the Attorney General or his or her designee, the Chief of the Legislative Reference Bureau or his or her designee, the Deans of the University of Wisconsin and Marquette University law schools or a member of the law schools' faculty designated by the Deans, the State Public Defender or his

or her designee, the president-elect of the State Bar of Wisconsin or a member of the State Bar Board of Governors, three additional members of the State Bar selected by the State Bar to serve three-year terms, one District Attorney appointed by the Governor, and two citizens at large appointed by the Governor to serve three-year terms.

The Judicial Council is authorized to observe, survey, and study the operation and administration of all the courts in Wisconsin, and make recommendations to the Supreme Court, Governor, and Legislature on "any changes in the organization, operation and methods of conducting the business of the courts that will improve the efficiency and effectiveness of the court system and result in cost savings."

According to the Governor's Executive Budget, the "Supreme Court has the authority to create and support such an advisory council if it so chooses." The Judicial Council position is currently supported by funding from the Supreme Court's Director of State Courts and State Law Library programs. [See "Supreme Court."]

Joint Finance: Delete provision.

JUSTICE

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$104,286,200	$112,081,500	$105,781,500	- $6,300,000	-5.6%	$1,495,300	1.4%
FED	45,455,200	46,530,200	46,494,100	- 36,100	-0.1	1,038,900	2.3
PR	105,599,200	115,109,800	113,886,700	- 1,223,100	-1.1	8,287,500	7.8
SEG	776,400	704,200	704,200	0	0.0	- 72,200	-9.3
TOTAL	$256,117,000	$274,425,700	$266,866,500	- $7,559,200	-2.8%	$10,749,500	4.2%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	394.18	394.18	394.18	0.00	0.00
FED	43.78	38.93	38.73	- 0.20	- 5.05
PR	258.63	250.48	247.48	- 3.00	- 11.15
SEG	2.75	2.75	2.75	0.00	0.00
TOTAL	699.34	686.34	683.14	- 3.20	- 16.20

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 405]

	Governor (Chg. to Base) Funding	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Funding	Jt. Finance (Chg. to Gov) Positions	Net Change Funding	Net Change Positions
GPR	$1,488,800	0.00	$0	0.00	$1,488,800	0.00
PR	4,534,600	- 8.00	- 14,600	0.00	4,520,000	- 8.00
FED	1,044,800	- 5.00	- 11,500	0.00	1,033,300	- 5.00
SEG	- 72,200	0.00	0	0.00	- 72,200	0.00
Total	$6,996,000	- 13.00	- $26,100	0.00	$6,969,900	- 13.00

Governor: Provide adjustments to the base totaling $707,800 GPR, $2,382,800 PR and -8.0 PR positions, $597,000 FED and -1.0 FED position, and -$36,300 SEG in 2017-18; and

$781,000 GPR, $2,151,800 PR and -8.0 PR positions, $447,800 FED and -5.0 FED positions, and -$35,900 SEG in 2018-19. Adjustments are for: (a) turnover reduction (-$648,700 GPR and -$144,000 PR annually); (b) removal of noncontinuing elements from the base (-$80,000 GPR, -$59,900 PR and -8.0 PR positions, and -$15,900 FED and -1.0 FED position in 2017-18; and -$80,000 GPR, -$358,800 PR and -8.0 PR positions, and -$170,200 FED and -5.0 FED positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits ($1,343,300 GPR, $1,435,700 PR, $699,100 FED, and -$32,300 SEG annually); (d) overtime ($151,100 GPR, $533,400 PR, and $11,000 SEG annually); (e) night and weekend pay differential ($9,600 GPR and $2,200 PR annually); and (f) full funding of lease and directed move costs (-$67,500 GPR, $615,400 PR, -$86,200 FED, and -$15,000 SEG in 2017-18; and $5,700 GPR, $683,300 PR, -$81,100 FED, and -$14,600 SEG in 2018-19).

Joint Finance: Reduce funding by -$14,600 PR and -$1,100 FED in 2017-18 and -$10,400 FED in 2018-19 to more accurately reflect the removal of non-continuing elements from DOJ's base budget.

2. STANDARD BUDGET ADJUSTMENTS -- MINOR TRANSFERS WITHIN APPROPRIATIONS

Governor/Joint Finance: Transfer positions annually within appropriations in DOJ between different subprograms, as identified in the table below, in order to more accurately align budgeted position authorization with assigned programmatic duties.

Fund Source/Program/ Appropriation	Subprogram	Change in Permanent Positions	Change in Project Positions	Total Change in Positions
GPR				
Law enforcement services				
General program operations	Crime laboratories	3.00	0.00	3.00
	Crime information bureau	1.00	0.00	1.00
	Criminal investigation	7.50	0.00	7.50
	Administrative services	0.90	0.00	0.90
	Narcotics enforcement	-4.50	0.00	-4.50
	Internet crimes against children task force	-4.00	0.00	-4.00
	DNA analysis resources	-4.00	0.00	-4.00
	Criminal justice programs	0.10	0.00	0.10
	Subtotal	0.00	0.00	0.00
Administrative services				
General program operations	Administrative services	6.00	0.00	6.00
	Computing services	-6.00	0.00	-6.00
	Subtotal	0.00	0.00	0.00
PR				
Law enforcement services				
Criminal history searches; fingerprint identification	Crime laboratories	3.00	0.00	3.00
	Crime information bureau	-10.00	0.00	-10.00
	Computing services	7.00	0.00	7.00
	Subtotal	0.00	0.00	0.00
		Change in	Change	Total

Fund Source/Program/ Appropriation	Subprogram	Permanent Positions	in Project Positions	Change in Positions
Interagency and intra-agency assistance	Legal services	1.00	0.00	1.00
	Criminal investigation	-1.00	0.00	-1.00
	Subtotal	0.00	0.00	0.00
Drug law enforcement; crime laboratories, and genetic evidence activities	Crime laboratories	2.00	0.00	2.00
	Criminal investigation	2.00	0.00	2.00
	Administrative services	1.00	0.00	1.00
	Narcotics enforcement	-5.00	0.00	-5.00
	Internet crimes against children task force	3.00	0.00	3.00
	DNA analysis resources	-3.00	0.00	-3.00
	Subtotal	0.00	0.00	0.00
Drug enforcement intelligence operations	Criminal investigation	6.00	0.00	6.00
	Narcotics enforcement	-6.00	0.00	-6.00
	Subtotal	0.00	0.00	0.00
Wisconsin justice information sharing program	Crime information bureau	-4.00	0.00	-4.00
	Administrative services	-0.10	0.00	-0.10
	Computing services	2.10	0.00	2.10
	Criminal justice programs	2.00	0.00	2.00
	Subtotal	0.00	0.00	0.00
Crime laboratories; DNA analysis	Crime laboratories	-4.00	0.00	-4.00
	Crime information bureau	2.00	0.00	2.00
	Computing services	2.00	0.00	2.00
	Subtotal	0.00	0.00	0.00
FED				
Law enforcement services				
Federal aid, state operations	Legal services	0.00	-1.00	-1.00
	Crime laboratories	-0.80	0.00	-0.80
	Crime information bureau	-1.20	1.00	-0.20
	Training and standards bureau	-1.00	0.00	-1.00
	Criminal investigation	0.00	-1.00	-1.00
	Administrative services	-1.75	0.00	-1.75
	Computing services	0.10	0.00	0.10
	Office of victim services	1.00	0.00	1.00
	Criminal justice programs	3.65	1.00	4.65
	Subtotal	0.00	0.00	0.00
Administrative services				
Indirect cost reimbursements	Administrative services	1.00	0.00	1.00
	Computing services	-1.00	0.00	-1.00
	Subtotal	0.00	0.00	0.00

3. HOLIDAY PAY FOR SPECIAL AGENTS

GPR	$7,200
PR	2,800
Total	$10,000

Governor/Joint Finance: Provide $3,600 GPR and $1,400 PR annually to support anticipated holiday premium payments for special agent positions within the Division of Criminal Investigation. Under current law, classified employees must generally be paid at a time and one-half rate for work performed on holidays.

Funding under the bill is be provided to the following appropriations: (a) law enforcement services general program operations ($3,600 GPR annually); (b) drug enforcement intelligence operations ($800 PR annually); and (c) drug law enforcement, crime laboratories, and genetic evidence activities ($600 PR annually).

4. POSITION REALIGNMENT

	Funding	Positions
PR	- $30,200	- 0.15
FED	30,200	0.15
Total	$0	0.00

Governor/Joint Finance: Provide -$15,100 PR, $15,100 FED, -0.15 PR position, and 0.15 FED position annually, as well as transfers between appropriations, in order to align the funding sources of certain positions with their current duties within DOJ. The following table identifies the changes to base funding for the affected appropriations.

Fund/Program	Base		Appropriations		Positions	
Affected Appropriation	Funding	Positions	2017-18	2018-19	2017-18	2018-19
PR						
Law Enforcement Services						
Interagency and intra-agency assistance	$1,477,200	6.80	-$10,100	-$10,100	-0.05	-0.05
Wisconsin justice information sharing program	714,800	4.15	-5,000	-5,000	-0.10	-0.10
PR Total	$2,192,000	10.95	-$15,100	-$15,100	-0.15	-0.15
FED						
Administrative Services						
Indirect cost reimbursements	$522,600	5.10	$15,100	$15,100	0.15	0.15

5. PROGRAM REVENUE REESTIMATES

PR	$3,400

Governor/Joint Finance: Provide $1,700 annually to reflect current revenue projections and program needs for the following program revenue appropriations:

a. $1,800 annually for the grants for substance abuse treatment programs for criminal offenders continuing PR appropriation. In addition, move all funding in the appropriation from the budget line for rent to the budget line for local assistance. The appropriation is utilized to provide minor support for the Department's treatment alternatives and diversion (TAD) grant program. Funding for the appropriation is supported by revenue generated from the drug offender diversion surcharge (DODS) and a portion of the revenue generated from the drug abuse program improvement surcharge (DAPIS). The DODS is a $10 surcharge imposed for each conviction of a crime against property (Chapter 943 of the statutes). The DAPIS is assessed with certain violations for the Uniform Controlled Substances Act and totals 75% of the fine and penalty surcharge imposed. Base funding for the appropriation is $5,700. In 2015-16, the appropriation received $44,700 in revenue.

b. -$100 annually for the child advocacy center grant program appropriation. The child

advocacy center grant program provides annual grants of $17,000 each to 14 child advocacy centers across Wisconsin (for a total of $238,000 in grant awards). Funding for the program is supported by revenue generated from the justice information system (JIS) surcharge. The JIS surcharge totals $21.50 and is assessed with a court fee for filing certain court proceedings. Base funding for the grant program is $238,100.

6. CONTINUED FUNDING OF TAD PROGRAM EXPANSION [LFB Paper 406]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$4,000,000	- $4,000,000	$0
PR	0	500,000	500,000
Total	$4,000,000	- $3,500,000	$500,000

Governor: Provide $2,000,000 GPR annually in 2017-19 only to continue to fund the expansion of the treatment alternatives and diversion (TAD) program enacted under 2015 Act 388. Annual funding provided under the bill would be provided on a one-time basis, and would, therefore, not continue after the 2017-19 biennium.

In addition to providing programmatic changes to the TAD program, 2015 Act 388 provided DOJ $2,000,000 PR on a one-time basis for the TAD program in 2016-17. One-time program revenue amounts were derived from a transfer of unencumbered funds from the Department of Health Services' institutional operations and charges program revenue appropriation. Due to the one-time nature of funding for TAD grants provided under Act 388, base funding for the TAD program during the 2017-19 biennium is $2,000,000 less than the amount appropriated for the TAD program in 2016-17. Funding provided under the bill would increase base funding for the TAD program to maintain the level appropriated in 2016-17.

Under the TAD program, DOJ provides grants to counties to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice, which provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol and other drugs. Projects supported by the TAD program typically follow one of two models: pre-trial diversion or adult drug or treatment court. In 2016-17, funding appropriated for the TAD program totaled $2,500,000 GPR and $3,084,100 PR. Program revenue appropriated for the TAD program in 2016-17 was comprised of: (a) $1,078,400 from the justice information system surcharge; (b) $5,700 from the drug offender diversion surcharge and the drug abuse program improvement surcharge; and (c) $2,000,000 from a one-time transfer of funds from the unencumbered balance of the Department of Health Services' institutional operations and charges PR appropriation.

Joint Finance: Delete the Governor's recommendation. [Continued funding for the expansion of the TAD program enacted under 2015 Act 388 is addressed under separate legislation (2017 Act 32).]

Instead, provide $250,000 PR annually for the TAD program during the 2017-19 biennium

only. Require that the additional funds be utilized to support TAD grants to counties that do not currently receive a grant under the TAD program. Program revenue funding would be provided by funds transferred from the Attorney General's discretionary settlement fund in 2017-18.

7. DRUG COURT GRANT PROGRAM [LFB Paper 406]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$300,000	- $300,000	$0

Governor: Provide $150,000 annually during 2017-19 only to expand the drug court grant program. Annual funding provided under the bill would be provided on a one-time basis, and would, therefore, not continue after the 2017-19 biennium. Base funding for the drug court grant program is $500,000.

Under the grant program, DOJ provides grants to counties to establish and operate drug courts. Grants must be provided to counties that have not established a drug court. Under statute, a drug court is defined as a court that diverts a substance-abusing person from prison or jail into treatment by increasing direct supervision of the person, coordinating public resources, providing intensive community-based treatment, and expediting case processing.

Joint Finance: Delete provision.

8. BEAT PATROL OVERTIME GRANTS [LFB Paper 407]

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

Governor: Provide $1,000,000 GPR annually during the 2017-19 biennium only to support grants to cities to reimburse overtime costs for uniformed law enforcement officers whose primary duty is beat patrolling. Provide that grants may be utilized to support salary and fringe benefit costs only, and that DOJ may not award a grant to an individual city in excess of $400,000 for a calendar year. Require that DOJ may only award grants to the 10 eligible cities submitting an application for a grant that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available under the Federal Bureau of Investigation's (FBI) uniform crime reporting (UCR) system. Provide that a city may receive a grant for a calendar year if the city applies before September 1st of the preceding calendar year and provides DOJ all of the following: (a) the reasons why uniformed law enforcement officers assigned to beat patrol need to work overtime; (b) the status of the hiring and training of new uniformed law enforcement officers who will have beat patrol duties; and (c) a proposed plan of

expenditures of the grant monies. Create a new annual GPR appropriation within DOJ for the purposes of supporting law enforcement beat patrol overtime grants.

Under the bill, DOJ is required to include information on the beat patrol overtime grant program in an annual report (submitted on January 15th) to the Legislature regarding its administration of various grant programs. The report is required to include the following information: (a) the amount of each grant awarded by DOJ for the previous fiscal year; (b) the grant recipient to whom each grant was awarded; (c) the methodology used by DOJ to choose grant recipients and to determine the level of grant funding for each grant recipient; (d) performance measures created by the Department; and (e) reported results from each grant recipient in each fiscal year as to the attainment of performance measures developed by DOJ.

Annual funding provided under the bill for the beat patrol overtime grant program would be provided on a one-time basis, and would, therefore, not continue after the 2017-19 biennium. However, statutory provisions under the bill creating the beat patrol overtime grant program and the appropriation for the grant program would be ongoing.

Under current law, DOJ administers the law enforcement officer supplement grant program (also known as the beat patrol grant program). Through the law enforcement officer supplement grant program, DOJ provides grants to cities to employ additional uniformed law enforcement officers whose primary duty is beat patrolling. The Department must make grant awards to the 10 eligible cities submitting application that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available from the FBI's UCR system. The Department may not award an annual grant in excess of $150,000 to any one city, and grantees are required to provide a 25% local match to any grant funds received under the program. Cities may generally not utilize grant funding to pay for overtime costs (except in the first year of a city's initial grant under the program). Awards are made on a calendar year basis and a city may receive a grant for three consecutive years without submitting a new application each year. Base funding for the law enforcement officer supplement grant program is $1,224,900 PR. Program revenue for the grant program is derived from amounts received from the $21.50 justice information system surcharge that is assessed with a court fee for commencement or filing of certain court actions.

Joint Finance: Delete GPR funding and instead provide $1,000,000 PR annually. Program revenue funding would be provided by funds transferred from the Attorney General's discretionary settlement fund in 2017-18. In addition, provide that a city must have a population of 25,000 or more in order to be eligible to receive a beat patrol overtime grant.

9. CRIME LABORATORY DNA ANALYSIS KITS [LFB Paper 409]

PR	$2,000,000

Governor/Joint Finance: Provide $1,000,000 annually for DOJ's crime laboratories; deoxyribonucleic acid (DNA) analysis continuing PR appropriation. According to DOJ, the increase in PR would support an increase in the cost of DNA kits utilized by the state crime laboratories to submit DNA data to the national Combined DNA Index System (CODIS). The increase in costs associated with the DNA kits is the result of new federal regulations effective

January 1, 2017, that increased the number of core loci that must be included for DNA data to be submitted to CODIS.

The crime laboratories DNA analysis appropriation receives program revenue generated from the crime laboratory and drug law enforcement surcharge ($13, assessed when a court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of most state laws and municipal or county ordinances) and the DNA surcharge ($250 for each felony conviction and $200 for each misdemeanor conviction). In 2015-16, the appropriation received $15,867,700 in revenue. The revenue received by this appropriation is transferred to other appropriations within DOJ and the District Attorney function to support activities related to drug law enforcement, the state's crime laboratories, investigations, and a state DNA evidence prosecutor. In addition, DOJ may utilize this appropriation to support the costs of providing DNA analysis at the state crime laboratories and to reimburse law enforcement agencies for certain costs associated with collecting biological samples and mailing those samples to the state's crime laboratories. Base funding and position authority for the appropriation is $4,321,200 and 30.0 positions.

10. INTERNET CRIMES AGAINST CHILDREN [LFB Paper 410]

PR	$1,500,000

Governor: Provide $750,000 annually of one-time funding to support law enforcement activities relating to Internet crime against children (ICAC). Funding under the bill is provided on a one-time basis and, therefore, would not be included in DOJ's base budget for the 2019-21 biennium. Funding is provided to DOJ's Internet crime against children appropriation. This appropriation is authorized to support criminal investigative operations and law enforcement relating to ICAC, prosecution of ICAC cases, and activities of state and local ICAC task forces.

The ICAC appropriation was created under 2015 Act 369. Under Act 369, the ICAC appropriation is supported by a one-time transfer of $1,000,000 PR in 2015-16 from DOJ's drug law enforcement, crime laboratories, and genetic evidence activities appropriation. Therefore, an ongoing program revenue source for the ICAC appropriation does not exist. As a result, the program revenue source for the $750,000 PR provided to the ICAC appropriation under the bill is unclear. [The administration indicates that this is an inadvertent error that will need to be corrected.]

The drug law enforcement appropriation is supported by revenue generated from the crime laboratory and drug law enforcement surcharge and the DNA surcharge. Beyond amounts transferred within DOJ to the ICAC appropriation under Act 369, DOJ's base funding (including standard budget adjustments) for its ICAC operations is $3,491,300 and 35.0 positions in 2017-18 ($2,570,200 GPR and 26.0 GPR positions, $760,600 PR and 8.0 PR positions, and $160,500 FED and 1.0 FED position) and $3,493,700 and 35.0 positions in 2018-19 ($2,571,800 GPR and 26.0 GPR positions, $761,300 PR and 8.0 PR positions, and $160,600 FED and 1.0 FED position).

Joint Finance: Provide that funding for the ICAC appropriation be supported by a transfer of funds from the new, continuing PR appropriation created under the bill for the receipt of revenue from the crime laboratory and drug law enforcement surcharge and the DNA analysis

surcharge. [The creation of this new appropriation is addressed under item #20.]

11. DRUG ENFORCEMENT ACTIVITIES [LFB Paper 411]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$1,000,000	- $500,000	$500,000

Governor: Provide $500,000 annually in one-time funding to support overtime, training, and other supplies and services for Division of Criminal Investigation activities related to drug law enforcement. Funding under the bill is provided on a one-time basis and would, therefore, not be included in DOJ's base budget for the 2019-21 biennium. Funding is provided to DOJ's drug law enforcement, crime laboratories, and genetic evidence activities annual appropriation. Funding for this appropriation is supported by the crime laboratory and drug law enforcement surcharge as well as the DNA surcharge. Base funding for the appropriation is $8,731,500.

According to the administration, funding provided under the bill is intended to offset a decrease in federal funds provided to DOJ from the federal asset forfeiture program. Under this program, state and local law enforcement agencies who directly participate in a law enforcement effort with federal law enforcement that results in the forfeiture of property or cash under federal law may receive a portion of the forfeited property or cash proportional to the state or local agency's participation in the law enforcement effort. The table below identifies the condition of the federal asset forfeiture funds received by the Wisconsin Department of Justice from state fiscal years 2011-12 through 2015-16.

Wisconsin Department of Justice Federal Asset Forfeiture Funds

	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Balance	$1,841,300	$1,828,400	$2,140,800	$2,987,800	$1,821,300
Revenue	$455,700	$704,800	$1,798,700	$432,000	$337,700
Expenditures	468,600	392,400	951,700	1,598,500	1,794,800
Ending Balance	$1,828,400	$2,140,800	$2,987,800	$1,821,300	$364,200

Joint Finance: Reduce funding provided to DOJ to support overtime, training, and other supplies and services for Division of Criminal Investigation activities related to drug law enforcement by $250,000 annually. As a result, $250,000 annually would be provided to DOJ for this purpose. Funding would be provided on a one-time basis and would, therefore, not be included in DOJ's base budget for the 2019-21 biennium.

In addition, direct the Department to utilize $500,000 during the 2017-19 biennium from its gifts, grants, and proceeds PR continuing appropriation from settlement funds received by the Department that are not committed for a specific purpose under the terms of the settlement to support additional costs associated with overtime, fleet, training, and other supplies and services

for Division of Criminal Investigation activities related to drug law enforcement.

12. CRIME LABORATORY EQUIPMENT AND SUPPLIES [LFB Paper 412]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$500,000	- $109,000	$391,000

Governor: Provide $200,000 in 2017-18 and $300,000 in 2018-19 to increase funding for equipment and supplies at the state's there crime laboratories. The state currently has three regional crime laboratories that service law enforcement agencies across the state, located in Madison, Milwaukee, and Wausau. According to DOJ, the increase in expenditure authority would support the following: (a) the costs of disposing ammunition that is shipped to the state crime labs after it is seized during investigations ($50,000 annually); and (b) the purchase of a new online case management system for managing the analysis of certain evidence in investigations ($150,000 in 2017-18) and (c) the purchase of enhanced equipment utilized for forensic toxicology ($250,000 in 2018-19 of ongoing funding). Base funding is $558,100. This is supported by revenue generated from the crime laboratory and drug law enforcement surcharge and the DNA surcharge.

Joint Finance: Modify the Governor's recommendation's as follows: (a) eliminate $50,000 annually associated with funding recommended for the disposal of ammunition; (b) modify funding recommended for the purchase of a new online case management system by instead providing $125,000 in 2017-18 on a one-time basis for the purchase of the equipment and $16,000 in 2018-19 on an ongoing basis to support maintenance and IT support costs; and (c) modify funding recommended for the purchase of new forensic toxicology equipment to instead provide $220,000 in 2018-19 as one-time funding to reflect the purchase cost of the equipment and $30,000 in 2018-19 as ongoing funding to support service agreements and maintenance.

In addition, require the Department to conduct a study of the potential sale or transfer of ammunition in the possession of the State Crime Laboratories to state and local law enforcement agencies for training purposes. Require that the study address the manner in which other states' dispose of ammunition in their crime laboratories. Specify that the report be submitted to the Joint Committee on Finance by January 5, 2018.

13. ATTORNEY GENERAL AND DEPUTY ATTORNEY GENERAL BOND REQUIREMENT

GPR	- $700

Governor/Joint Finance: Delete the current law requirement that the Attorney General and the Deputy Attorney General furnish a bond to the state at the time each takes office. Reduce funding for DOJ's administrative services general program operations appropriation by $700 in 2018-19 associated with the elimination of the bond requirement.

Under s. 19.11 of the statutes, the Attorney General, Secretary of State, and State

Treasurer must each furnish a bond to the state at the time each takes and subscribes the oath of office, conditioned for the faithful discharge of the duties of that office, the officer's duties as a member of the Board of Commissioners of Public Lands, and the investment of funds arising therefrom. Each bond is subject to approval by the Governor. The amount required of each bond is as follows: (a) for the Attorney General, $10,000; (b) for the Secretary of State, $25,000; and (c) for the Treasure, $100,000. When required by the Governor, the Attorney General must renew the required bond in a larger amount. Under s. 165.055 of the statutes, the Deputy Attorney General must give a bond to the state in the sum of $5,000 to be approved by the Governor, conditioned for the faithful performance of the deputy attorney general's duties.

Section 19.12 of the statutes permits the purchase of these bonds to be paid using funds appropriated for the expense of the Department. In December, 2015, DOJ purchased two $10,000 bonds effective from January 5, 2015, through January 5, 2019, for $710 from its administrative services general program operations appropriation.

14. CONVERT ANNUAL PROGRAM REVENUE APPROPRIATIONS TO CONTINUING [LFB Paper 413]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$0	- $926,800	- $926,800

Governor: Convert the following three PR annual appropriations to PR continuing, all monies received, appropriations. As annual appropriations, the Department may not spend more than what is appropriated by the Legislature from each appropriation in a given fiscal year. As continuing appropriations, the Department would be authorized to spend any available cash balances credited to each appropriation regardless of appropriated levels authorized by the Legislature.

a. *Administrative Services Interagency and Intra-agency Assistance*. Under current law, this appropriation may be utilized to provide administrative services to state agencies. The appropriation may collect monies received from within DOJ as well as payments from other state agencies for providing administrative services. The appropriation does not have any expenditure authority. The Department indicates that if this appropriation were made continuing, it would utilize the appropriation to collect amounts from other appropriations within DOJ, as well as charges to other state agencies, for certain administrative services, such as information technology projects. Currently, DOJ supports costs for such administrative services by directly charging those expenditures to individual program accounts within DOJ that utilize the services.

b. *Law Enforcement Services Sobriety Program.* This appropriation may be utilized to support DOJ's costs associated with analyzing data and preparing reports on 24/7 sobriety projects established under the 24/7 sobriety pilot program. The pilot program was created under 2015 Act 55. Under the pilot program, DOJ is authorized to designate up to five counties to participate in a 24/7 sobriety program that is intended to provide a high level of monitoring to participants convicted of multiple operating while intoxicated (OWI) offenses to ensure that the

participants are not consuming alcohol or controlled substances, with immediate sanctions if a violation occurs. Revenue for the appropriation may be generated from agreements between DOJ and participating counties that require the county to provide DOJ a portion of the fees the county collects from participants to operate the 24/7 sobriety project. Under current law, the sobriety program appropriation does not have any expenditure authority and no revenue was received by the appropriation in 2015-16. [Revenue is anticipated in future fiscal years as counties designated to establish a 24/7 sobriety project will implement their projects and collect fees from participants.] The 24/7 sobriety pilot program sunsets after June 30, 2021.

c. *Law Enforcement Services Terminal Charges.* The terminal charges appropriation is utilized to support the Wisconsin transaction information for the management of enforcement (TIME) system. The TIME system provides law enforcement agencies across the state access to a variety of law enforcement-related databases. Current law authorizes DOJ to charge law enforcement agencies for rentals, use of terminals, and related costs and services associated with the TIME system. These charges are credited to the terminal charges appropriation.

Joint Finance: Modify the Governor's recommendations regarding the three PR appropriations, as follows:

a. *Administrative Services Interagency and Intra-agency Assistance*. Delete the provision to convert the appropriation to a continuing appropriation. Instead, eliminate the appropriation.

b. *Law Enforcement Services Sobriety Program*. Delete the provision to convert the appropriation to a continuing appropriation. As a result, the appropriation would be maintained as an annual appropriation.

c. *Law Enforcement Services Terminal Charges*. Delete the provision to convert the appropriation to a continuing appropriation. As a result, the appropriation would be maintained as an annual appropriation. In addition, reduce the annual expenditure authority of the appropriation by $463,400 annually. Base funding for the appropriation is $2,463,400 annually.

15. RESTITUTION REPORT

Governor: Modify the information DOJ is required to furnish in its semiannual report on amounts received from court orders or settlement agreements for providing restitution to victims. Specifically, rather than require that the report include the persons to whom restitution was paid in a given reporting period and the amount that DOJ paid each recipient, require DOJ to report the number of persons to whom DOJ paid restitution during a given reporting period and the total amount that DOJ paid restitution recipients during the reporting period.

Under current law, semiannually, DOJ is required to report the following information to the Department of Administration and the Joint Committee on Finance regarding the amounts DOJ receives from court orders or settlement agreements for providing restitution to victims: (a) the amount of restitution received by DOJ during the reporting period; (b) the persons to whom DOJ paid restitution and the amount DOJ paid each recipient during the reporting period; and (c)

DOJ's methodology for selecting recipients for restitution and determining the amount paid to each recipient. The bill would modify requirement "b," above.

Joint Finance: Delete provision as a non-fiscal policy item.

16. DISCRETIONARY SETTLEMENT FUNDING PASSIVE REVIEW PROCESS

Joint Finance: Provide that, before the Attorney General may expend settlement funds received under DOJ's administrative services gifts, grants, and proceeds continuing PR appropriation that are not committed under the terms of the settlement (unrestricted discretionary settlement funds), the Attorney General must submit to the Joint Committee on Finance a proposed plan for the expenditure of the funds. Provide that the proposed plan would be subject to a 14-working day passive review process. If the Co-chairs of the Committee do not notify the Attorney General within 14 working days after the submittal of the plan that the Committee has scheduled a meeting for the purpose of reviewing the proposed plan, the Attorney General may expend the funds to implement the proposed plan. If, within 14 working days after the submittal, the Co-chairs of the Committee notify the Attorney General that the Committee has scheduled a meeting for the purpose of reviewing the proposed plan, the Attorney General may expend the funds only to implement the plan as approved by the Committee.

Attorney General discretionary settlement revenues are funds that, as a result of certain litigation (most commonly cases involving consumer protection laws), are received by DOJ and may be utilized at the discretionary of Attorney General. In certain circumstances, the terms of the court's ruling or the state's settlement agreement requires that discretionary settlement funds be utilized for specific purposes, such as consumer protection purposes. In other instances, these funds may be expended for any purpose permitted by state law, at the discretion of the Attorney General. The Department receives discretionary settlement revenue in its gifts, grants, and proceeds appropriation.

17. WISCONSIN COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION

PR	$160,000

Joint Finance: Extend the sunset date of a GPR appropriation under DOJ for the Wisconsin Court Appointed Special Advocate Association (WiCASA) from July 1, 2017, to July 1, 2019. In addition, create a PR appropriation, funded at $80,000 PR annually, for the 2017-19 biennium only, to support WiCASA. Program revenue would be provided by funds transferred from the Attorney General's discretionary settlement fund in 2017-18.

The Wisconsin CASA Association is a nonprofit organization that supports court appointed special advocacy for abused and neglected children. Under 2015 Act 55, the Department was appropriated $80,000 GPR annually during the 2015-17 biennium only to make grants to WiCASA. Under Act 55, the funding and statutory language associated with the grant requirement will sunset on July 1, 2017. As a result, funding for the grants to WiCASA is eliminated under DOJ's standard budget adjustments. The bill would extend the sunset date established under Act 55 to July 1, 2019. The bill would not provide funding to the GPR

appropriation.

18. STATEWIDE INTEROPERABLE SYSTEM FOR COMMUNICATIONS AND INTEROPERABILITY COUNCIL

	Funding	Positions
PR	- $2,332,700	- 3.00
FED	- 24,600	- 0.20
Total	$2,357,300	- 3.20

Joint Finance: Provide that the Interoperability Council assist and advise the Department of Military Affairs (DMA), as opposed to the Department of DOJ under current law, in identifying, obtaining, and allocating funding to implement a statewide public safety interoperable communication system (more commonly referred to as WISCOM). Further, provide that the Council make recommendations to DMA, as opposed to DOJ, on various current law aspects of the administration of public safety interoperable communication systems. Provide that DMA, instead of DOJ, must provide staff support to the Interoperability Council and oversight of the development and operation of a statewide public safety interoperability communication system. Transfer the authority to charge a public safety agency that is a state agency, as well as a person that is not a state agency, a fee for use of the statewide public safety interoperable communication system from DOJ to DMA. [Under current law, the Interoperability Council is a 15-member council comprised of various state executives and local officials. The Council is generally charged with making recommendations and providing advice for the purpose of achieving a statewide interoperable communication system.]

Transfer the following PR annual appropriations, as well as funding and position authority, from DOJ to DMA's emergency management services program: (a) DOJs interoperable communications system [$1,085,700 PR in 2017-18, $1,085,800 PR in 2018-19, and 2.0 PR positions annually]; (b) DOJ's public safety interoperable communication system, general usage fees [no funding and position authority]; and (c) DOJ's public safety interoperable communication system, general usage fees [no funding and position authority]. In addition, transfer $80,600 PR and 1.0 PR position annually from DOJ's Wisconsin justice information sharing program appropriation to DMA's interoperable communications system PR appropriation (which is transferred from DOJ to DMA, above). Finally, transfer $12,300 FED and 0.2 FED position annually from DOJ's law enforcement services federal aid, state operations appropriation to DMA's emergency management services federal aid, state operations appropriation.

Transfer all tangible assets and liabilities, positions and employees (with incumbency status), tangible personal property, pending matters, contracts, and rules and orders related to interoperable communications, as determined by the Secretary of the Department of Administration, from DOJ to DMA on the effective date of the budget act. Require DMA, in 2017-18, to consult with DOJ on how to effectively transfer from DOJ to DMA resources and responsibilities relating to the Interoperability Council and the statewide public safety interoperable communication system.

19. CRIME LABORATORY AND DRUG LAW ENFORCEMENT AND DNA ANALYSIS SURCHARGE FUND [LFB Paper 408]

Joint Finance: Modify the appropriation structure for receiving and expending revenue from the crime laboratory and drug law enforcement (CLDLE) surcharge and deoxyribonucleic acid (DNA) analysis surcharge as follows:

Create an Appropriation for Surcharge Revenue Receipt. Create a continuing PR appropriation within DOJ for the purpose of receiving revenue from the CLDLE surcharge and DNA surcharge. Authorize the appropriation to transfer funds to the following PR appropriations within DOJ and the District Attorney function: (a) DOJ's crime laboratories and DNA analysis appropriation; (b) DOJ's crime laboratories, drug law enforcement, and genetic evidence activities appropriation; (c) DOJ's crime laboratories equipment and supplies appropriation; and (d) the District Attorney's appropriation for a statewide DNA evidence prosecutor position. Specify that for the appropriations identified in (b), (c) and (d) any unencumbered balance at the end of a given fiscal year must revert to the appropriation created for receiving and transferring CLDLE and DNA surcharge revenue. Further, require that, if DOJ anticipates that the CLDLE surcharge and DNA surcharge fund may go into deficit, the Department must promptly notify the Joint Committee on Finance in writing of that fact.

Modify DOJ's Crime Laboratories and DNA Analysis Appropriation. Modify DOJ's crime laboratories and DNA analysis appropriation to provide that the appropriation is no longer authorized to directly receive CLDLE surcharge and DNA surcharge revenue or make transfers to other appropriations. Retain the appropriation as a continuing appropriation. Require DOJ to determine the amount of funding necessary to transfer to the appropriation from the new receipts appropriation. [As noted above, under the bill, instead of directly receiving revenue from the CLDLE surcharge and the DNA surcharge, the crime laboratories and DNA analysis appropriation would receive funding transferred from the appropriation created for receiving CLDLE surcharge and DNA surcharge revenue.]

Under current law, a court must impose a $13 CLDLE surcharge on an individual if the court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of most state laws or municipal or county ordinances. If a court imposes a sentence or places a person on probation, the court must impose a DNA analysis surcharge, totaling $250 for each felony conviction and $200 for each misdemeanor conviction.

Further, under current law, revenue generated from the CLDLE and DNA surcharges is received in DOJ's crime laboratories and DNA analysis continuing PR appropriation. Funding received in this appropriation is utilized to: (a) support costs related to providing DNA analysis, administering the state's DNA data bank, reimbursing local law enforcement agencies, the Department of Corrections, and the Department of Health Services for the costs of submitting biological specimens to the crime laboratories for DNA analysis; and (b) transfer funding to appropriations within DOJ and the District Attorney function to support various law enforcement activities. [The bill would convert the crime laboratories and DNA analysis appropriation from a continuing appropriation to an annual appropriation, and eliminate the requirement that the appropriation transfer funding to other appropriations within DOJ and the District Attorney

function, as described under "b."]

20. COMMUNITY INSTITUTION SECURITY COST REIMBURSEMENT GRANTS

Joint Finance: Define a community institution to mean a building used by members of a community to engage in social gatherings, educational activities, or other community-building activities that is owned by a corporation, organization, or association described in section 501(c)(3) of the Internal Revenue Code that is exempt from taxation under section 501(a) of the Internal Revenue Code.

Require the Department to establish policies and procedures for the distribution of grants from its administrative services gifts, grants, and proceeds continuing PR appropriation to reimburse community institutions that have expanded security measures or installed additional security infrastructure in response to continuous or ongoing security threats that the institution has received. Provide that grants may be awarded to pay reasonable and necessary security costs that must be determined by DOJ in consultation with the community institution and local law enforcement agencies. Provide that grant funds may not be awarded to pay for overtime costs of the community institution's employees or for the hiring of private security personnel in response to a security threat. Provide that DOJ does not need to promulgate the required policies and procedures as administrative rules.

Provide that any community institution may apply to DOJ for a grant and must include in the application detailed documentation of the security threats received, the corresponding expansion of security measures or installation of additional security infrastructure, and proof of the associated expenses incurred for which the community institution seeks a reimbursement grant. Require DOJ to review each application and authorize DOJ to award a grant an eligible community institution for up to 50% of the actual security expenses incurred by the community institution. Provide that DOJ may not award grants that exceed $200,000 per fiscal biennium.

Provide that all of the provisions related to community institution security cost reimbursement grants sunset on July 1, 2019.

Under current law, DOJ's gifts, grants, and proceeds continuing PR appropriation is utilized to receive and expend funds from gifts, grants, and proceeds from services, conferences, and sales of publications and promotional materials to carry out the purposes for which the funding is made or collected. Notably, the appropriation is utilized to receive and expend discretionary settlement funding. Attorney General discretionary settlement revenues are funds that, as a result of certain litigation (most commonly cases involving consumer protection laws), are received by DOJ and may be utilized at the discretion of Attorney General. In certain circumstances, the terms of the court's ruling or the state's settlement agreement requires that discretionary settlement funds be utilized for specific purposes, such as consumer protection purposes. In other instances, these funds may be expended for any purpose permitted by state law, at the discretion of the Attorney General.

21. DIVISION OF CRIMINAL INVESTIGATION OVERTIME FUNDING

Joint Finance: Place $558,900 GPR annually in the Joint Committee on Finance's supplemental GPR appropriation to support overtime for special agents at the Division of Criminal Investigation. The release of funding from the Committee's supplemental appropriation to DOJ would be contingent upon DOJ submitting a request for the transfer of funding under s. 13.10 of the statutes.

KICKAPOO RESERVE MANAGEMENT BOARD

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
PR	$447,000	$470,800	$470,800	$0	0.0%	$23,800	5.3%
SEG	1,390,400	1,466,000	1,466,000	0	0.0	75,600	5.4
TOTAL	$1,837,400	$1,936,800	$1,936,800	$0	0.0%	$99,400	5.4%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
PR	1.25	1.25	1.25	0.00	0.00
SEG	2.75	2.75	2.75	0.00	0.00
TOTAL	4.00	4.00	4.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	$23,800
SEG	75,600
Total	$99,400

Governor/Joint Finance: Provide adjustments to the agency base budget for the following: (a) full funding of salaries and fringe benefits for continuing positions ($11,200 PR and $35,400 SEG annually); (b) overtime costs ($700 PR and $2,300 SEG annually); and (c) night and weekend differential pay ($100 SEG annually).

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those

positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from the Kickapoo Reserve Management Board to DOA, the bill allows that on July 1, 2018, all positions under the Board relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions were transferred to DOA, DOA indicates that the employees would remain housed at the Kickapoo Valley Reserve, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

LABOR AND INDUSTRY REVIEW COMMISSION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$531,000	$121,300	$485,700	$364,400	300.4%	- $45,300	- 8.5%
PR	4,269,000	1,216,100	4,165,400	2,949,300	242.5	- 103,600	- 2.4
SEG	1,554,200	382,000	1,528,000	1,146,000	300.0	- 26,200	- 1.7
TOTAL	$6,354,200	$1,719,400	$6,179,100	$4,459,700	259.4%	- $175,100	- 2.8%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	1.30	0.00	0.80	0.80	- 0.50
PR	20.50	0.00	13.70	13.70	- 6.80
SEG	4.70	0.00	4.20	4.20	- 0.50
TOTAL	26.50	0.00	18.70	18.70	- 7.80

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $45,300
PR	602,800
SEG	- 26,200
Total	$531,300

Governor/Joint Finance: Adjust the agency's base budget by -$22,900 GPR, $299,600 PR, and -$13,100 SEG in 2017-18, and -$22,400 GPR, $303,200 PR, and -$13,100 SEG in 2018-19. The adjustments are for: (a) full funding of continuing position salaries and fringe benefits (-$23,800 GPR, $292,600 PR, and -$13,100 SEG annually); and (b) full funding of lease and directed moves costs ($900 GPR and $7,000 PR in 2017-18, and $1,400 GPR and $10,600 PR in 2018-19).

2. ELIMINATE THE LABOR AND INDUSTRY REVIEW COMMISSION [LFB Paper 425]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $364,400	- 1.30	$364,400	0.80	$0	- 0.50
PR	- 3,655,700	- 20.50	2,949,300	13.70	- 706,400	- 6.80
SEG	- 1,146,000	- 4.70	1,146,000	4.20	0	- 0.50
Total	- $5,166,100	- 26.50	$4,459,700	18.70	- $706,400	- 7.80

Governor: Delete $121,300 GPR, $1,218,000 PR, and $382,000 SEG in 2017-18 and delete $243,100 GPR, $2,437,700 PR, and $764,000 SEG and 26.5 positions (1.3 GPR, 20.5 PR, and 4.7 SEG) in 2018-19. Eliminate the Labor and Industry Review Commission (LIRC) and transfer the responsibility for administrative review of administrative decisions to the Department of Administration's Division of Hearings and Appeals (DHA) for worker's compensation decisions and to the Department of Workforce Development (DWD) for unemployment insurance and equal rights decisions. Specify that the elimination of LIRC take effect on January 1, 2018, or on the first day of the sixth month beginning after publication, whichever is later.

No position authority is granted to DWD or to DHA to support additional administrative review responsibilities acquired by these agencies. The bill would not provide for the transfer of incumbent employees from LIRC to DWD or DHA.

Provide the Administrator of DWD's Division of Unemployment Insurance with the authority to review administrative decisions relating to unemployment insurance issued by the Division of Unemployment Insurance's administrative law judges.

Provide the Administrator of DWD's Division of Equal Rights with the authority to review administrative decisions relating to fair employment and discrimination ("equal rights") issued by the Division of Equal Right's administrative law judges.

Provide the Administrator of DOA's Division of Hearings and Appeals with the authority to review administrative decisions relating to worker's compensation issued by DHA hearing examiners.

LIRC is an independent, quasi-judicial agency responsible for resolving appeals of disputed unemployment insurance, worker's compensation, and equal rights cases. LIRC is composed of three commissioners who are appointed by the Governor, subject to confirmation by the Senate. Currently, LIRC reviews administrative decisions of DWD relating to unemployment insurance and equal rights, and reviews administrative decisions of DHA relating to worker's compensation. In 2015, there were 2,085 decisions appealed to LIRC, of which 1,794 were unemployment insurance decisions, 214 were worker's compensation decisions, and 77 were equal rights decisions.

Appropriation Changes

Delete all LIRC appropriations on the effective date of the elimination of LIRC. Modify the following DWD appropriations to remove language which authorizes the Department to transfer funding to the appropriation accounts under LIRC: (a) FED unemployment insurance administration; (b) FED equal rights administration; and (c) SEG worker's compensation operations fund administration.

Under current law, unemployment insurance and equal rights monies are received from the federal government by DWD as FED and are transferred, according to the amounts in the schedule of appropriations, to LIRC as PR. Worker's compensation operations funds are received by DWD as segregated revenue and are: (a) retained by DWD to support the administration of the worker's compensation program; (b) reimbursed to DHA for charges assessed to DWD for hearing costs; and (c) transferred to LIRC according to the amounts in the schedule of appropriations to support LIRC's review of administrative decisions. The only funding that LIRC receives directly, without first passing through DWD, is GPR funding to support LIRC's general program operations. On the effective date of the elimination of LIRC, DWD would retain all SEG and FED monies that would have otherwise transferred to LIRC.

Effective Dates for Matters Subject to Review

A review that is before LIRC on the effective date of the bill would remain with LIRC for disposition until the date on which LIRC is eliminated.

A person could file a petition for LIRC review within 21 days after the effective date of the bill if: (a) the allowable time period for filing a review has not expired; and (b) no petition for review has been filed with LIRC prior to the effective date of the bill. Otherwise the person could not file a petition for review by LIRC. Instead, the person could file a petition for review by the DWD Division Administrator (unemployment insurance and equal rights) or the DHA Administrator (worker's compensation).

A person could file an action for judicial review of a LIRC decision under the procedures in effect before LIRC's elimination if: (a) no action for judicial review of the decision has commenced as of the effective date of the bill; and (b) the allowable time period for commencing an action for judicial review has not expired.

Rule Making Powers

Authorize DWD to promulgate any rules necessary to provide for review of unemployment insurance decisions. Under current law, DWD is authorized to promulgate rules necessary to provide for review of equal rights decisions.

Authorize the DHA to promulgate rules of procedure as necessary for the Division and the Administrator to perform their duties and functions under the worker's compensation statutes. This would replace the current authorization for the Division to adopt its own rules of procedures and change the same from time to time.

Emergency Rules

Authorize DHA and DWD to promulgate emergency rules to provide for review of administrative decisions under the provision. Notwithstanding current law procedures for promulgating rules, DHA and DWD would not be required to provide evidence that promulgating the rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare, and would not be required to provide a finding of emergency for promulgating the rule. The emergency rules promulgated under the provision would remain in effect for two years after they become effective, or until the date on which permanent rules take effect, whichever is sooner, and the effective date of the emergency rules could not be extended.

Transfer of Functions

On the effective date of the elimination of LIRC, provide that any of LIRC's assets and liabilities, tangible personal property, records, contracts, orders, and pending matters would be transferred to DHA for matters related to worker's compensation, and to DWD for matters related to unemployment insurance and equal rights.

All contracts entered into by LIRC that are primarily related to worker's compensation would remain in effect and be transferred to DOA. All contracts entered into by LIRC that are primarily related to unemployment insurance and equal rights would remain in effect and be transferred to DWD. DOA and DWD would be required to carry out the obligations of the contract until the contract is modified or rescinded by DOA or DWD to the extent allowed under the contract.

All orders issued by LIRC would remain in effect until their specified expiration date or until modified or rescinded by DOA or DWD.

All pending matters related to worker's compensation submitted to, or actions taken by, LIRC with respect to the pending matter would be considered as having been submitted to or taken by the Administrator of DHA. All pending matters related to unemployment insurance and equal rights submitted to or actions taken by LIRC with respect to the pending matter would be considered as having been submitted to or taken by DWD.

Other Provisions

Require DWD to maintain a searchable, electronic database of significant unemployment insurance decisions made by administrative law judges and the administrator. Authorize (but do not require) DWD to include in the database decisions of LIRC that were required to be maintained in the database under current law. Currently, LIRC is required to maintain a searchable, electronic database of significant unemployment insurance decisions made by LIRC.

Joint Finance: Delete provision. Delete 7.8 vacant positions (0.5 GPR, 6.8 PR and 0.5 SEG) and $353,200 PR annually.

In addition, request the Chief Justice of the Supreme Court to conduct a survey of decisions and orders of LIRC related to unemployment insurance, equal rights and worker's compensation, citing the statutes interpreted by LIRC and whether the decisions and orders were

the subjects of actions for judicial review filed in Circuit Court. Request that the survey findings be submitted to the Governor and the Joint Committee on Finance by July 1, 2018.

3. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. This provision would only apply if the Governor's recommendation to eliminate LIRC is not adopted.

LEGISLATURE

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$150,220,200	$148,529,700	$148,579,700	$50,000	0.0%	- $1,640,500	- 1.1%
PR	4,182,000	4,451,500	4,471,500	20,000	0.4	289,500	6.9
TOTAL	$154,402,200	$152,981,200	$153,051,200	$70,000	0.0%	- $1,351,000	- 0.9%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	758.17	758.17	758.17	0.00	0.00
PR	19.80	19.80	19.80	0.00	0.00
TOTAL	777.97	777.97	777.97	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $1,726,200
PR	189,500
Total	- $1,536,700

Governor/Joint Finance: Provide adjustments to the base totaling -$896,200 GPR and $92,200 PR in 2017-18, and -$830,000 GPR and $97,300 PR in 2018-19. Adjustments are for: (a) turnover reduction (-$1,074,500 GPR annually); (b) removal of noncontinuing elements from the base (-$35,000 PR annually); (c) full funding on continuing position salaries and fringe benefits ($245,800 GPR and $112,900 PR annually); (d) reclassifications and semi-automatic pay progression ($22,900 GPR and $4,100 PR in 2017-18 and $22,900 GPR and $6,500 PR in 2018-19); and (e) full funding of lease and directed moves costs (-$90,400 GPR and $10,200 PR in 2017-18 and -$24,200 GPR and $12,900 PR in 2018-19). In addition, transfer $20,000 annually within the biennial GPR appropriation for the Legislative Technology Services Bureau from permanent position salaries to limited-term employee and miscellaneous salaries.

2. ACTUARIAL AUDIT SERVICES FOR BENEFIT PROGRAMS

PR	$80,000

Governor/Joint Finance: Provide the Legislative Audit Bureau $40,000 annually of one-time funding to contract for actuarial audit services related to the annual audit of benefit programs administered by the Department of Employee Trust Funds. Under current law, the Legislative Audit Bureau is required to annually conduct a financial audit of the Department of Employee Trust Funds (ETF). Program revenue provided under the bill is supported by an assessment to ETF. Funding is provided under the bill on a one-time basis, and would, therefore, not be included in the Legislature's base budget for the 2019-21 biennium.

3. MEMBERSHIP DUES IN NATIONAL ORGANIZATIONS

GPR	$20,700

Governor/Joint Finance: Provide $8,800 in 2017-18 and $11,900 in 2018-19 for legislative organization membership dues including the National Conference of State Legislatures (NCSL) and the National Conference of Commissioners on Uniform State Laws (NCCUSL). Funding for membership dues is supported by a sum sufficient appropriation with base funding totaling $257,100 annually. Membership dues to NCSL total $207,000 in 2017-18 and $210,100 in 2018-19, while membership dues to NCCUSL are estimated to total $58,900 annually.

4. ACTUARIAL STUDIES

GPR	$15,000

Governor/Joint Finance: Provide $15,000 in 2017-18 for the Joint Legislative Council contractual studies biennial appropriation to conduct actuarial studies approved by the Joint Survey Committee on Retirement Systems. The appropriation has no base funding in 2016-17.

5. BIENNIAL BUDGET REQUEST REQUIREMENT

Governor: Require the Legislature to submit to the Department of Administration, no later than September 15th of each even-numbered year, proposals with respect to the Legislature's budget that: (a) maintain the Legislature's base level for its state operations budget for the current fiscal year during each fiscal year of the succeeding biennium; and (b) reduce the Legislature's state operations budget for each fiscal year of the succeeding fiscal biennium by an amount equal to 5% of the Legislature's base level for its state operations budget for the current fiscal year. Require the Secretary of the Department of Administration and the Director of the Legislative Fiscal Bureau to agree to the Legislature's base level for the purpose of making the proposals identified above. Under the bill, the Legislature's state operations budget would exclude standard budget adjustments, as agreed to by the Secretary of the Department of Administration and the Director of the Legislative Fiscal Bureau.

Under 2015 Act 201, executive branch agencies are required to submit two proposals in addition to their biennial budget request. The first proposal would be to maintain state operations appropriations for the two years of the next biennium at the base level and the second proposal

would be to reduce state operations appropriations by 5% for each year of the biennium. Under current law, the legislative and judicial branches of government are excluded from this requirement. The bill would extend this requirement to the Legislature.

Joint Finance: Delete provision as a non-fiscal policy item.

6. ADMINISTRATIVE RULES MODIFICATIONS

Governor: The bill would make several changes to various aspects of the process for promulgating administrative rules. Changes to the administrative rules process under the bill, as well as relevant current law, are categorized below.

Scope Statements. Provide that when an agency prepares a statement of scope for any rule that it plans to promulgate, the scope statement must be approved by the individual or body with policy-making powers over the subject matter of the proposed rule (agency head) prior to the scope statement being sent to the Governor for approval. Eliminate the process under current law through which an agency head approves a scope statement. Under current law, after an agency prepares a scope statement for a proposed rule, the scope statement must be sent to the Governor and the agency head for approval. Further, current law provides that the agency head may not approve the scope statement until at least 10 days after publication of the scope statement in the Wisconsin Administrative Register (Register), which occurs after the Governor approves the scope statement.

Provide that, on the same day that the agency sends the scope statement to the Legislative Reference Bureau (LRB) for publication in the Register after the scope statement has been approved by the Governor, the agency must send a copy of the scope statement to the Chief Clerks of each house of the Legislature, who must distribute the statement to the Co-chairs of the Joint Committee for Review of Administrative Rules (JCRAR).

Authorize either Co-chair of JCRAR, within 10 days after a scope statement is published by LRB in the Register, to submit a written directive to the agency to hold a preliminary public hearing and comment period on the scope statement. Provide that if the agency is directed to hold a preliminary public hearing and comment period on a scope statement, or if the agency opts to do so on its own initiative, the agency is prohibited from taking further action with respect to the proposed rule other than for preparing the preliminary public hearing and comment period, until such a hearing and comment period conclude. Require the agency to submit a notice of a preliminary public hearing and comment period to the LRB for publication in the Register, in a format approved by the LRB. Require agency heads to approve the notice, and require that the notice include all of the following: (a) a statement of the date, time, and place of the preliminary public hearing; and (b) the place where comments on the scope statement should be submitted and the deadline for submitting those comments. Provide that requirements related to preliminary public hearings and comment periods on scope statements would apply to scope statements prepared for emergency rules.

Provide that agencies must hold the preliminary public hearing and comment period in accordance with the notice of the hearing discussed above. In addition, prohibit an agency from

holding the hearing sooner than the 3rd day after the notice is published in the Register. Provide that preliminary public hearings on scope statements must be conducted in accordance the requirements for conducting public hearings on proposed rules. Require an agency to report all public comments and feedback on the scope statement from the preliminary public hearing and comment period to the agency head. In addition, require an agency to include a summary of any public comments and feedback on the scope statement that the agency received during a preliminary public hearing and comment period, as well as a description of how the agency took those comments and feedback into account in drafting the proposed rule, in the agency's plain language analysis that is included with a proposed rule.

Provide that, when agencies submit a notice to the Legislature with regards to a proposed rule that has been approved by the Governor and is referred to the Legislature for review, the notice must also include a list of the persons who appeared or registered for or against the proposed rule at a preliminary public hearing for the scope statement.

Provide that failure of any person to receive notice of a preliminary public hearing on a scope statement is not grounds for invalidating any resulting rule if notice of the hearing was published in the Register.

Modify current law with respect to when an agency may hold a hearing on the general subject matter of possible or anticipated rules for the purpose of soliciting public comment. Provide that an agency may hold such a hearing on a general subject matter prior to preparing a scope statement. Clarify that holding such a hearing prior to preparing the scope statement does not relieve the agency of its obligation to hold either a preliminary public hearing and comment period on a scope statement, if directed to do so by JCRAR, or a public hearing on a proposed rule after the rule is proposed. Under current law, an agency may hold such a hearing prior to preparing a proposed rule in draft form, as opposed to prior to preparing the scope statement.

Under current law, an agency must prepare a scope statement for any rule that it plans to promulgate, prior to drafting the proposed rule. The scope statement must include the following: (a) a description of the objective of the rule; (b) a description of existing policies relevant to the rule and of new proposed policies that will be included in the rule, as well as an analysis of policy alternatives; (c) the statutory authority for the rule; (d) estimates of the amount of time that state employees will spend to develop the rule and of other resources necessary to develop the rule; (e) a description of all of the entities that may be affected by the rule; and (f) a summary and preliminary comparison of any existing or proposed federal regulation that addresses the activities to be regulated by the rule. After the agency prepares the scope statement, the statement is sent to the Governor and agency head for approval. After the Governor approves a scope statement, the agency must submit a notice to the LRB regarding the Governor's approval of the scope statement, for inclusion in the Register.

Subject to certain exceptions, current law requires that a public hearing on a proposed rule be held after preparation of a scope statement but before the final draft rule is approved by the Governor. In addition to this current law requirement for public hearings on proposed rules, the bill would create an avenue through which JCRAR may require an agency to hold a preliminary public hearing and comment period on a scope statement for a proposed rule.

Economic Impact Analyses -- Passage of Bill Required for Certain Rules. Provide that an agency may not begin soliciting information and advice to prepare an economic impact analysis (EIA) for a proposed rule until after the completion of the following (whichever occurs later): (a) the 10-day period for JCRAR's review of the scope statement on a proposed rule has been completed; or (b) the preliminary hearing and public comment period for a scope statement on the proposed rule has been complete (discussed above).

Specify that an EIA for a proposed rule must contain information on the economic effect of the proposed rule on specific regulated individuals and entities, in addition to information on the economic effect of the proposed rule on other entities identified under current law. Under current law, an EIA must contain information on the economic effect of a proposed rule on specific businesses, business sectors, public utility ratepayers, local governmental units, and the state's economy as a whole.

Provide that in addition to other current law requirements, an EIA for a proposed rule must include an estimate of the total implementation and compliance costs, expressed as a single dollar figure, which are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, as a result of the proposed rule. [While current law requires an EIA to include an analysis and detailed quantification of the implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, current law does not require that this quantification be expressed as a single dollar figure.] In addition, specify that the EIA include a determination as to whether $10,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, over any two-year period, as a result of the proposed rule.

Provide that, prior to submitting an EIA along with other materials related to the proposed rule to the Legislative Council staff for review, the agency must submit the EIA to the Department of Administration (DOA). Require DOA to review the EIA and determine whether the data used by the agency in preparing the EIA are appropriate for determining the economic impact of the proposed rule and whether the EIA accurately gauges the economic impact of the proposed rule. Provide that if DOA determines that the agency's EIA does not accurately gauge the economic impact of the proposed rule, DOA must recommend any modifications to the EIA that it considers necessary and direct the agency to revise the EIA. Prohibit an agency from submitting an EIA to Legislative Council staff without the approval of DOA. Specify that DOA may approve an EIA only upon determining that the EIA accurately gauges the economic impact of the proposed rule. Require DOA to similarly review and approve any revised EIAs prepared by the agency. Require DOA, upon approving an EIA, to submit a statement to the agency indicating its approval.

Provide that in submitting materials associated with a proposed rule to Legislative Council staff for review, the agency must also submit information concerning the date of DOA's approval of the agency's initial EIA.

Provide that if an EIA or revised EIA prepared by an agency, or an independent EIA prepared by a vendor (discussed below), indicate that $10,000,000 or more in implementation

and compliance costs are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, over a two-year period, the agency proposing the rule must stop work on the proposed rule and may not continue promulgating the proposed rule, unless subsequent legislation is enacted authorizing the agency to promulgate such a rule. Specify that this regulation regarding administrative rules does not apply to emergency rules.

Provide that if an agency is prohibited from promulgating a rule due to its implementation and compliance costs, the agency may modify the proposed rule to address such costs, if the modification is germane to the subject matter of the proposed rule. Provide that if an agency modifies a proposed rule to address the implementation and compliance costs, the agency must prepare a revised EIA, which would be subject to DOA approval. Authorize an agency to continue with the rule-making process after the modification, if the revised EIA prepared by the agency, and any independent EIA prepared by a vendor subsequent to the modification, indicate that $10,000,000 or more in implementation and compliance costs are not reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals over any two-year period.

Repeal current law procedures related to DOA reviewing a proposed rule of an agency as a result of the findings of an agency's EIA. [These current law procedures are replaced with the provisions identified above.] Under current law, if an EIA for a proposed rule indicates that a total of $20,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to business, local governmental units, and individuals, DOA must review the proposed rule and issue a report. The agency may not submit a proposed rule to the Legislature for review until the agency receives a copy of DOA's report and the approval of the Secretary of DOA. The report prepared by DOA must include all of the following findings: (a) that the EIA is supported by related documentation contained or referenced in the EIA; (b) that the agency has statutory authority to promulgate the proposed rule; (c) that the proposed rule, including any administrative requirements, is consistent with and not duplicative of other state rules or federal regulations; and (d) that the agency has adequately documented the factual data and analytical methodologies that the agency used in support of: (1) the proposed rule; and (2) the related findings that support the regulatory approach that the agency chose for the proposed rule. Before issuing such a report, DOA may return a proposed rule to the agency for further consideration and revision with a written explanation as to why the proposed rule is being returned. If the agency head disagrees with DOA's reasons for returning the proposed rule, the agency head must notify DOA in writing. The Secretary of DOA must approve the proposed rule when the agency has adequately addressed the issues raised during DOA's review of the rule.

Under current law, an agency must generally prepare an EIA for a proposed rule before submitting the proposed rule to the Legislative Council staff for review. The EIA must contain information on the economic effect of the proposed rule on specific entities (identified above). When preparing the analysis, the agency must solicit information and advice from businesses, associations representing businesses, local governments, and individuals that may be affected by the proposed rule. The agency must prepare the EIA in coordination with local governmental units that may be affected by the rule. Generally, the EIA must include all of the following: (a) an analysis and quantification of the policy problem that the proposed rule is intending to address, including comparisons with the approaches used by the federal government and by

Illinois, Iowa, Michigan, and Minnesota to address that policy problem; (b) an analysis and detailed quantification of the economic impact of the proposed rule, including implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governments, and individuals; (c) an analysis of the actual and quantifiable benefits of the proposed rule; (d) an analysis of alternatives to the proposed rule, including the alternative of not promulgating the proposed rule; (e) a determination made in consultation with businesses, local governments, and individuals that may be affected by the proposed rule, as to whether the proposed rule would adversely affect in a material way the economy, a sector of the economy, productivity, jobs, or the overall economic competitiveness of the state; (f) if the EIA relates to a proposed rule of the Department of Safety and Professional Services establishing standards for the construction of a dwelling, an analysis of whether the proposed rule would increase the cost of constructing or remodeling a dwelling by more than $1,000; and (g) an analysis of the ways and extent to which the proposed rule would place any limitations on the free use of private property.

Independent Economic Impact Analyses. Authorize DOA or either Co-chair of JCRAR to request that an independent EIA be prepared for a proposed rule after an agency submits an EIA to the Legislature but before the agency submits the final proposed rule for approval by the Governor. In addition, authorize JCRAR, by a majority vote of a quorum of the Committee, to request the preparation of an independent EIA while the rule is under the review of JCRAR. Provide that if DOA or a Co-chair of JCRAR requests an independent EIA, DOA must contract with a vendor that is not a government agency to prepare the independent EIA and DOA (or the Co-chair of JCRAR, if the independent EIA is requested by the Co-chair) must notify the relevant agency of its decision. Provide that when an independent EIA is requested, the agency may not submit the proposed rule to the Governor for approval until the agency receives the completed independent EIA. Further, provide that if JCRAR requests an independent EIA while a rule is under JCRAR's review, the 30-day review period for the committee is extended to the 10th working day following the receipt of the completed independent EIA by JCRAR.

Require a vendor preparing an independent EIA to do all of the following: (a) include in the independent EIA all of the information that is required in an EIA prepared by state agencies; (b) provide a detailed explanation of any variance from agency's dollar estimate of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governmental units, and individuals as a result of the proposed rule; (c) upon completion of the analysis, submit the analysis to the agency, DOA, the Governor, and the Chief Clerks of each house of the Legislature, who must distribute the independent EIA to the presiding officers of their respective houses, the chairs of the appropriate standing committee, and the Co-chairs of JCRAR; and (d) complete the independent EIA within 60 days after contracting to prepare the analysis.

Create a new continuing PR appropriation in both DOA and the Legislature for the purpose of reimbursing vendors who prepare an independent EIA. Appropriate no funding to both appropriations during the 2017-19 biennium. However, as continuing appropriations, DOA and the Legislature would be authorized to spend amounts beyond what is appropriated without legislative approval, based on available cash balances.

Provide that if an independent EIA is requested by DOA, DOA must assess the agency that is proposing the rule for the costs charged by the vendor preparing analysis. Provide that assessments to agencies for independent EIAs be received in DOA's new continuing appropriation for reimbursing independent EIA vendors.

In contrast, provide that if an independent EIA is requested by a Co-chair of JCRAR, payment to the vendor is supported in one of the two following manners: (a) if the estimate in the independent EIA of the total implementation and compliance costs of a proposed rule varies from the agency's EIA by 15% or more (or varies from the agency's finding that there would be no implementation or compliance costs), JCRAR must assess the agency that proposed the rule to support the vendor costs and receive the funding in the Legislature's new appropriation for reimbursing independent EIA vendors; or (b) if the estimate in the independent EIA of the total implementation and compliance costs of a proposed rule does not vary from the agency's EIA by 15% or more (or if the independent EIA is in accord with the agency's determination that there are no compliance costs), then JCRAR must reimburse the vendor through the equal utilization of the Legislature's sum sufficient appropriations for the operations of the Senate and the Assembly.

Provide that any independent EIAs related to a proposed rule be included: (a) on the Legislative Council's website on proposed rules; (b) with a notice for a public hearing on a proposed rule; and (c) with a notice to the Legislature that a proposed rule has been approved by the Governor and is in final draft form.

Under current law, agencies must generally prepare an EIA with regards to a proposed rule. Current law does not specifically authorize either DOA or JCRAR to request that an independent EIA be prepared by an outside vendor.

New Duties of the Department of Administration. Establish the following new duties of DOA with regards to the rule promulgation process: (a) provide training to agencies on appropriate data collection and methods of analysis for the purpose of preparing EIAs for proposed rules; (b) attend hearings of JCRAR and present testimony on proposed rules that DOA determines will have an economic impact on specific businesses, business sectors, public utility ratepayers, local governments, regulated individuals and entities, and the state's economy as a whole; (c) review and approve EIAs prepared by agencies; and (d) request that vendors prepare independent EIAs on proposed rules, when appropriate.

Notification to JCRAR of Submission of Proposed Rule to Governor. Require agencies to notify JCRAR whenever the agencies submit a proposed rule in final draft form for approval by the Governor. Under current law, rules proposed by agencies that are in final draft form must be approved by the Governor prior to being submitted to the Legislature for committee review.

Gubernatorial Approval of Germane Modifications. Provide that, if an agency makes a germane modification to a proposed rule while the proposed rule is being reviewed by a standing committee of the Legislature, or if the germane modification is made subsequent to the review period of a standing committee, such a germane modification is subject to the approval of the Governor. Provide that if, within 10 working days after the date the agency submits the modification to the Governor, the Governor does not notify the agency that the Governor rejects

the modification or that the Governor requires additional time to review the modification, the modification is considered approved and may be made as proposed by the agency. Require the Governor to provide the agency with a written notice of approval if the Governor approves of a modification prior to the 10-day review period or after notifying the agency that the Governor requires additional time to review the modification. Provide that if the Governor does not approve the modification, the Governor must provide the agency with a written notice of nonapproval and the agency may not promulgate that proposed rule, except that the agency may resubmit the proposed rule to the Legislature without the germane modification. Provide that these provisions related to gubernatorial approval of germane modifications do not apply to proposed rules from the Department of Safety and Professional Services that have been objected to by JCRAR because the proposed rule increases the cost of constructing or remodeling a dwelling by more than $1,000.

Under current law, an agency may submit a germane modification to a proposed rule while the rule is being reviewed by a standing committee of the Legislature. An agency may also modify a proposed rule following standing committee review, if the modification is germane to the subject matter of the proposed rule. If the germane modification is made subsequent to the review period of the standing committee, then the proposed rule must be resubmitted to the Legislature for referral to the relevant standing committees. Current law does not require gubernatorial approval of these germane modifications to proposed rules.

Repeal of Unauthorized Rules. Define an "unauthorized rule" as a rule that an agency lacks the authority to promulgate due to the repeal or amendment of the law that previously authorized its promulgation. Create a special process through which an agency may petition JCRAR for authorization to repeal an unauthorized rule. Provide that the special process is as follows:

- First, require the agency to submit a petition with a proposed rule that repeals the unauthorized rule to the Legislative Council staff for review. Require the proposed rule to be in the standard form required of administrative rules. In addition, require the agency to submit the following materials: (a) a reference to each statute that the proposed rule interprets, each statute that authorizes its promulgation, each related statute or related rule, and an explanation of the agency's authority to promulgate the proposed rule; (b) a brief summary of the proposed rule; (c) the electronic mail address and telephone number of an agency contact person for the proposed rule; and (d) a statement that the agency is petitioning JCRAR to use the special process for repealing unauthorized rules.

- Second, require Legislative Council staff to review the agency's petition to JCRAR, as well as the proposed rule, in a similar manner through which Legislative Council staff review proposed rules that are promulgated through standard procedures. Require Legislative Council staff to submit a report on its review of the proposed rule to JCRAR, as well as a statement of its determination as to whether the proposed rule proposes to repeal an unauthorized rule. Under the bill, Legislative Council staff would have 20 working days to perform its review of the rule (subject to a 20 working day extension), and its review would generally include the following: (a) a review of the statutory authority under which the agency intends to promulgate the proposed rule; (b) a review to ensure that the correct procedures and requirements of the administrative rules process have been followed; and (c) a review to ensure that the proposed

rule is drafted with correct style and form, and that the rule is not in conflict with existing rules or federal statutes and regulations.

- Third, require JCRAR to review the petition and proposed rule, as well as the report from Legislative Council. Specify that JCRAR may do any of the following: (a) approve the agency's petition if JCRAR determines that the proposed rule would repeal an unauthorized rule; (b) deny the agency's petition; and (c) request that the agency make changes to the proposed rule and resubmit the petition and proposed rule.

- Fourth and finally, require JCRAR to inform the agency in writing of its decision.

Provide that if JCRAR approves the agency's petition and proposed rule to repeal an unauthorized rule, the agency may promulgate the proposed rule by filing a certified copy of the rule with the LRB, along with a copy of JCRAR's decision.

Extension of Emergency Rules. Delete the current law provision that prohibits JCRAR from extending an emergency rule for a period that exceeds 60 days. Under current law, emergency rules remain in effect for only 150 days. However, JCRAR may extend an emergency rule for a period not to exceed 60 days, and may grant any number of extensions for the emergency rule, but the total period for all extensions may not exceed 120 days. Under the bill, JCRAR would still generally be prohibited from extending an emergency rule for a total period that exceeds 120 days (subject to the exception identified below).

Authorize JCRAR to extend an emergency rule for a period that does not extend beyond March 31 of the following year, provided that the extension is granted within 30 days of the last day of the Legislature's final general-business floor period in the biennial session. Provide that such an extension may be in addition to, and may overlap with, a standard extension of an emergency rule (identified above).

Provide that a request by an agency to JCRAR to extend the effective period of an emergency rule must be made in writing to JCRAR no later than 30 days before the current expiration date of the emergency rule. Current law provides that an agency's request for emergency rule extension must be submitted no later than 30 days before the initial expiration date of the emergency rule.

Agencies Restricted from Promulgating Rules. Prohibit a "restricted agency" from taking any action with respect to the promulgation of a rule unless subsequent legislation specifically authorizes such an action. Define a restricted agency as a board, commission, examining board, or affiliated credentialing board that has not promulgated a rule in 10 years or more. Provide that this provision first apply on the effective date of the budget bill.

Guidance Documents. Define guidance document to mean any formal or official document or communication issued by an agency, including a manual, handbook, directive, or informational bulletin, that does any of the following: (a) explains the agency's implementation of a statute or rule enforced or administered by the agency, including the current or proposed operating procedure of the agency; or (b) provides guidance or advice with respect to how the agency is likely to apply a statute or rule enforced or administered by the agency, if that guidance

or advice is likely to apply to a class of persons similarly affected.

Specify that a guidance document does not include any of the following: (a) a rule or any document or communication that imposes any binding or enforceable legal requirement; (b) an adopted standard or a statement of policy or interpretation, whether preliminary or final, made in the decision of a contested case, a private letter ruling from the Department of Revenue, or in an agency decision or disposition of a particular matter as applied to a specific set of facts; (c) any document or activity that is expressly excluded from being considered a "rule" under current law, except that a pamphlet or other explanatory material that is informational in nature would generally be considered a guidance document; (d) any document that any statute specifically provides is not required to be promulgated as a rule; (e) a declaratory ruling issued by an agency with respect to the applicability of any rule or statute enforced by the agency on a particular matter; (f) a formal or informal opinion of the Attorney General; (g) a formal or informal advisory opinion issued by the Elections Commission or the Ethics Commission; (h) any document or communication for which a procedure for public input is provided by law, other than the required procedure created for public comments on guidance documents (discussed above); and (i) any document or communication that is not subject to the right of inspection or copying under the state's open records law.

Provide that, no less than 21 days before adopting a guidance document, an agency must post the proposed guidance document on the agency's Internet site and, on the same date, submit a notice of a public comment period on the proposed guidance document to the LRB for publication in the Register. In addition, provide that the agency must submit a copy of the proposed guidance document and the Internet address of the agency's Internet site at which comments may be submitted to the LRB for publication in the Register. Provide that the notice does not need to be published in the Register on the same day the agency posts the proposed guidance document on its Internet site. Require agencies to provide for a period for public comment on a proposed guidance document, during which period any person may submit written comments to the agency with respect to the proposed guidance document. Provide that, unless otherwise authorized by the Governor, the period for public comment must end no sooner than the 21st day after the date on which the proposed guidance document is posted on the agency's Internet site. Require agencies to retain all written comments submitted during the public comment period and must consider those comments in determining whether to adopt or modify the guidance document as originally proposed, or take any other action.

Require agencies to post each guidance document that the agency has adopted on the agency's Internet site and to permit continuing public comment on those guidance documents. Require agencies to ensure that each adopted guidance document remains on the agency's Internet site until the guidance document is no longer in effect, is no longer valid, is superseded, or is rescinded by the agency.

Provide that a guidance document does not have the force of law and does not provide the authority for implementing or enforcing a standard, requirement, or threshold, including a term or condition of any license. Provide that a guidance document that imposes a regulatory obligation or consequence is invalid, and the regulatory obligation or consequence may not be administered or enforced unless the agency promulgates it as a rule. Provide that an agency that

proposes to rely on a guidance document to the detriment of an individual in any administrative proceeding must afford the individual an adequate opportunity to contest the legality or wisdom of a position taken in the guidance document. Provide that an agency may not use a guidance document to foreclose consideration of any issue raised in the guidance document.

Provide that if an agency proposes to act in an administrative proceeding at variance with a position expressed in a guidance document, the agency must provide a reasonable explanation for the variance. Provide that if an affected person in an administrative proceeding may have reasonably relied on the guidance document for determining the agency's position, the agency's explanation for the variance must include a reasonable justification for the agency's conclusion that the need for variance outweighs the affected person's reliance interest.

Authorize persons who qualify to petition an agency to promulgate an administrative rule under current law may petition an agency to promulgate a rule in place of a guidance document.

Specify that the provisions relating to the adoption of guidance documents do not apply to guidance documents adopted before July 1, 2018.

Effective Date. Unless otherwise noted, provide that the provisions related to administrative rules reform take effect on July 1, 2018.

Joint Finance: Delete provision as a non-fiscal policy item.

7. EMERGENCY RULE PUBLICATION

Governor: Provide that an emergency rule takes effect on the date the rule is published in the Wisconsin Administrative Register, or on the later date specified in the rule. Delete the current law provision that an emergency rule takes effect on the date the rule is published in the official state newspaper (currently, the Wisconsin State Journal), or on the later date specified in the rule. Provide that this provision would first apply to an emergency rule filed with the Legislative Reference Bureau on July 1, 2017, or on the day after publication of the budget bill, whichever is later.

Generally, an agency may promulgate a rule as an emergency rule without complying with the notice, hearing, and publication requirements for administrative rules if preservation of the public peace, health, safety, or welfare necessitates putting the rule into effect prior to the time it would take effect if the agency complied with the standard requirements for administrative rules. Unless extended by the Joint Committee for Review of Administrative Rules, emergency rules remain in effect for only 150 days. The Wisconsin Administrative Register is electronically published by the Legislative Reference Bureau on the Monday of each week and generally contains information on proposed administrative rules and emergency rules.

Joint Finance: Delete provision as a non-fiscal policy item.

8. JUDICIAL COMPENSATION [LFB Paper 590]

Governor: Create a new continuing PR appropriation under the Supreme Court for judicial wage adjustments. Authorize the appropriation to receive money from the Supreme Court or from the Director of State Courts from transfers from other judicial appropriations, as approved in the new process for determining judicial compensation (discussed below). Provide that no moneys may be transferred to this appropriation from sum sufficient appropriations utilized to support: (a) salaries and expenses of the judges, reporters, and assistant reporters of the circuit courts; (b) the functions of the court of appeals; and (c) the functions of the Supreme Court.

Establish a new procedure under which salaries for state justices and judges are recommended to the Joint Committee on Employment Relations (JCOER) and established. Require the Director of State Courts to submit to JCOER recommendations and a proposal for adjusting the compensation and employee benefits for circuit and appeals court judges and justices of the Supreme Court. Require the Director to include all of the following in the proposal to JCOER: (a) a plan for the transfer of moneys from one or more appropriation accounts under subchapter VII of Chapter 20 of the statutes (judicial appropriations) to the new judicial wage adjustments appropriation created under the bill, except that the proposal may not include a plan to transfer funds from the sum sufficient appropriations utilized to support the circuit courts, Court of Appeals, and Supreme Court; (b) an identification of the appropriation from which the transfers under "a" are proposed to be made; (c) a projection of the amounts that will be transferred in each fiscal year; and (d) a projection of the amount the Director will receive in the judicial wage adjustments appropriation created under the bill during the biennium. Require JCOER to review the Director's proposal.

Provide that if JCOER approves one or more of the recommendations in the Director's proposal to transfer funds from judicial appropriations to the judicial wage adjustments appropriation, the Director may make the corresponding transfers between appropriations. Under the bill, separate legislation or approval of the Joint Committee on Finance (JFC) would not be required to authorize the transfer of funds between appropriations if such a transfer is approved by JCOER. Provide that in reviewing the Director's proposal, JCOER must apply certain procedures required of the review of the state employee compensation plan for general state employees. These procedures include:

- *Legislative Action*. If JCOER approves a provision of the Director's proposal that requires legislative action for implementation, JCOER would be required to introduce a bill or companion bills to be put on the legislative calendar to effectuate such a provision. [Notwithstanding, as identified above, separate legislation or JFC approval would not be required to authorize the Director of State Courts to transfer funds between judicial appropriations if such a transfer is approved by JCOER.] The bill or companion bills introduced by JCOER: (a) would not be required to be referred to the Joint Committee on Finance even if the bill appropriated money, provided for revenue or related to taxation; (b) would not be required to be referred to the Joint Survey Committee on Retirement Systems even if the bill related to retirement or pension payments for public officers or employees; and (c) could be passed by either house of the Legislature prior to the budget bill being passed by both houses even if the bill introduced by

JCOER increased or decrease state revenues or costs by an annual amount exceeding $10,000. The Joint Committee on Employment Relations would be required to accompany the introduction of such proposed legislation with a message that informs the Legislature of JCOER's concurrence with the matters under consideration and which recommends the passage of such legislation without change.

- *Public Hearing of Proposal*. In reviewing the Director of State Court's plan, JCOER would be required to hold a public hearing on the proposal.

- *Adoption of Plan, Governor's Veto*. The recommendations from the Director of State Court's proposal that are approved by JCOER could be vetoed by the Governor within 10 calendar days of JCOER approval. A vote of six members of JCOER would be required to override such a gubernatorial veto.

Under current law, annual salaries for Supreme Court justices and circuit court and appeals court judges, along with other elected executive and legislative officials, are included in the state employee compensation plan. The state employee compensation plan is established by the administrator of the Division of Personnel Management within the Department of Administration and submitted to JCOER for review and approval. Generally, the compensation plan is established on a biennial basis to coincide with each biennial budget. [See "Supreme Court."]

Joint Finance: Delete provisions.

9. OCCUPATIONAL REGULATION REPORT

Governor: Provide that if any bill is introduced into either house of the Legislature that creates a requirement that an individual obtain a license in order to engage in a particular profession or occupation, or if the bill creates a requirement that a license be obtained in order for a particular type of business to be owned or operated, the Department of Administration (DOA) must prepare and issue an occupational license report on the bill within 30 business days after it is introduced. Provide that a bill that requires an occupational license report by DOA must have that requirement noted on its jacket when the jacket is prepared. Require the Legislative Reference Bureau to submit a copy of any bill that requires an occupational license report to DOA. Provide that DOA's occupational license report must be printed as an appendix to the applicable bill and must be distributed in the same manner as amendments. Require that the report be distributed before any vote is taken on the bill by either house of the Legislature if the bill is not referred to a standing committee, or, if the bill is referred to a standing committee, before any public hearing is held on the bill or before any vote is taken on the bill. Require DOA to publish the report on its Internet site.

For the purposes of DOA's occupational license report, define a "license" to include any permit, certificate, approval, registration, charter, or similar form of permission.

Provide that in preparing the occupational license report, DOA must request information from any individual or business that DOA considers likely to be affected by the proposed licensure requirement and must request a statement or analysis from the agency that would be

required to administer the licensure requirement. Require individuals, businesses, and agencies to comply with requests from DOA for information that is reasonably necessary for DOA to prepare its report. Provide that to the greatest extent possible, DOA's report must be based on the information obtained by the Department from individuals, businesses, and agencies.

Specify that DOA's occupational license report include all of the following: (a) an evaluation of whether the unregulated practice or profession, occupation, or business can clearly harm or endanger the health, safety, or welfare of the public, and whether the potential for the harm is recognizable and not remote or speculative; (b) an evaluation of whether the public can reasonably be expected to benefit from the requirement for the license; (c) an evaluation of whether the public can be effectively protected by any means other than requiring a license; (d) an analysis of whether licensure requirements for that profession, occupation, or business exist in other states; (e) an estimate of the number of individuals or businesses that would be affected by the requirement; (f) an estimate of the total additional financial burden that will be imposed on an individual or business as a result of the licensure requirement, including education or training costs, examination fees, private credential fees, credential fees imposed by the agency, and other costs that the individual or business will have to incur in order to obtain the license; and (g) any statement or analysis from the agency that would administer the licensure requirement.

Provide that the requirement of an occupational license report would first apply to bills introduced 14 days after the publication of the 2017-19 biennial budget bill.

Joint Finance: Delete provision as a non-fiscal policy item.

10. AUDIT BUREAU REVIEW OF FELONY AND MISDEMEANOR REVOCATION PROCESSES

Governor: Create nonstatutory language directing the Legislative Audit Bureau (LAB) to review the policies and procedures of the Department of Corrections (Corrections) and the Division of Hearings and Appeals (DHA) in the Department of Administration regarding the probation and parole revocation process for an individual who has violated the terms of his or her community supervision by January 1, 2019.

Specify that the LAB review determine all of the following: (a) whether the provisions of 2013 Act 196 (short-term community corrections sanctions system) and 2015 Act 164 (utilizing supervision fees to partially pay to reimburse counties for probation, parole, and extended supervision holds) are being appropriately applied; (b) whether Corrections and DHA have appropriate policies, procedures, resources, and administrative rules to carry out the responsibilities of 2013 Act 196 and 2015 Act 164, and whether the two agencies provide an appropriate level of due process for the individuals subject to revocation through the entire revocation and appeal process; (c) whether the appropriate action has been applied to the violation that is the reason for the revocation; (d) whether the period of reconfinement is appropriate to the level of violation; (e) whether a violation committed by one person under supervision is treated consistently with a similar violation committed by another person under supervision; and (f) whether the revocation process within Corrections is consistent with the revocation process within DHA.

Joint Finance: Delete provision as a non-fiscal policy item.

11. 100TH ANNIVERSARY OF THE STATE CAPITOL

GPR	$50,000

Joint Finance: Create a new, annual GPR appropriation in the Legislature for activities related to the celebration of the 100th anniversary of the State Capitol. Provide $50,000 in 2017-18 for this purpose. Specify that the Co-chairs of the Joint Committee on Legislative Organization must authorize all expenditures from this appropriation.

Create a new continuing PR appropriation in the Legislature to receive revenues generated from activities related to the celebration of the 100th anniversary of the State Capitol. Specify that the first $50,000 received in this PR appropriation in each fiscal year lapse to the general fund. Provide that any amounts beyond $50,000 received in the appropriation be transferred to a new, biennial PR appropriation for capitol restoration and relocation planning.

Create a biennial PR appropriation under "Miscellaneous Appropriations" for capitol restoration and relocation planning. Provide that the biennial PR appropriation may receive revenue from moneys transferred from the PR appropriation created in the Legislature for activities related to the celebration of the 100th anniversary of the State Capitol (discussed above). Appropriate no funding to this appropriation.

12. MEMBERSHIP DUES FOR THE NATIONAL CONFERENCE OF INSURANCE LEGISLATORS

PR	$20,000

Joint Finance: Require the Office of the Commission of Insurance (OCI) to transfer funding to the Legislature on an annual basis to support the payment of annual dues for membership in the National Conference of Insurance Legislators (NCOIL). Provide that OCI transfer funding to the Legislature from OCI's general program operations PR appropriation. Funding would be received by the Legislature in its legislative service agencies gifts and grants continuing PR appropriation. Increase funding appropriated to the gifts and grants PR appropriation by $10,000 annually, associated with the anticipated NCOIL annual membership dues costs. The National Conference of Insurance Legislators is a national organization representing state legislators who serve on insurance and financial institution committees.

13. WISCONSINEYE EQUIPMENT

Joint Finance: Require that, during the 2017-19, all of the following occur: (a) the Assembly Committee on Organization and the Senate Committee on Organization each authorize the expenditure of $206,300 from their general program operations GPR appropriations to assist in paying the costs of 21 WisconsinEye cameras in the State Capitol building; and (b) the Chief Justice of the Supreme Court must authorize the expenditure of $37,800 from the Supreme Court's general program operations GPR appropriation to assist in paying the costs of two WisconsinEye cameras in the Supreme Court.

Provide that none of the expenditures identified above may occur until all of the following occurs: (a) the Joint Committee on Legislative Organization determines that WisconsinEye has secured $226,200 in matching funds; (b) the Joint Committee on Legislative Organization has selected the location for the 21 WisconsinEye cameras in the state capitol building, and the Chief Justice of the Supreme Court has selected the location for the two WisconsinEye cameras in the Supreme Court; and (c) the State Capitol and Executive Residence Board has approved the location and installation of all of the WisconsinEye cameras.

14. AUDIT OF STATE'S GROUP HEALTH INSURANCE PROGRAMS [LFB Paper 161]

Joint Finance: Request that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to conduct an audit of the state's group health insurance programs, including a review of the Group Insurance Board's compliance with its reserve policy, a review of the appropriateness of its policy regarding fully-insured program reserves, and the circumstances that have created ongoing, frequent accumulation and use of reserves.

LIEUTENANT GOVERNOR

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$574,200	$764,200	$764,200	$0	0.0%	$190,000	33.1%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	4.00	5.00	5.00	0.00	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$18,200

Governor/Joint Finance: Provide $9,100 annually in the 2017-19 biennium associated with full funding of continuing positions salaries and fringe benefits.

2. FUNDING AND POSITION AUTHORITY

	Funding	Positions
GPR	$171,800	1.00

Governor/Joint Finance: Provide $85,900 and 1.0 position annually for a new position under the Lieutenant Governor to provide logistical support.

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary							
				Joint Finance Change to:			
	2016-17 Base	2017-19	2017-19	Governor		Base	
Fund	Year Doubled	Governor	Jt. Finance	Amount	Percent	Amount	Percent
SEG	$454,800	$448,600	$477,800	$29,200	6.5%	$23,000	5.1%

FTE Position Summary					
		2018-19	2018-19	Joint Finance Change to:	
Fund	2016-17 Base	Governor	Jt. Finance	Governor	2016-17 Base
SEG	2.00	2.00	2.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 440]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	- $6,200	$29,200	$23,000

Governor: Delete $3,100 annually from the conservation fund (75% water resources and 25% forestry account) for full funding of continuing salaries and fringe benefits.

Additionally, convert 1.0 position from the classified service to the unclassified service. The provision would reconcile the state budget system with statutory provisions specifying all employees of the Lower Wisconsin State Riverway Board (LWSRB) are to be in the unclassified service.

Joint Finance: Adopt the Governor's recommendation to convert 1.0 position to the unclassified service. Provide $14,600 annually, or a net increase of $11,500 annually from the agency base ($8,600 water resources SEG and $2,900 forestry SEG), to reflect current costs of LWSRB positions.

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any position from the Lower Wisconsin State Riverway Board to DOA, the bill allows that on July 1, 2018, any position in LWSRB relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employee holding that position, may be transferred to DOA. If a position were transferred to DOA, DOA indicates that the employee would remain housed at LWSRB, even though the position would be an employee of DOA. [See "Administration -- Transfers."]

MEDICAL COLLEGE OF WISCONSIN

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$20,351,000	$19,696,900	$19,704,600	$7,700	0.0%	- $646,400	- 3.2%
PR	495,000	495,000	495,000	0	0.0	0	0.0
TOTAL	$20,846,000	$20,191,900	$20,199,600	$7,700	0.0%	- $646,400	- 3.1%

FTE Position Summary

The state does not budget nonstate revenues or authorize positions of the Medical College of Wisconsin, which is a private, state-aided institution governed by a Board of Trustees.

Budget Change Item

1. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $654,100	$7,700	- $646,400

Governor: Reduce funding by $242,900 in 2017-18 and by $411,200 in 2018-19 to reestimate debt service costs related to general fund supported borrowing issued for the benefit of the Medical College in previous biennia. Annual base level funding for GPR debt service is $3,637,500.

Joint Finance: Increase funding by $4,200 in 2017-18 and $3,500 in 2018-19 to reflect a reestimate of GPR debt service costs in May, 2017.

MILITARY AFFAIRS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$53,579,800	$54,640,100	$55,034,500	$394,400	0.7%	$1,454,700	2.7%
FED	143,161,600	145,389,000	145,413,600	24,600	0.0	2,252,000	1.6
PR	14,371,200	15,042,300	17,375,000	2,332,700	15.5	3,003,800	20.9
SEG	2,361,800	2,361,800	9,473,800	7,112,000	301.1	7,112,000	301.1
TOTAL	$213,474,400	$217,433,200	$227,296,900	$9,863,700	4.5%	$13,822,500	6.5%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	81.08	77.28	81.08	3.80	0.00
FED	352.65	358.35	362.35	4.00	9.70
PR	37.37	40.87	43.87	3.00	6.50
SEG	0.00	0.00	2.00	2.00	2.00
TOTAL	471.10	476.50	489.30	12.80	18.20

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$1,174,000
PR	312,000
FED	1,902,300
Total	$3,388,300

Governor/Joint Finance: Provide adjustments to the base totaling $587,000 GPR, $155,600 PR, and $949,600 FED in 2017-18; and $587,000 GPR, $156,400 PR, and $952,700 FED in 2018-19. Adjustments are for: (a) turnover reduction (-$111,800 GPR and -$319,500 FED annually); (b) full funding of continuing position salaries and fringe benefits ($662,600 GPR, $110,200 PR, and $703,100 FED annually); (c) reclassifications and semiautomatic pay progression ($4,000 GPR, $3,800 PR, and $2,300 FED annually); (d) overtime ($35,300 GPR, $9,800 PR, and $411,100 FED annually); and (e) full funding of lease and directed moves costs (-$3,100 GPR, $31,800 PR, and $152,600 FED in 2017-18; and -$3,100 GPR, $32,600 PR, and $155,700 FED in 2018-19).

2. MOBILE FIELD FORCE GRANTS [LFB Paper 445]

GPR	$500,000

Governor/Joint Finance: Authorize the Department to award mobile field force grants to Wisconsin law enforcement agencies to fund crowd-control training and equipment used for crowd control. Under the bill, a Wisconsin law enforcement agency would include a governmental unit of one or more persons employed full-time by the state or a political subdivision of the state for the purpose of preventing and detecting crime and enforcing state law or local ordinances. Employees of such a unit must be authorized to make arrests for crimes while acting within the scope of their authority.

Provide $500,000 in 2017-18 to DMA for the purpose of awarding these grants to local law enforcement agencies. Create a continuing GPR appropriation in DMA's emergency management services program for providing mobile field force grants. Since the appropriation is continuing, even though all of the GPR funding for mobile field force grants is appropriated in 2017-18, the Department would be authorized to expend unspent amounts from the appropriation in subsequent fiscal years until fully expended. Under the bill, DMA would be prohibited from requesting an increase in the mobile field force grant appropriation in its biennial budget request for the 2019-21 biennium.

[Note that a discrepancy exists under the bill between the appropriation created for mobile field force grants and the statutory language created under the Emergency Management chapter of the statutes (Chapter 323) for these grants. More specifically, under the appropriation language created under the bill, mobile field force grants would be limited for local law enforcement agencies. In contrast, the statutory language created under Chapter 323 under the bill provides that mobile field force grants are for all Wisconsin law enforcement agencies, which would include state law enforcement agencies.]

3. NATIONAL GUARD AIRBASE MAINTENANCE

GPR	$66,000
FED	264,000
Total	$330,000

Governor/Joint Finance: Provide $33,000 GPR and $132,000 FED annually to increase funding for maintenance at the Mitchell Field Airbase and the Truax Field Airbase. Under the state's National Guard Cooperative Agreement with the federal National Guard Bureau, funding for certain maintenance contracts and services for Mitchell Field Airbase and Truax Field Airbase are supported by federal funds and a state match requirement. Maintenance costs at the Mitchell Field Airbase are split 25% state funding and 75% federal funding, while maintenance costs at Truax Field Airbase are split 20% state funding and 80% federal funding. [Maintenance costs at Truax Field have a greater federal component due to the Aerospace Control Alert Homeland Defense Mission carried out by the 115th Fighter Wing, which is located at Truax Field.] Current funding for maintenance at these two airbases totals $425,300, comprised of $347,000 FED and $78,300 GPR. Funding for maintenance supplies and contract services is currently split between these two airbases as follows: $44,500 GPR and $178,000 FED for Mitchell Field and $33,800 GPR and $169,000 FED for Truax Field. According to DMA, maintenance costs at the airbases have increased in recent years due to inflation and an increased square footage at the facilities.

Under the bill, general purpose revenue funding provided to DMA for airbase maintenance

is provided to the Department's National Guard operations repair and maintenance appropriation. Base funding for the repair and maintenance appropriation is $806,900 GPR annually. Federal funding provided under the bill is provided to DMA's National Guard operations federal aid continuing appropriation. Base funding for this appropriation is $31,326,300 FED annually.

4. LARGE-SCALE EMERGENCY RESPONSE EXERCISE

PR	$325,000

Governor/Joint Finance: Provide $325,000 of one-time funding in 2017-18 to support an emergency response exercise known as Operation Dark Sky. Operation Dark Sky is a large-scale, multi-state, multi-disciplinary domestic operations exercise that DMA is intending to execute in May, 2018. The exercise will focus on responding to a wide-scale disruption of electrical power and conventional communication systems caused by a cyberattack. According to DMA, the majority of the funding provided under the bill will be utilized to reimburse local emergency responders participating in the exercise for food, transportation, and lodging costs.

Funding for DMA under the bill for Operation Dark Sky is supported by a transfer of funding from the Public Service Commission's (PSC) utility regulation annual PR appropriation to DMA's program services continuing PR appropriation. Program revenue funding transferred from the PSC is generated by assessments made by the PSC on public utilities, power districts, and sewerage systems. [See "Public Service Commission."]

5. STATE EMERGENCY OPERATIONS CENTER [LFB Paper 446]

Governor: Create statutory language authorizing the Adjutant General to operate a state emergency operations center (SEOC) during a state of emergency declared by the Governor. Require the Adjutant General to notify the Joint Committee on Finance in writing of the specific costs incurred as a result of an activation of the SEOC for more than 36 hours. Require the Adjutant General to include in that notification information concerning the following: (a) all costs incurred for equipment and supplies obtained to assist local units of government and local law enforcement in responding to a disaster; (b) overtime costs for the Division of Emergency Management (known as WEM -- Wisconsin Emergency Management) personnel; and (c) meals for personnel staffing the SEOC. Provide that the requested costs must be paid from a new appropriation created under DMA for the SEOC if the Co-chairs of the Joint Committee on Finance fail to notify the Adjutant General within 14 working days after the date of the Adjutant General's notification that the Committee has scheduled a meeting to review the Adjutant General's request (a 14-day passive review process). If, within 14 working days after the date of the Adjutant General's notification, the Co-chairs of the Committee notify the Adjutant General that the Committee has scheduled a meeting to review the request, the requested costs may be paid only as approved by the Committee.

Create an annual SEG appropriation within DMA's emergency management services program to support the operation of the SEOC. Under the bill, no funding is appropriated to the appropriation during the 2017-19 biennium. The SEG fund utilized to support the new appropriation is the petroleum inspection fund.

Under current practice, DMA operates an SEOC in order to facilitate the coordination of various state and local agencies and volunteer organizations when an emergency occur. A WEM duty officer and senior duty officer are on-call 24 hours a day for the SEOC to receive information related to emergency situations. Depending on the gravity of the emergency, the SEOC may be activated, at which time various WEM staff and representatives from pertinent agencies coordinate a response in the SEOC. Currently, WEM costs related to activations of the SEOC are supported by DMA's emergency management services general program operations GPR appropriation. Base funding for this appropriation is $1,065,100. Since 2011, the SEOC has been activated for more than 36 hours between and zero and two times per year, at a cost of approximately $11,200 to WEM per activation.

Joint Finance: Delete provision.

6. REACT CENTER PERMANENT POSITIONS

	Funding	Positions
PR	- $21,300	2.00

Governor/Joint Finance: Provide 2.0 permanent positions for the Regional All Climate Training (REACT) Center, located at Camp Williams/Volk Field in Camp Douglas, Wisconsin. The 2.0 positions provided under the bill include two 0.5 training officers and 1.0 heavy equipment operator/facilities repair worker. In addition, reduce funding for the continuing PR appropriation utilized to support the REACT Center by -$15,600 in 2017-18 and -$5,700 in 2018-19. Funding for the REACT Center is reduced under the bill due to an anticipated decrease in overall expenditures associated with utilizing the 2.0 permanent positions provided under the bill to replace limited-term employees who currently perform responsibilities to operate the REACT Center. More specifically, funding under the bill is provided as follows: (a) $129,600 in 2017-18 and $139,500 in 2018-19 to support the salaries, fringe benefits, supplies and services, and one-time funding of the 2.0 new permanent positions for the REACT Center; and (b) -$145,200 annually associated with the reduction in funding for limited-term employees' salaries and fringe benefits.

The REACT Center is a facility where agencies and individuals may receive training in various emergency management subjects including, but not limited to, urban search and rescue, hazardous material response, and vehicle and machinery extrication. Base funding for the REACT Center is $727,100. Position authority is not currently appropriated for the REACT Center. Funding for the Center is generated from training course fees.

7. MILITARY PROPERTY PROGRAM [LFB Paper 447]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	0.00	- $160,400	0.00	- $160,400	0.00
PR	160,400	1.00	0	0.00	160,400	1.00
Total	$160,400	1.00	- $160,400	0.00	$0	1.00

Governor: Provide $80,200 and 1.0 position annually to convert 1.0 existing program and

policy analyst project position to a permanent position. The position currently manages the excess military property program (also known as the 1033 program), and has position authority through June 30, 2017. [Since the project position has position authority through June 30, 2017, the position was removed from DMA's base budget in preparation for deliberation for the 2017-19 biennial budget.] Section 1033 of the National Defense Authorization Act of 1997 permits the federal Department of Defense to transfer excess military property to eligible state and local law enforcement agencies for use in counter-drug, counter-terrorism, and other law enforcement activities. State operations related to the 1033 program are supported by a combination of GPR and program revenue received from law enforcement participation fees, repayments of shipping and other costs, and sales of surplus equipment and supplies. Program revenue is received by DMA's program services continuing PR appropriation.

On February 25, 2016, under s. 16.505 of the statutes, the Department requested the creation of 1.0 permanent position to assist in the management of WEM's operations related to the excess military property program. On March 16, 2016, the Joint Committee on Finance approved DMA's request, subject to the condition that the requested position be created as a project position with position authority through June 30, 2017, as opposed to a permanent position. [According to the approval letter from the Committee dated March 16, 2017, the position was approved as a project position, rather than a permanent position, because, "it [was] uncertain whether future program revenue [would] be sufficient to support the requested position beyond June 30, 2017."]

Joint Finance: Provide that the 1.0 PR position provided for the administration of the military property program be created as a project position, as opposed to a permanent position, with position authority through June 30, 2019. In addition, reduce funding to DMA's emergency management services general program operations appropriation by $80,200 GPR annually.

8. TRAINING AND EXERCISE OFFICER

	Funding	Positions
PR	$61,000	0.50
FED	61,100	0.50
Total	$122,100	1.00

Governor/Joint Finance: Provide $29,600 PR and $29,800 FED in 2017-18, and $31,400 PR and $31,300 FED in 2018-19, as well as 0.5 PR position and 0.5 FED position annually, to support 1.0 training and exercise officer position. The position would assist 3.0 existing training and exercise officers provide support and direction to state and local agencies conducting emergency preparedness exercises.

The position provided under the bill is split funded between program revenue and federal funds. Program revenue funding for the position is further split between the following two appropriations: (a) DMA's emergency planning and reporting - administration annual PR appropriation; and (b) DMA's program services continuing PR appropriation. The emergency planning and reporting - administration appropriation is utilized to support emergency planning, notification, response and reporting, as well as to administer grants to local emergency planning committees. Program revenue for the appropriation is generated from fees paid by facilities that are subject to federal regulations for hazardous chemicals under the federal emergency planning and community right to know (EPCRA) program. Base funding and position authority for the

appropriation is $1,165,900 PR and 11.62 PR positions. Revenue and expenditures associated with DMA's program services appropriation derive from conferences, training, and other services provided by WEM, as well as the administration of the excess military property program and WEM's radiological emergency preparedness program. Base funding and position authority for the program services appropriation is $2,568,900 PR and 11.25 PR positions. Federal funding and position authority is provided to DMA's emergency management services federal aid - state operations appropriation. Base funding for this FED appropriation is $4,474,800 FED and 22.65 FED positions. Federal funding for the requested position would be derived from the federal emergency management performance grant program.

9. ELIMINATE ARMORY STORE OPERATIONS APPROPRIATION

PR	- $166,000

Governor/Joint Finance: Delete the Department's National Guard operations armory store operations annual PR appropriation. Associated with the elimination of the appropriation, eliminate expenditure authority totaling $83,000 annually. Further, transfer 1.0 position from the armory store operations appropriation to the National Guard operations annual PR appropriation for billeting services. According to DMA, the transferred position has been supported by the billeting services appropriation for several biennia, and the position transfer would address this discrepancy.

Under current law, the armory store operations appropriation supports the operation of an armory store at Camp Williams. The Department indicates that the armory store at Camp Williams ceased operations in May, 2014.

10. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
GPR	- 3.80	3.80	0.00
FED	- 3.80	3.80	0.00
Total	- 7.60	7.60	0.00

Governor: Delete 7.6 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) National Guard operations general program operations (-3.8 GPR positions); and (b) National Guard operations indirect cost reimbursements (-3.8 FED positions). Funding associated with the positions ($390,000 GPR and $308,600 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are

transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the Department of Military Affairs but would become DOA employees rather than employees of DMA.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Exclude the Department of Military Affairs from the definition of a shared services agency under the human resources shared services proposal. Associated with the exemption, delete the transfer of positions from DMA to DOA and the reallocation of funding within DMA. In addition, as a result of the exemption, positions, assets and liabilities, personal property, and contracts, related to human resource services and payroll and benefits services, would not be transferred from DMA to DOA. Finally, DMA staff would continue to provide human resources and payroll and benefits services for the agency.

11. FUEL AND UTILITIES

GPR	- $870,000

Governor/Joint Finance: Reduce funding by $447,600 in 2017-18 and $422,400 in 2018-19 associated with fuel and utility cost estimates at Army and Air National Guard facilities. Base funding for agency energy costs is $2,453,600.

12. DEBT SERVICE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$190,300	$54,800	$245,100

Governor: Provide $296,900 in 2017-18 and -$106,600 in 2018-19 to reflect the reestimate of GPR debt service costs on state general obligation bonds and commercial debt issued for National Guard facilities by DMA. Base funding for debt service costs for National Guard facilities totals $6,529,700 annually.

Joint Finance: Provide an additional $29,700 in 2017-18 and $25,100 in 2018-19 to reflect the reestimate of GPR debt service costs on state general obligation bonds and commercial debt issued for National Guard facilities by DMA.

13. REESTIMATE OF PERMANENT FEDERAL POSITIONS

	Positions
FED	9.00

Governor/Joint Finance: Provide 9.0 positions annually to more accurately align the number of FED positions authorized for the Department and the number of positions for which the federal government provides support. The 9.0 positions would be provided to the following FED appropriations in DMA: (a) 7.0 positions to the National Guard operations federal aid; state operations appropriation [base funding totals $31,326,300 and 280.48 positions annually]; (b) 1.0 position to the National Guard operations indirect cost reimbursements appropriation [base funding totals $774,500 and 7.52 positions]; and (c) 1.0 position to the emergency management services federal aid, homeland security appropriation [base funding totals $16,835,400 and 6.0 positions].

14. STATEWIDE INTEROPERABLE SYSTEM FOR COMMUNICATIONS AND NEXT GENERATION 911 SYSTEM

	Funding	Positions
PR	$2,332,700	3.00
FED	24,600	0.20
SEG	7,112,000	2.00
Total	$9,469,300	5.20

Joint Finance: Modify current law related to a statewide public safety interoperable system for communications, as well as a Next Generation 911 system, as follows:

Transfer functions associated with the Interoperability Council and a statewide public safety interoperable communications system from DOJ to DMA. Provide that the Interoperability Council assist and advise DMA (as opposed to the Department of Justice (DOJ) under current law) in identifying, obtaining, and allocating funding to implement a statewide public safety interoperable communication system (more commonly referred to as WISCOM). Further, provide that the Council make recommendations to DMA, as opposed to DOJ, on various current law aspects of the administration of public safety interoperable communication systems. Provide that DMA, instead of DOJ, must provide staff support to the Interoperability Council and oversight of the development and operation of a statewide public safety interoperability communication system. Transfer the authority to charge a public safety agency that is a state agency, as well as a person that is not a state agency, a fee for use of the statewide public safety interoperable communication system from DOJ to DMA. [Under current law, the Interoperability Council is a 15-member council comprised of various state executives and local officials. The Council is generally charged with making recommendations and providing advice for the purpose of achieving a statewide interoperable communication system.]

Transfer the following PR annual appropriations, as well as funding and position authority, from DOJ to DMA's emergency management services program: (a) DOJs interoperable communications system [$1,085,700 PR in 2017-18, $1,085,800 PR in 2018-19, and 2.0 PR positions annually]; (b) DOJ's public safety interoperable communication system, general usage fees [no funding and position authority]; and (c) DOJ's public safety interoperable communication system, general usage fees [no funding and position authority]. In addition, transfer $80,600 PR and 1.0 PR position annually from DOJ's Wisconsin justice information sharing program appropriation to DMA's interoperable communications system PR appropriation (which is transferred from DOJ to DMA, above). Finally, transfer $12,300 FED and 0.2 FED position annually from DOJ's law enforcement services federal aid, state operations

appropriation to DMA's emergency management services federal aid, state operations appropriation.

Transfer all tangible assets and liabilities, positions and employees (with incumbency status), tangible personal property, pending matters, contracts, and rules and orders related to interoperable communications, as determined by the Secretary of the Department of Administration, from DOJ to DMA on the effective date of the budget act.

Provide that the Interoperability Council no longer be attached to the Department of Administration for administrative purposes. Instead, provide that the Council be attached to DMA for administrative purposes.

Creation of a Director of Emergency Communications in DMA, Reporting Requirements, and Requirement for a Request for Proposal. Create an annual SEG appropriation in DMA's emergency management services program to support general program operations of the Interoperability Council. Appropriate $199,400 SEG in 2017-18, $212,600 SEG in 2018-19, and 2.0 SEG positions annually to the new appropriation. Funding would be utilized to support 1.0 Director of Emergency Communications and 1.0 administrative support assistant position. Funding for the SEG appropriation would be supported by the Police and Fire Protection Fund.

Direct the Adjutant General (the head of DMA) to appoint a Director of Emergency Communications within the Division of Emergency Management (known as Wisconsin Emergency Management -- WEM). Provide that this position be supported by the newly-created general program operations appropriation for the Interoperability Council. Provide that the Director serve at the pleasure of the Adjutant General in the unclassified service.

Require that, by January 1, 2019, DMA, in consultation with the Interoperability Council and the 911 Subcommittee (discussed below), submit a report to the Governor and Legislature that includes all of the following: (a) recommendations for changing the statutory authority of the Interoperability Council; (b) a description of the progress made toward creating a statewide public safety interoperable communication system; (c) a description of the obstacles that hinder the progress toward interoperability; and (d) recommendations for executive or legislative action to promote interoperability.

Require DMA to do the following in 2017-18: (a) consult with DOJ on how to effectively transfer from DOJ to DMA resources and responsibilities relating to the Interoperability Council and the statewide public safety interoperable communication system; and (b) consult with the Department of Transportation and other state agencies on the effective use of staff at the Department of Transportation and other state agencies for the ongoing maintenance of a statewide public safety interoperable communication system.

Require that, during the 2017-19 biennium, DMA conduct a request for proposals regarding a statewide public safety interoperable communication system. Provide that DMA must require the submitted proposals to include all costs associated with their fulfillment, including costs to state and local governments.

Transfer of positions from DOT to DMA. Authorize DMA to request that the Joint

Committee on Finance take action under s. 13.10 of the statutes to transfer funding and positions from the Department of Transportation to the Department of Military Affairs for the ongoing maintenance of a statewide public safety interoperable communication system in 2017-18.

Funding for purchasing software and IT equipment for WISCOM. Provide $464,000 GPR annually to the Joint Committee on Finance's supplemental GPR appropriation for the purpose of purchasing software and other IT equipment or services for a statewide public safety interoperable communication system. The Department of Military Affairs would be authorized to request the transfer of these funds for such a purpose under s. 13.10 of the statutes.

Creation of an interagency and intra-agency appropriation is DMA. Create a PR continuing appropriation in DMA's emergency management services program for interagency and intra-agency assistance. Provide that this appropriation may receive revenue from DMA or any other state agency regarding emergency management services and interoperability to carry out the purposes for which received. Although no funding would be appropriated to this appropriation during the 2017-19 biennium, since the appropriation is continuing, DMA could utilize the appropriation to receive and expend monies, as authorized under statute.

911 Subcommittee. Create a 19-member 911 Subcommittee that is attached to DMA for administrative purposes. Create the 911 Subcommittee as a subcommittee of the Interoperability Council. Provide that the 911 Subcommittee consist of one member serving a three-year term who is appointed by the Adjutant General and 18 members serving three-year terms who are appointed by the Governor. Provide that, in making appointments to the Subcommittee, the Governor must consider the geographical diversity of, and the representation of urban and rural interests by, the membership of the 911 Subcommittee.

Provide that the Subcommittee consist of the following 19 members: (a) an individual recommended by an association of Wisconsin cities, villages, or towns; (b) an individual recommended by an association of Wisconsin counties; (c) an individual recommended by a Wisconsin association, or a Wisconsin chapter of an association, that promotes a universal emergency telephone number system; (d) an individual recommended by an association of Wisconsin county sheriffs; (e) two individuals, each of whom represent a different commercial mobile radio service provider operating in Wisconsin, one of whom serving a primarily regional market and one of whom serving a national market; (f) two individuals recommended by a Wisconsin association, or a Wisconsin chapter of an association, of public safety communications professionals; (g) two individuals recommended by an association of Wisconsin telecommunications providers, each of whom represents an incumbent local exchange carrier; (h) an individual who represents a competitive local exchange carrier; (i) an individual who represents a voice over Internet protocol provider; (j) a police chief recommended by an association of police chiefs; (k) a fire chief recommended by an association of Wisconsin fire chiefs; (L) an individual recommended by a Wisconsin association that promotes emergency management; (m) an individual who represents a video service provider; (n) an individual recommended by a Wisconsin association of emergency medical service providers; (o) an individual recommended by an association of land information professionals; and (p) an individual appointed by the Adjutant General.

Notwithstanding the three-year terms of the members of the Subcommittee, provide that

for the terms of the initial members of the Subcommittee appointed by the Governor, the terms of six of the members expire on July 1, 2019, the terms of six of the members expire on July 1, 2020, and the terms of six of the members expire on July 1, 2021. Provide that the term of the initial member appointed by the Adjutant General expires on July 1, 2021.

Require that the 911 Subcommittee do all of the following: (a) advise DMA on Next Generation 911 emergency services IP network contracts, discussed below; (b) advise DMA on the statewide efforts, leveraging of existing infrastructure, and industry standards that are necessary to transition to Next Generation 911; (c) make recommendations to DMA regarding federal sources of funding and the sustainable funding streams that are required to enable public safety answering points to purchase and maintain equipment necessary for Next Generation 911; (d) if funding is made available for DMA or another state agency to make grants to public safety answering points for training or upgrading facilities or services for implementing Next Generation 911, advise DMA or other state agencies on making the grants, including advising on eligibility criteria for the grants which must include basic training and service standards that applicants must satisfy; (e) conduct a statewide 911 telecommunications system assessment; (f) develop recommendations for service standards for public safety answering points; (g) promote, facilitate, and coordinate interoperability across all public safety answering points with respect to telecommunications services and data systems, including geographic information systems; (h) promote, facilitate, and coordinate consolidation of public safety answering point functions where consolidation would provide improved service, increased efficiency, or cost savings; and (i) undertake all of its duties in a manner that is competitively and technologically neutral.

Next Generation 911. Create a SEG annual appropriation in DMA's emergency management services program to make and administer Next Generation 911 emergency services IP network contracts and for the 911 Subcommittee to administer its duties. Provide $6,700,000 SEG in 2018-19 to this new appropriation. Funding for the SEG appropriation would be supported by the Police and Fire Protection Fund.

Under s. 256.35 of the statutes (statewide emergency services number), define an "emergency number system" to mean any basic system, sophisticated system, or Next Generation 911, regardless of technology platform.

Under s. 256.35(3s) of the statutes (Next Generation 911), define an "emergency services IP network" to mean a managed Internet protocol network that is used for emergency services and can be shared by all public safety answering points. Define "Next Generation 911" to mean a statewide emergency number system regardless of technology platform that does all of the following: (a) provides standardized interfaces from requests for emergency assistance; (b) processes all types of request for emergency assistance, including calls, nonvoice and multimedia messages; (c) acquires and integrates data useful to the delivery or routing and handling of requests for emergency assistance; (d) delivers requests for emergency assistance and data to appropriate public safety answering points and emergency responders; (e) supports data and communications needs for coordinated incident response and management; and (f) provides a secure environment for emergency communications. Define "operational date," with respect to a county, to mean the date determined by DMA on which Next Generation 911 begins to be fully operational in the county. Define a "service supplier" to mean a telecommunications utility which provides exchange

telephone service within a county. Define "service user" to mean any person who is provided telephone service by a service supplier which includes access to a basic or sophisticated system.

Require that DMA invite bids to be submitted and contract for the creation, operation, and maintenance of an emergency services IP network that to the greatest extent feasible relies on industry standards and existing infrastructure to provide all public safety answering points with the network necessary to implement Next Generation 911.

Provide that DMA must determine the operational date for each county. If a contract between a service supplier and a county for an emergency phone system is in effect immediately before the operational date determined for the county, the contract must expire on the operational date and, except as provided below, beginning on the operational date, the service supplier may not bill any service user for a charge levied by the county on service users in the county or impose a surcharge on its service users who reside outside of that county and who have access to the basic or sophisticated system established by that county. Provide that at least 30 days before a contract expires, DMA must provide written notice of the expiration to the county and service supplier.

Provide that if a contract terminates (as identified above) before a service supplier has been fully compensated for nonrecurring services (related to providing the trunking and central office equipment used only to operate a basic or sophisticated system established in that county and the database used only to operate that sophisticated system), the service supplier may continue to bill service users for the charge levied by the county on service users in the county or impose a surcharge on its service users who reside outside of that county and who have access to the basic or sophisticated system established by that county, until the service supplier is fully compensated for those nonrecurring services.

Liability exemption for certain persons and entities. Modify current law to extend a liability exemption to any person or entity that supplies any services, products, equipment, databases, including any related emergency notification services and processes, used for or in conjunction with the installation, implementation, operation, or maintenance of the emergency number system and used by the public safety answering point. [Under current law, a telecommunication utility, wireless provider, or local government shall not be liable to any person who uses an emergency number system created under s. 256.35 of the statutes, or makes an emergency telephone call initially routed to a wireless public safety answering point.]

Wireless 911 grant program. Repeal obsolete provisions related to the wireless 911 grant program. [The law creating this program in 2003 contained a provision sunsetting the program on the first day of the 42nd month after the Public Service Commission promulgated rules to administer the program.]

15. REGIONAL HAZARDOUS SUBSTANCE EMERGENCY RESPONSE TEAMS EQUIPMENT GRANTS

GPR	$500,000

Joint Finance: Authorize DMA to award grants to local agencies with which the Division of Emergency Management (Wisconsin Emergency Management -- WEM) contracts for regional hazardous substance emergency response to support the replacement of equipment used in

emergency responses to releases of hazardous substances. Create a continuing GPR appropriation to support such grants, and provide the appropriation $500,000 in 2017-18. Even though all of the funding would be provided in 2017-18, since the appropriation is continuing, DMA would be authorized to expend unspent amounts from the appropriation in subsequent fiscal years until fully expended.

Under current law, WEM must contract with no more than nine regional emergency response teams, one of which must be located in La Crosse County. Each regional emergency response team must assist in the emergency response to Level A releases in a region of this state designated by WEM. A Level A release means a release of a hazardous substance that necessitates the highest level of protective equipment for the skin and respiratory systems of emergency response personnel because of any of the following conditions: (a) substance with a high degree of hazard to the skin are known or suspected to be present and skin contact is possible; (b) there are present, or there is potential for, high atmospheric levels of substances that are harmful to the skin or capable of being absorbed through intact skin; (c) operations at the site of the release involve a high potential for exposure to liquids or particulates that are harmful to the skin or capable of being absorbed through intact skin; and (d) response operations must be conducted in confined, poorly ventilated areas and the absence of conditions under "a," "b," or "c" has not been established. The Division may only contract with local agencies. For the 2017-19 biennium, WEM has contracted with various local agencies that form four regional taskforces for hazardous substance emergency response, covering the Northwest, Northeast, Southwest, and Southeast of Wisconsin. The local agencies with which WEM has contracted are identified in the table below.

Local Agencies Contracted For Regional Hazardous Substance Emergency Response

Northwest Task Force	Northeast Task Force	Southwest Task Force	Southeast Task Force
City of Ashland	City of Appleton	Grant County	Boltonville Fire Department
City of Chippewa Falls	City of Green Bay	City of La Crosse	Dodge County
City of Eau Claire	City of Marinette	City of Madison	City of Milwaukee
City of Menomonie	City of Marshfield	City of Portage	City of Racine
City of Rice Lake	Oneida County	Rock County	Sheboygan County
City of Superior	City of Oshkosh	Vernon County	
	Waupaca County		
	City of Wausau		
	City of Wisconsin Rapids		

MISCELLANEOUS APPROPRIATIONS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$187,452,600	$189,516,100	$210,218,400	$20,702,300	10.9%	$22,765,800	12.1%
PR	0	42,000,000	42,000,000	0	0.0	42,000,000	N.A.
SEG	62,892,600	63,019,300	61,368,700	- 1,650,600	- 2.6	- 1,523,900	- 2.4
TOTAL	$250,345,200	$294,535,400	$313,587,100	$19,051,700	6.5%	$63,241,900	25.3%

FTE Position Summary

There are no authorized positions for Miscellaneous Appropriations.

Budget Change Items

1. OIL PIPELINE TERMINAL TAX DISTRIBUTION

GPR	$1,693,800

Governor/Joint Finance: Increase estimated payments by $841,700 in 2017-18 and $852,100 in 2018-19. With these increases, oil pipeline terminal tax payments would equal $4,341,700 in 2017-18 and $4,352,100 in 2018-19, relative to base level funding of $3,500,000. The oil pipeline terminal tax distribution provides payments to municipalities where oil pipeline terminal facilities are located. The payment equals a proportionate share of the pipeline company's state tax payment based on the terminal facility's cost as a percentage of the gross book value of the pipeline company in Wisconsin.

2. MARQUETTE DENTAL SCHOOL DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$323,500	- $84,700	$238,800

Governor: Increase funding by $162,200 in 2017-18 and $161,300 in 2018-19 to reflect the reestimate of debt service costs on state general obligation bonds and commercial paper debt issued to fund a portion of the dental and educational facility for the Marquette Dental School. Total debt service costs associated with bonds issued for the school would be $2,319,700 in 2017-18 and $2,318,800 in 2018-19.

Joint Finance: Decrease funding by $47,100 in 2017-18 and $37,600 in 2018-19 to reflect reestimated debt service costs associated with the dental and educational facility for the Marquette Dental School. Total debt service costs associated with bonds issued for the school would be $2,272,600 in 2017-18 and $2,281,200 in 2018-19.

3. DISASTER DAMAGE AIDS TRANSFER TO TRANSPORTATION FUND

GPR	- $1,661,800

Governor/Joint Finance: Make the following changes to the disaster damage aids transfer appropriation: (a) a decrease of $2,450,000 in 2017-18 to reflect the removal of first year funding from the base; and (b) an increase of $788,200 in 2018-19 to reflect an increase in the estimated amount needed to fund disaster claims in the 2017-19 biennium. 2013 Wisconsin Act 20 established a sum sufficient appropriation from the general fund to fund a transfer to the transportation fund in the second year of each biennium equal to the amount of disaster aid payments made in that biennium in excess of $1,000,000 for any single disaster event. The transfer was estimated at $6,500,000 in 2016-17 under 2015 Act 55. However, this amount was subsequently reestimated to the current base level of $2,450,000 to reflect slower than expected reimbursement claims for damage related to a 2011 storm in northwest Wisconsin. The Governor's recommendation would remove the 2017-18 base funding amount and fund the estimated transfer at $3,238,200 ($2,450,000 base funding plus the $788,200 increase) in 2018-19.

4. NONPOINT ACCOUNT TRANSFER REDUCTION

GPR	- $6,305,000

Governor/Joint Finance: Reduce by $3,152,500 annually the sum-certain GPR transfer to the nonpoint account of the segregated environmental fund. The bill would reduce the annual GPR transfer from $11,143,600 to $7,991,100. However, the GPR reduction would be offset by a transfer of $3,152,500 each year of the 2017-19 biennium from the environmental management account of the environmental fund. [See the entry under "Natural Resources -- Environmental Quality" for additional information.]

5. VOLKSWAGEN SETTLEMENT [LFB Paper 568]

PR	$42,000,000

Governor: Provide $21,000,000 annually to a new appropriation from revenue received from the environmental mitigation trust established under a settlement agreement with Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations, LLC, Audi AG, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc. (collectively referred to as Volkswagen). Create a continuing PR appropriation to

receive settlement revenue from the trustee for the environmental mitigation trust. Provide that the appropriation may be utilized for the following, in accordance with the settlement guidelines: (a) to replace vehicles in the state fleet; and (b) to distribute funds to a county with a population of 750,000 or more (Milwaukee County) for the payment of all costs incurred by the county to replace vehicles owned by the county. Provide that no more than $21,000,000 may be expended from the appropriation in 2017-18. In addition, provide that no money may be expended from the appropriation after June 30, 2027. Funding under the bill is allocated as follows: (a) in 2017-18, $16,000,000 for the replacement of vehicles in the state fleet and $5,000,000 for distribution to Milwaukee County; and (b) in 2018-19, $21,000,000 for distribution to Milwaukee County.

Authorize the Department of Administration (DOA) to utilize Volkswagen settlement funds received from the environmental mitigation trust to replace vehicles in the state fleet, in accordance with settlement guidelines, and to distribute funds to Milwaukee County. With regards to the funding for the replacement of vehicles in the state fleet, provide that DOA may not expend more than $16,000,000 during the 2017-19 biennium for such a purpose. In addition, provide that the use of settlement funds for the replacement of vehicles in the state fleet must take precedence over the use of settlement funds to make distributions to Milwaukee County. Authorize DOA to calculate the general purpose revenue or program revenue savings for a state agency that had a vehicle replaced through the utilization of Volkswagen settlement funds. Authorize DOA to lapse the savings to the state agency calculated by DOA to the general fund. Under the bill, there is no estimated lapse amount associated with this provision. Provide that these provisions do not apply after June 30, 2027.

Require DOA to distribute $26,000,000 in settlement funds from the environmental mitigation trust to Milwaukee County. Provide that Milwaukee County may utilize Volkswagen settlement funds it receives from DOA for the payment of all costs incurred by the County, in accordance with the settlement guidelines, to replace vehicles owned by the county. Require that any distribution to Milwaukee County is subject to approval from the trustee of the environmental mitigation trust and is subject to receipt of sufficient settlement funds by DOA to make the distribution. Provide that these provisions do not apply after June 30, 2027.

Provide that DOA must reduce county and municipal aid payments to Milwaukee County by $1,950,000 annually from 2018 through 2027 if Milwaukee County receives a distribution from the Volkswagen settlement funds, except that if in any year between 2018 through 2027 the county and municipal aid payment to Milwaukee County is less than $1,950,000, DOA must reduce Milwaukee County's county and municipal aid payments and public utility distribution so that the total amount of the reduction is $1,950,000. Provide that these provisions do not apply after December 31, 2027.

On October 25, 2016, a consent decree was reached resolving consumer protection claims raised against Volkswagen by a multistate coalition of state attorneys general, as well as actions brought by the US Environmental Protection Agency, the US Department of Justice, the Federal Trade Commission, California, and car owners in private class action suits. Generally, the actions alleged that Volkswagen sold 2.0- and 3.0- liter diesel vehicles in the United States equipped with "defeat devise" software intended to circumvent applicable emissions standards for certain air pollutants, and concealed the existence of the defeat devise from regulators and the

public. In addition, the actions alleged that Volkswagen made false statements to consumers in their marketing and advertising, misrepresenting that the cars were environmentally friendly or "green" and that the cars were compliant with federal and state emissions standards, when, in fact, Volkswagen knew that the vehicles emitted harmful oxides of nitrogen (NO_x) at rates higher than the law permitted.

In addition to other remediation provided under the consent decree, the decree establishes an environmental mitigation trust, which will be managed by a trustee approved by the court. Volkswagen is required to pay $2,700,000,000 to the environmental mitigation trust, of which $63,554,019 (or 2.35%) is allocated to Wisconsin (not including amounts that may be allocated to Wisconsin for administration costs). The consent decree prohibits the state from requesting payout of more than one-third of its allocation from the environmental mitigation trust during the first year after Volkswagen makes its initial deposit into the trust, and prohibits the state from requesting payout of more two-thirds of its allocation from the trust during the first two years after the initial deposit. The purpose of the trust is to achieve reductions in NO_x emissions in the United States. Generally, the consent decree authorizes environmental mitigation trust funding to be utilized to scrap, replace, or improve certain types of vehicles and equipment to achieve reductions in NO_x emissions, including: large trucks; buses; freight switchers; ferries and tugs; ocean going vessels; medium trucks; airport ground support equipment; forklifts and port cargo handling equipment; and light duty zero emission vehicle supply equipment. The consent decree establishes eligibility requirements associated with each category of vehicle and equipment.

In accordance with the terms of the consent decree requiring that no more than two-thirds of environmental mitigation trust funding be spent in the first two years, the bill appropriates $42,000,000 during the 2017-19 biennium (66% of $63,554,019). The administration indicates that it has not yet determined how the remaining funds from the trust will be utilized in subsequent years.

In addition to amounts received from the environmental mitigation trust, under the consent decree with Volkswagen, the Wisconsin Department of Justice (DOJ) received $11,428,800 in discretionary settlement money. Of this amount, $2,000,000 was transferred to the Department of Financial Institutions to support the demolition, deconstruction, and rehabilitation of foreclosed and blighted properties in the City of Milwaukee. The remaining $9,428,800 was retained by DOJ to be utilized as discretionary settlement money that may be utilized at the discretion of the Attorney General. [See "Shared Revenue and Tax Relief -- Direct Aid Payments" and "Transportation -- Local Transportation Aid"]

Joint Finance: Modify the Governor's proposal by providing $10,000,000 PR, instead of $16,000,000 PR, from the Volkswagen settlement fund appropriation in 2017-18 for the purpose of replacing state fleet vehicles. Eliminate the proposed $26,000,000 PR distribution to Milwaukee County and the corresponding annual $1,950,000 GPR 10-year reduction ($19,500,000 in total) to Milwaukee County's county and municipal aid payments. Instead, require DOA to distribute no more than $32,000,000 PR ($11,000,000 in 2017-18 and $21,000,000 in 2018-19) from the Volkswagen settlement funds appropriation for the purpose of awarding funding to local transit systems under a newly-created statewide transit capital assistance grant program under DOA. This would be a $6,000,000 increase for transit capital

compared to the Governor's recommendations (funded from decreasing the recommended PR funding for replacing state fleet vehicles).

Direct DOA to administer a competitive statewide grant program for the purpose of replacing eligible transit vehicles under the terms of the Volkswagen settlement. Require DOA to solicit and accept applications for transit capital grant funding and require DOA to award grants based on a competitive process. Require the DOA Secretary to give preference to any community or route that is considered a critical route for purposes of connecting employees with employers. An eligible applicant may use settlement funds awarded under the program only for the payment of costs incurred by the eligible applicant to replace public transit vehicles in accordance with the settlement guidelines. [See "Transportation -- Local Transportation Aid."]

Specify that any county or municipality with an urban mass transit system that receives a Volkswagen settlement distribution under the statewide transit capital assistance program would receive a reduction to its county and municipal aid payment in the following amounts, over 10 consecutive years: (a) for a Tier A-1 or Tier A-2 urban mass transit system serving a population exceeding 200,000, 75% of the total amount of grants received; (b) for a Tier B urban mass transit system serving a population of at least 50,000, 20% of the total amount of grants received; and (c) for a Tier C urban mass transit system serving a population of less than 50,000, 10% of the total amount of grants received. Specify that the county and municipal aid reductions would only occur once grant funds are distributed to the local government. If in any year the county and municipal aid reduction for a county or municipality exceeds the grant distribution for the county or municipality, require that the excess amount of the reduction be applied to the county or municipality's utility aid payment. [See "Shared Revenue and Tax Relief -- Direct Aid Payments."]

Specifically authorize DOA to utilize the miscellaneous appropriation to receive and expend funds placed into the trust as a result of the United States' proposed second partial consent decree with Volkswagen, as well as any future litigation that would result in additional funds being allocated to Wisconsin from the trust.

6. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 469]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$126,700	- $1,650,600	- $1,523,900

Governor: Reestimate the revenue transferred from the transportation fund to the all-terrain vehicle (ATVs and utility terrain vehicles) and water resources (motorboats) accounts of the segregated conservation fund under the recreational vehicle fuel tax formulas. The following table shows budgeted base amounts for the ATV and motorboat formula transfers, and annual reestimates for each under the bill.

Recreational Vehicle Fuel Tax Reestimates -- Governor

	2017-18			2018-19		
	Base	Change	Total	Base	Change	Total
ATVs	$2,085,000	$38,600	$2,123,600	$2,085,000	$78,000	$2,163,000
Motorboats	13,240,000	3,400	13,243,400	13,240,000	6,700	13,246,700
Total	$15,325,000	$42,000	$15,367,000	$15,325,000	$84,700	$15,409,700

Transfers are based on the current fuel tax rate and the annual number of registered recreational vehicles. ATV and motorboat reestimates assume increases in registrations of each vehicle type in the 2017-19 biennium.

Joint Finance: Delete $1,650,600 SEG as shown in the table to reestimate the recreational vehicle fuel tax transfers for more recent registration data.

Recreational Vehicle Fuel Tax Reestimates -- Joint Finance

	2017-18	2018-19
Water Resources		
Bill	$13,243,400	$13,246,700
Change to Bill	-293,300	-106,700
Total Reestimate	$12,950,100	$13,140,000
Snowmobile		
Bill	$5,270,000	$5,270,000
Change to Bill	-411,300	-600,000
Total Reestimate	$4,858,700	$4,670,000
ATV		
Bill	$2,123,600	$2,163,000
Change to Bill	-231,500	-232,000
Total Reestimate	$1,892,100	$1,931,000
UTV		
Bill	$232,000	$232,000
Change to Bill	104,700	119,500
Total Reestimate	$336,700	$351,500
Total Change to Bill	-$831,400	-$819,200

7. 100TH ANNIVERSARY OF THE STATE CAPITOL

Joint Finance: Create a biennial PR appropriation under Miscellaneous Appropriations for capitol restoration and relocation planning. Provide that the biennial PR appropriation may receive revenue from moneys transferred from the PR appropriation created in the Legislature for activities related to the celebration of the 100th anniversary of the State Capitol. Appropriate no funding to this appropriation. [See "Legislature"]

Other Miscellaneous Appropriation Changes

The description and fiscal effect of miscellaneous appropriation changes relating to Illinois-Wisconsin income tax reciprocity and interest on overpayment of taxes are summarized under "General Fund Taxes."

NATURAL RESOURCES

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$221,443,800	$218,860,600	$218,947,900	$87,300	0.0%	- $2,495,900	- 1.1%
FED	163,290,800	162,635,000	162,635,000	0	0.0	- 655,800	- 0.4
PR	71,793,200	63,028,400	63,028,400	0	0.0	- 8,764,800	- 12.2
SEG	667,900,200	652,125,400	651,453,200	- 672,200	- 0.1	- 16,447,000	- 2.5
TOTAL	$1,124,428,000	$1,096,649,400	$1,096,064,500	- $584,900	- 0.1%	- $28,363,500	- 2.5%
BR		$12,900,000	$13,850,000				

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	230.02	223.52	223.52	0.00	- 6.50
FED	479.84	466.84	466.84	0.00	- 13.00
PR	243.89	242.89	242.89	0.00	- 1.00
SEG	1,595.35	1,572.35	1,566.35	- 6.00	- 29.00
TOTAL	2,549.10	2,505.60	2,499.60	- 6.00	- 49.50

Budget Change Items

Reorganization

1. DEPARTMENT REORGANIZATION [LFB Paper 455]

Governor: Make numerous changes, primarily to appropriations, related to the reorganization of the Department of Natural Resources (DNR).

The provision would not have any net effect on overall appropriation levels in the 2017-19 biennium. Rather, the following sections describe: (a) statutory changes the bill would make to budgetary programs and appropriations created in Chapter 20 of the statutes; and (b) changes to budgetary subprograms, which the agency uses to further delineate expenditures in specific

departmental program areas.

Fish, Wildlife and Lands Programs

Change the title under section 20.370(1) of the statutes from "Land and Forestry" to "Fish, Wildlife, and Parks" and change the title under section 20.370(2) of the statutes from "Air and Waste" to "Forestry." Renumber forestry-related appropriations from subsection (1) to subsection (2) of section 20.370 to reflect this change. Amend various appropriations to clarify that forestry appropriations are from the conservation fund and update cross-references to these forestry-related appropriations in other sections of the statutes. In addition, remove references to forestry facilities and rental fees from three general program operations appropriations under subsection (1), and create a new appropriation under subsection (2) for forestry rental and facility services. Specify that campground reservation fees applicable to southern state forests or state parks are deposited in the campground reservation fee appropriation under section 20.370(1)(er) of the statutes. Remove the reference to forestry purposes under the subsection (1) general program operations federal funds appropriation and create a new continuing conservation fund appropriation for federal aid for forestry management.

Change the endangered resources gifts and grants appropriation from 20.370(1)(gr) to 20.370(1)(fu). Renumber the sum sufficient general fund appropriation for off-highway motorcycle registration grants and law enforcement from subsection (1) to subsection (9).

Make changes to reflect the movement of fisheries management from the former Division of Water to the new Division of Fish, Wildlife, and Parks. Specify that the general fund and conservation fund general program operations appropriations under subsection (1) may be used for general program operations relating to management of the state's fishery resources. Remove the reference to state fishery resources under the subsection (4) general program operations appropriation and create a new continuing appropriation for the deposit of federal aid for state fishery resources. Renumber appropriations related to fisheries management from subsection (4) to subsection (1) related to the movement of fisheries management to the Division of Fish, Wildlife, and Parks from the former Division of Water. Update cross references to these appropriations in other sections of the statutes. Renumber the subsection (4) environmental fund appropriation for the deposit of federal aid for water resources to subsection (2). The administration indicates this was done in error and this appropriation should be repealed; a modification is necessary to achieve this intent.

Air and Waste Programs

Change the title under section 20.370(4) of the statutes from "Water" to "Environmental Management." Renumber appropriations from subsection (2) associated with air management and solid waste management to subsection (4). Repeal the subsection (2) GPR program operations appropriation for the management and regulation of solid waste disposal and other related services. (The administration indicates the bill was intended to amend the subsection (4) general operations appropriation to specify that it may be used for environmental quality purposes; a modification was provided under the errata to meet this intent.) Repeal the subsection (2) appropriation for receipt of federal aid, for environmental quality purposes, but specify that the subsection (4) federal aid appropriation may be used for environmental quality

purposes. Repeal the subsection (2) environmental fund general program operations appropriation, and specify that the subsection (4) environmental fund general program operations appropriation may be used for administration of environmental activities under Chapters 285, and 289 to 299 of the statutes.

Amend two subsection (2) general operations PR appropriations to include forestry facilities, and delete references to air and waste functions. Amend two subsection (4) general operations PR appropriations to specify use for environmental management functions and delete references to fishery resources.

Business Support and External Services

Change the title under section 20.370(3) of the statutes from "Public Safety and Business Support" to "Public Safety," and change the title under section 20.370(9) of the statutes from "Customer Assistance and External Relations" to "External Services." Renumber appropriations in subsection (3) related to business support and the Bureau of Environmental Analysis and Sustainability to subsection (9). Remove the reference to review of environmental impact requirements from the subsection (3) general fund and conservation fund general program operations appropriations.

Repeal the subsection (3) annual environmental fund general program operations nonpoint source water pollution research, evaluation and monitoring appropriation, and create a new annual environmental fund appropriation in subsection (9) for performing the duties under section 281.65 of the statutes, related to nonpoint source water pollution abatement programs and related financial assistance. Renumber the subsection (3) conservation fund appropriation for public health activities relating to surface water quality to subsection (4). Renumber appropriations related to watershed management from subsection (4) to subsection (9) to reflect the movement of watershed management from the former Division of Water to the new Division of External Services.

Renumber two appropriations under subsection (9) related to education fees at the MacKenzie environmental center and Horicon Marsh education and visitor center to subsection (1). Amend the language of the subsection (9) general program operations appropriations, including from the general fund, from stationary sources, from private and public sources, from service funds, from federal funds, from mobile sources, from the conservation fund, and from the environmental fund by deleting all references to "customer service, communications, licensing, registration, or aids administration," and replacing this language with "external relations." The bill does not define "external relations."

Internal Services and Administration

Change the title under 20.370(8) of the statutes from "Administration and Technology" to "Internal Services." In addition, create a federal all moneys received continuing appropriation in subsection (8) for the deposit of all moneys received from the federal government for land and property management.

Repeal Obsolete Appropriations

Further, repeal obsolete appropriations and corresponding statutory language, including appropriations for: (a) environmental impact statement fees, consultant services, printing and postage costs; (b) general fund-supported dam inspections and safety; (c) a grant to the Milwaukee Public Museum for an exhibit on biological diversity (no funds were allowed to be encumbered from the appropriation after June 30, 1999); (d) a one-time grant for the study of Lake Koshkonong under 2009 Act 28; (e) waste reduction and recycling gifts and grants; (f) a tribal gaming PR wastewater/drinking water grant to the Town of Swiss (Burnett County) that sunset in 2005; (g) GPR grants for scenic urban waterways; (h) general fund repayment and interest on recreational boating bonds; and (i) general fund gifts and grants for environmental management systems.

Joint Finance: Adopt the Governor's recommendation, as modified by several errata, to reorganize the DNR and renumber multiple appropriations. In addition: (a) delete "or representatives in charge of any state park" from section 27.01(13) of the statutes related to changes to law enforcement coverage in state parks and forests; and (b) maintain the current law appropriation language for the appropriations under section 20.370(9)(ma), (9)(mq), (9)(mu), and (9)(mv) of the statutes, but add "watershed management and environmental analysis and sustainability" to the list of uses of funds from these appropriations to reflect other program transfers under the reorganization.

Appropriation Changes Under the Errata and Technical Corrections

Chapter 20 Section	Title	Action Under Errata/Technical Correction
(3)(mr)	Recycling; enforcement and research.	Appropriation repealed in 2015 budget; errata transfers the $20,700 SEG erroneously placed here to appropriation (3)(mq) and deletes (3)(mr) from the statutes.
(4)(aq)	Water resources management - lake, river, and invasive species management.	Bill would delete appropriation (4)(aq); errata retains (4)(aq) and creates (9)(aq). The amounts in the schedule for both appropriations are correct.
(4)(ma)	General program operations-state funds.	Technical correction to specify that, in addition to management and protection of the state's water resources, the appropriation may also be utilized for "environmental quality and environmental management" purposes.
(4)(my)	General program operations-environmental fund; federal funds.	Appropriation erroneously renumbered as (2)(ms); technical correction to retain appropriation (4)(my).
(9)(mv)	General program operations-environmental fund.	Technical correction to transfer 5.5 positions and $917,300 nonpoint SEG annually related to nonpoint water pollution to appropriation (9)(mr). In addition specify that appropriation (9)(mr), in addition to being utilized for performing the duties under section 281.65 of the statutes, may also be utilized for performing the duties under sections 281.16, 281.19, and 281.20, related to nonpoint source standards and enforcement.

Summary and Tables

The table entitled "Former and New Budgetary Programs and Subprograms" shows the former budgetary programs and subprograms, as compared to the DNR's budgetary structure under the reorganization. Under the bill, the budgetary programs for conservation aids, environmental aids, and debt service and development remain the same. It should also be noted that in some cases, the budgetary subprogram may not reflect the organizational location of the staff. For example, the Office of Communications is, for budgetary purposes, housed under program 9 (External Services,) but organizationally housed under program 8 (Internal Services) attached to the Secretary's office. In addition, the administration notes that the "External Services Leaders" subprogram was inadvertently not included.

The table entitled "DNR Reorganization -- Transfers Between Programs and Subprograms" shows funding and position transfers under the Department reorganization item in the budget system. Including errata items, the provision would transfer among DNR's appropriations approximately $206.7 million in 2017-18 and $207.8 million in 2018-19, with approximately 1,685 positions in 2017-18 and 1,698 positions in 2018-19. For instances in which the funding and positions transferred in 2017-19 differ from amounts shown in the adjusted base, differences are attributable to other budget items listed separately for the agency, as the reorganization provision would not have any net effect on DNR authorized funding or positions.

Former and New Budgetary Programs and Subprograms

Former Programs and Subprograms	New Programs and Subprograms
Land and Forestry	**Fish, Wildlife, and Parks**
Land Program Management	Land Leaders
Wildlife Management	Wildlife Management
Forestry	Fisheries Management
Southern Forests	Southern Forests
Parks and Recreation	Parks and Recreation
Endangered Resources	Natural Heritage Conservation (Endangered Resources)
Facilities and Lands	Property and Recreation Management
Air and Waste	**Forestry**
Air Management	Forestry
Waste Management	
Remediation and Redevelopment	
Air, Waste and Remediation and Redevelopment (AWARE) Program Management	
Public Safety and Business Support	**Public Safety**
Law Enforcement	Law Enforcement
Office of Business Support and Sustainability	Enforcement Leaders
Science Services	
Enforcement and Science Program Management	
Water	**Environmental Management**
Watershed Management	Drinking and Groundwater
Fisheries Management	Water Quality
Drinking and Groundwater	Air Management
Water Quality	Waste and Materials Management
Water Program Management	Remediation and Redevelopment
	Environmental Leaders
Conservation Aids	**Conservation Aids**
Environmental Aids	**Environmental Aids**
Debt Service and Development	**Debt Service and Development**
Administration and Technology	**Internal Services**
Administration	Administration
Legal Services	Legal Services
Finance	Finance
Management and Budget	Management and Budget
Information Technology	Facility and Property Services
Human Resources	Information Technology
Rent	Human Resources
	Internal Services
	Rent
Customer Assistance and External Relations (Services) (CAES)	**External Services**
Customer Service and Licensing	Watershed Management
Communication and Education	Office of Communications
Community Financial Assistance	Community Financial Assistance
CAES Program Management	Environmental Analysis and Sustainability
	External Services Leaders
	Customer Service

DNR Reorganization -- Transfers Between Programs and Subprograms

Former Program							New Program				
Former Subprogram							New Subprogram				
Adjusted Base	Positions	Fund Source	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	Fund Source
Land							**Fish, Wildlife, and Parks**				
Land Program Management							Property and Recreation Management				
1,025,900	7.00	SEG (CF)	-200,000	-268,400	-2.00	-2.00	68,500	136,900	1.00	1.00	SEG (CF)
							Internal Services				
							Internal Services Leaders				
							131,500	131,500	1.00	1.00	SEG (CF)
							Fish, Wildlife, and Parks				
Wildlife Management							Property and Recreation Management				
6,291,700	29.93	FED	-171,400	-320,400	0.00	0.00	149,200	298,200	0.00	0.00	FED
457,900	2.50	PR					136,900	273,100	2.50	2.50	SEG (CF)
14,550,800	122.82	SEG (CF)	-837,200	-973,400	-9.75	-9.75	Natural Heritage Conservation				
							42,400	42,400	0.00	0.00	SEG (CF)
							Forestry				
							Forestry				
							528,900	528,900	6.00	6.00	SEG (CF)
							Public Safety				
							Law Enforcement				
							93,200	93,200	1.00	1.00	SEG (CF)
							Internal Services				
							Legal Services				
							28,400	28,400	0.25	0.25	SEG (CF)
							Facility and Property Services				
							22,200	22,200	0.00	0.00	FED
							7,400	7,400	0.00	0.00	SEG (CF)
							Fish, Wildlife, and Parks				
Forestry							Natural Heritage Conservation				
1,438,200	3.50	FED	-1,461,900	-1,461,900	-3.50	-3.50	27,000	27,000	0.50	0.50	SEG (CF)
585,800	0.00	PR	-585,800	-585,800	0.00	0.00	Property and Recreation Management				
53,895,800	449.08	SEG (CF)	-52,347,800	-52,320,300	-449.08	-449.08	1,479,500	2,116,300	18.00	18.00	SEG (CF)
							Forestry				
							Forestry				
							1,461,900	1,461,900	3.50	3.50	FED
							585,800	585,800	0.00	0.00	PR
							49,771,200	49,106,900	418.58	418.58	SEG (CF)

Land

Southern Forests

127,700	2.00	FED	-58,300	-58,300	0.00	0.00
4,600	0.00	PR				
5,898,400	41.45	SEG (CF)	-252,300	-460,400	-2.00	-6.00

Parks

621,100	9.25	FED	-239,200	-239,200	-2.00	-2.00
116,000	0.00	PR				
18,335,600	134.25	SEG (CF)	-1,084,400	-1,621,400	-10.80	-19.80

Endangered Resources

1,980,200	9.00	FED	-17,400	-17,400		
807,700	2.50	GPR				
439,900	3.50	PR	-92,000	-92,000	-1.00	-1.00
1,706,500	16.50	SEG	-143,600	-143,600	-1.00	-1.00

Public Safety

Law Enforcement

788,700	788,700	10.00	10.00	SEG (CF)

Internal Services

Facility and Property Services

200,400	200,400	0.50	0.50	SEG (CF)

Information Technology

27,000	27,000	0.50	0.50	SEG (CF)

External Services

Customer Service

54,000	54,000	1.00	1.00	SEG (CF)

Fish, Wildlife, and Parks

Natural Heritage Conservation

58,300	58,300	0.00	0.00	SEG (CF)
300	300	0.00	0.00	SEG (CF)

Public Safety

Law Enforcement

252,000	460,100	2.00	6.00	SEG (CF)

Fish, Wildlife, and Parks

Wildlife Management

239,200	239,200	2.00	2.00	SEG (CF)

Natural Heritage Conservation

68,700	68,700	1.00	1.00	SEG (CF)

Forestry

Forestry

25,100	25,100	0.00	0.00	SEG (CF)

Public Safety

Law Enforcement

880,300	1,417,300	8.00	17.00	CF SEG

Internal Services

Facility and Property Services

49,000	49,000	0.80	0.80	SEG (CF)

Information Technology

61,300	61,300	1.00	1.00	SEG (CF)

Forestry

Forestry

143,300	143,300	1.00	1.00	SEG (CF)

Internal Services

Facility and Property Services

17,400	17,400	0.00	0.00	FED
300	300	0.00	0.00	SEG (CF)
92,000	92,000	1.00	1.00	PR

Facilities and Lands

2,478,200	12.80	FED	-2,406,500	-2,406,500	-12.80	-12.80
284,800	3.00	PR	-281,600	-281,600	-3.00	-3.00
8,353,000	74.50	SEG (CF)	-7,830,100	-7,830,100	-77.50	-77.50

Air and Waste

Air Management

65,000	0.50	GPR	0	0	0.00	0.00
3,255,000	34.00	FED	-3,178,700	-3,178,700	-34.00	-34.00
10,770,700	92.00	PR	-9,696,300	-9,696,300	-92.00	-92.00
158,600	2.00	SEG (EF)	-143,300	-143,300	-2.00	-2.00
1,522,200	5.50	SEG (PIF)	-1,424,600	-1,424,600	-4.50	-4.50

Waste and Materials Management

421,500	3.75	GPR	-407,700	-407,700	-3.75	-3.75
1,829,600	21.50	FED	-1,834,100	-1,834,100	-21.50	-21.50
2,510,200	24.00	PR	-2,423,900	-2,423,900	-24.00	-24.00
2,943,700	26.00	SEG (EF)	-2,927,500	-2,927,500	-26.00	-26.00

Fish, Wildlife, and Parks

Land Leaders

71,000	71,000	1.00	1.00	SEG (CF)

Parks

162,500	162,500	2.00	2.00	SEG (CF)

Property and Recreation Management

562,300	562,300	1.50	1.50	FED
1,090,700	1,090,700	17.50	17.50	SEG (CF)

Internal Services

Facility and Property Services

1,793,000	1,793,000	10.30	10.30	FED
195,100	195,100	2.00	2.00	PR
6,317,300	6,317,300	54.00	54.00	SEG (CF)

External Services

Office of Environmental Analysis and Sustainability

86,500	86,500	1.00	1.00	PR

Customer Service

51,200	51,200	1.00	1.00	FED
188,600	188,600	3.00	3.00	SEG (CF)

Environmental Management

Air Management

3,178,700	3,178,700	34.00	34.00	FED
9,696,300	9,696,300	92.00	92.00	PR
143,300	143,300	2.00	2.00	SEG (EF)
1,424,600	1,424,600	4.50	4.50	SEG (PIF)

Environmental Management

Waste and Materials Management

407,700	407,700	3.75	3.75	GPR
1,834,100	1,834,100	21.50	21.50	FED
2,423,900	2,423,900	24.00	24.00	PR
2,855,100	2,855,100	25.00	25.00	SEG(EF)

Internal Services

Information Technology

72,400	72,400	1.00	1.00	SEG(EF)

Air and Waste

Remediation and Redevelopment

558,500	6.00	GPR	-527,300	-527,300	-6.00	-6.00
3,361,400	35.00	FED	-3,504,300	-3,504,300	-35.00	-35.00
1,074,200	11.50	PR	-1,017,900	-1,017,900	-11.50	-11.50
4,551,800	22.50	SEG (EF)	-4,469,700	-4,469,700	-22.50	-22.50
3,669,200	31.95	SEG (PIF)	-3,550,800	-3,550,800	-31.95	-31.95
224,900	2.00	SEG (DC)	-221,000	-221,000	-2.00	-2.00

AWARE Leaders

435,700	3.00	GPR	-387,200	-387,200	-3.00	-3.00
516,400	3.50	PR	-456,300	-456,300	-3.50	-3.50
268,700	0.50	SEG (EF)	-267,600	-267,600	-0.50	-0.50

Public Safety and Business Support

Law Enforcement

1,486,500	13.77	GPR	-1,469,300	-1,469,300	-13.77	-13.77
3,829,300	23.50	FED	-3,729,000	-3,729,000	-23.50	-23.50
1,255,200	10.00	PR	-1,211,500	-1,211,500	-10.00	-10.00
22,638,700	160.08	SEG (CF)	-20,986,500	-20,986,500	-160.08	-160.08
1,773,900	13.48	SEG (EF)	-1,724,900	-1,724,900	-13.48	-13.48

Office of Business Support and Sustainability

1,490,200	15.00	GPR	-1,347,500	-1,347,500	-14.00	-14.00
1,657,800	15.50	PR	-1,579,100	-1,579,100	-15.50	-15.50
133,300	1.50	SEG (CF)	-116,000	-116,000	-1.50	-1.50
383,900	4.00	SEG (EF)	-409,300	-409,300	-4.00	-4.00
150,300	2.00	SEG (PIF)	-160,800	-160,800	-2.00	-2.00

Environmental Management

Remediation and Redevelopment

481,900	481,900	5.60	5.60	GPR		
3,504,300	3,504,300	35.00	35.00	FED		
1,017,900	1,017,900	11.50	11.50	PR		
4,469,700	4,469,700	22.50	22.50	SEG (EF)		
3,550,800	3,550,800	31.95	31.95	SEG (PIF)		
221,000	221,000	2.00	2.00	SEG (DC)		

Internal Services

Legal Services

45,400	45,400	0.40	0.40	GPR

Environmental Management

Waste and Materials Management

65,900	65,900	0.50	0.50	PR
65,900	65,900	0.50	0.50	SEG (EF)

Environmental Leaders

387,200	387,200	3.00	3.00	GPR
390,400	390,400	3.00	3.00	PR
201,700	201,700	0.00	0.00	SEG (EF)

Public Safety

Law Enforcement

1,469,300	1,469,300	13.77	13.77	
3,729,000	3,729,000	23.50	23.50	
1,211,500	1,211,500	10.00	10.00	
20,986,500	20,986,500	160.08	160.08	SEG (CF)
1,724,900	1,724,900	13.48	13.48	SEG (EF)

External Services

Watershed Management

95,200	95,200	1.00	1.00	GPR
154,300	154,300	2.00	2.00	SEG (EF)

Office of Environmental Analysis and Sustainability

1,252,300	1,252,300	13.00	13.00	GPR
1,579,100	1,579,100	15.50	15.50	PR
116,000	116,000	1.50	1.50	SEG (CF)
255,000	255,000	2.00	2.00	SEG (EF)
160,800	160,800	2.00	2.00	SEG (PIF)

Integrated Science Services						
457,500	4.61	GPR	-450,000	-450,000	-4.61	-4.61
3,721,900	15.25	FED	-3,725,200	-3,725,200	-15.25	-15.25
1,166,400	7.14	PR	-1,179,100	-1,179,100	-7.14	-7.14
1,705,700	7.50	SEG (CF)	-1,608,300	-1,608,300	-6.50	-6.50
592,300	4.50	SEG (EF)	-358,700	-358,700	-2.50	-2.50
120,800	1.00	SEG (PIF)	-116,700	-116,700	-1.00	-1.00
Enforcement Leaders						
115,900	1.00	GPR	-113,300	-113,300	-1.00	-1.00
730,900	5.50	SEG (CF)	-46,500	-46,500	-0.50	-0.50

Fish, Wildlife, and Parks

Wildlife Management				
2,323,500	2,323,500	8.00	8.00	FED
117,000	117,000	0.00	0.00	CF SEG
Natural Heritage Conservation				
60,200	60,200	0.75	0.75	FED
28,800	28,800	0.25	0.25	SEG (CF)
Fisheries Management				
1,194,800	1,194,800	5.00	5.00	FED
116,700	116,700	0.00	0.00	SEG (CF)

Forestry

Forestry				
260,000	260,000	0.00	0.00	SEG (CF)

Environmental Management

Drinking and Groundwater				
24,700	24,700	0.00	0.00	SEG (CF)
Water Quality				
207,700	207,700	2.00	2.00	SEG (EF)

External Services

Office of Environmental Analysis and Sustainability				
256,700	256,700	2.61	2.61	GPR
94,900	94,900	1.00	1.00	FED
1,158,300	1,158,300	6.89	6.89	PR
811,900	811,900	3.75	3.75	CF SEG
111,700	111,700	0.00	0.00	SEG (EF)
116,700	116,700	1.00	1.00	SEG (PIF)
External Services Leaders				
193,300	193,300	2.00	2.00	GPR
51,800	51,800	0.50	0.50	FED
20,800	20,800	0.25	0.25	PR
249,200	249,200	2.50	2.50	SEG (CF)
39,300	39,300	0.50	0.50	SEG (EF)

Internal Services

Information Technology				
46,500	46,500	0.50	0.50	SEG (CF)
External Services				
External Services Leaders				
113,300	113,300	1.00	1.00	GPR

Water

Watershed Management

5,637,200	58.78	GPR	-5,464,000	-5,464,000	-58.78	-58.78
3,142,500	20.53	FED	-3,058,900	-3,058,900	-20.53	-20.53
3,460,900	34.50	PR	-3,370,200	-3,370,200	-34.50	-34.50
1,501,300	13.50	SEG (CF)	-1,527,300	-1,527,300	-13.50	-13.50
2,320,400	10.00	SEG (EF)	-2,242,800	-2,242,800	-12.00	-12.00

Fisheries Management

1,815,000	0.00	GPR	-1,815,000	-1,815,000	0.00	0.00
5,892,700	32.66	FED	-5,814,500	-5,814,500	-32.66	-32.66
306,200	2.00	PR	-308,300	-308,300	-2.00	-2.00
19,149,000	172.98	SEG (CF)	-18,561,900	-18,561,900	-172.98	-172.98

Drinking and Groundwater

2,380,800	22.72	GPR	-44,900	-44,900	-0.50	-0.50
7,526,400	66.03	FED	-92,500	-92,500	-1.00	-1.00
1,478,200	9.00	PR				
2,403,500	19.04	SEG (EF)				

Fish, Wildlife, and Parks

Property and Recreation Management

100	100	0.00	0.00	

External Services

Watershed Management

5,463,900	5,463,900	58.78	58.78	GPR
3,058,900	3,058,900	20.53	20.53	FED
3,370,200	3,370,200	34.50	34.50	PR
1,527,300	1,527,300	13.50	13.50	SEG (CF)
2,242,800	2,242,800	12.00	12.00	SEG (EF)

Fish, Wildlife, and Recreation

Fisheries Management

1,815,000	1,815,000	0.00	0.00	GPR
5,760,100	5,705,800	32.66	32.66	FED
308,300	308,300	2.00	2.00	PR
18,361,700	18,276,200	170.23	170.23	SEG (CF)

Property and Recreation Management

54,400	108,700	0.00	0.00	FED
86,100	171,600	1.50	1.50	SEG (CF)

Public Safety

Law Enforcement

85,700	85,700	1.00	1.00	SEG (CF)

Internal Services

Legal Services

28,400	28,400	0.25	0.25	SEG (CF)

Environmental Management

Environmental Leaders

44,900	44,900	0.50	0.50	GPR

Public Safety

Law Enforcement

92,500	92,500	1.00	1.00	FED

Water							**Environmental Management**					
Water Quality							Remediation and Redevelopment					
6,091,100	55.25	GPR	-455,100	-455,100	-4.00	-4.00	455,100	455,100	4.00	4.00	GPR	
9,598,900	82.62	FED										
809,400	5.00	PR										
2,273,700	11.00	SEG (CF)										
1,325,000	11.78	SEG (EF)										
599,800	5.00	SEG (EIF)					**Fish, Wildlife, and Recreation**					
Water Program Management							Land Program Management					
1,269,700	10.00	GPR	-892,900	-892,900	-7.00	-7.00	0	0	0.00	0.00	GPR	
0	0.00	PR	0	0	0.00	0.00	0	0	0.00	0.00	PR	
19,300	0.00	SEG (CF)	-19,300	-19,300	0.00	0.00	19,300	19,300	0.00	0.00	SEG	
							Environmental Management					
							Drinking and Groundwater					
							131,900	131,900	1.00	1.00	GPR	
							Water Quality					
							131,900	131,900	1.00	1.00	GPR	
							Internal Services					
							Internal Services Leaders					
							494,900	494,900	4.00	4.00	GPR	
							External Services					
							Watershed Management					
							47,600	47,600	0.00	0.00	GPR	
							External Services Leaders					
							86,600	86,600	1.00	1.00	GPR	
Administration and Technology							**Internal Services**					
Administration							Administration					
256,800	2.00	GPR	-316,300	-316,300	-2.00	-2.00	167,000	167,000	1.00	1.00	GPR	
341,600	3.30	FED	-278,200	-278,200	-3.30	-3.30	158,700	158,700	2.50	2.50	FED	
1,220,200	9.20	SEG (CF)	-1,124,100	-1,124,100	-9.20	-9.20	1,094,900	1,094,900	9.00	9.00	SEG (CF)	
5,400	0.00	SEG (EF)	-5,400	-5,400	0.00	0.00	5,400	5,400	0.00	0.00	SEG (EF)	
							149,300	149,300	1.00	1.00	GPR	
							119,500	119,500	0.80	0.80	FED	
							29,200	29,200	0.20	0.20	SEG (CF)	
Finance												
445,400	3.28	GPR										
1,465,700	14.00	FED	-134,600	-134,600	-1.00	-1.00	134,600	134,600	1.00	1.00	SEG (CF)	
49,900	0.00	PR										
4,704,800	38.89	SEG (CF)										
480,700	1.00	SEG (EF)					Internal Services					
Information Technology							Legal Services					
118,700	1.00	GPR	-128,700	-128,700	-1.50	-1.50	128,700	128,700	1.50	1.50	PR	
1,917,300	16.35	FED										

5,949,800	15.00	PR										
3,347,500	27.55	SEG (CF)										
77,400	0.00	SEG (EF)										
25,000	0.00	SEG (EIF)										
Human Resources							**Fish, Wildlife, and Recreation**					
270,400	2.84	GPR					Facilities and Lands					
1,074,700	11.20	FED	-381,700	-381,700	-5.20	-5.20	326,100	326,100	4.20	4.20	FED	
2,942,900	32.77	SEG (CF)	-1,051,300	-1,051,300	-13.60	-13.60	931,400	931,400	11.60	11.60	SEG (CF)	
44,600	0.00	SEG (EF)										
							Internal Services					
							Internal Services Leaders					
							55,600	55,600	1.00	1.00	FED	
							119,900	119,900	2.00	2.00	SEG (CF)	
Customer Assistance and External Services							**External Services**					
Customer Service							Customer Service					
857,500	14.87	GPR	-826,500	-826,500	-14.37	-14.37	826,500	826,500	14.37	14.37	GPR	
587,800	5.27	FED	-682,300	-682,300	-5.27	-5.27	682,300	682,300	5.27	5.27	FED	
1,485,500	4.75	PR	-1,479,800	-1,479,800	-4.75	-4.75	1,479,800	1,479,800	4.75	4.75	PR	
8,703,600	50.21	SEG (CF)	-8,551,100	-8,551,100	-50.21	-50.21	8,551,100	8,551,100	50.21	50.21	SEG (CF)	
117,600	2.00	SEG (EF)	-112,600	-112,600	-2.00	-2.00	112,600	112,600	2.00	2.00	SEG (EF)	
29,400	0.50	SEG (PIF)	-42,200	-42,200	-0.50	-0.50	42,200	42,200	0.50	0.50	SEG (PIF)	
Communication and Education							**Fish, Wildlife, and Recreation**					
31,500	0.20	GPR					Parks					
278,500	2.50	FED										
526,800	1.00	PR	-138,500	-138,500	-1.00	-1.00	138,500	138,500	1.00	1.00	PR	
451,700	2.10	SEG (CF)										
149,500	1.00	SEG (EF)										
2,500	0.00	SEG (PIF)					**Internal Services**					
Community Financial Assistance							Information Technology					
328,000	3.50	GPR	-23,800	-23,800	-0.50	-0.50	23,800	23,800	0.50	0.50	GPR	
2,827,000	22.50	FED	-72,400	-72,400	-1.00	-1.00	23,400	23,400	0.50	0.50	SEG (CF)	
1,637,400	15.00	SEG (CF)	-242,400	-242,400	-3.50	-3.50	External Services					
1,158,400	10.00	SEG (EIF)					Watershed Management					
305,100	3.00	SEG (EF)					72,400	72,400	1.00	1.00	FED	
83,000	1.00	SEG (DC)					External Services Leaders					
							219,000	219,000	3.00	3.00	SEG (CF)	

							Internal Services					
Customer Assistance and External Services Management							Internal Services					
334,400	2.45	GPR	-331,800	-331,800	-2.45	-2.45	331,800	331,800	2.45	2.45	GPR	
71,400	1.15	FED	-97,000	-97,000	-1.15	-1.15	97,000	97,000	1.15	1.15	FED	
1,751,900	7.45	SEG (CF)	-1,643,800	-1,643,800	-7.45	-7.45	1,643,800	1,643,800	7.45	7.45	SEG (CF)	
661,500	0.70	SEG (EF)	-659,600	-659,600	-0.70	-0.70	659,600	659,600	0.70	0.70	SEG (EF)	
		Total	-$206,771,100	-$207,842,300	-1,684.56	-1,697.56	$206,771,100	$207,842,300	1,684.56	1,697.56		

SEG (CF) Conservation Fund
SEG (EF) Environmental Fund
SEG (PIF) Petroleum Inspection Fund
SEG (EIF) Environmental Improvement Fund

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $1,513,700	0.00
FED	- 655,800	- 7.00
PR	- 2,317,400	0.00
SEG	- 21,084,500	- 1.00
Total	- $25,571,400	- 8.00

Governor/Joint Finance: Provide adjustments to the base budget totaling -$12,697,900 in 2017-18 and -$12,873,500 in 2018-19 with the deletion of 8.0 positions as follows: (a) -$3,205,100 annually for turnover reduction (-$297,900 GPR, -$587,800 FED, -$118,100 PR, and -$2,201,300 SEG); (b) -$6,142,800 (-$70,500 FED and -$6,072,300 SEG) with a reduction of 4.00 FED and 1.00 SEG project positions beginning in 2017-18, and -$6,518,200 (-$445,900 FED and -$6,072,300 SEG) with a further reduction of 3.00 FED project positions beginning in 2018-19 for removal of non-continuing elements from the base; (c) -$6,739,000 (-$503,600 GPR, -$5,645,400 SEG, -$1,048,600 PR, and $458,600 FED) annually for full funding of continuing salaries and fringe benefits; (d) $3,194,500 ($8,000 PR and $3,186,500 SEG) annually for overtime; and (e) $194,500 ($29,500 GPR, $39,300 FED, and $125,700 SEG) in 2017-18 and $394,300 ($59,800 GPR, $79,700 FED, and $254,800 SEG) in 2018-19 for full funding of lease and directed moves.

2. ELIMINATE NATURAL RESOURCES MAGAZINE [LFB Paper 461]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	- $681,000	- 2.00	$646,800	1.00	- $34,200	- 1.00

Governor: Delete $136,200 in 2017-18 and $544,800 in 2018-19 and 2.0 vacant positions beginning in 2018-19 (1.0 natural resources program specialist and 1.0 natural resources magazine editor). In addition, repeal the natural resources magazine appropriation, effective July 1, 2018. Require the Department to publish the final issue of the *Wisconsin Natural Resources* magazine in February, 2018, and eliminate publication of the magazine after that issue. Require DNR to, no later than June 30, 2018, refund to each subscriber of the magazine a prorated amount of the cost of any issues after February, 2018, for which the subscriber paid but will not receive. Remove references to the magazine in the Department's general promotional activities and publications appropriation and relating to conservation fund patron privileges, effective July 1, 2018. In addition, effective April 1, 2018, reduce the fee for a conservation patron license from $165 to $156.05 for residents (including 75¢ issuing fee and $4 wildlife damage surcharge), and $600 to $591.05 for nonresidents, a reduction of $8.95. This amount is nearly equal to the fee for a current one-year subscription of the magazine ($8.97) to reflect the elimination of the magazine as a patron privilege.

Under current law, the Department may periodically produce, issue, or reprint magazines or other periodicals containing information on resource management and related subjects. The

direct costs of the agency's bi-monthly publication, *Wisconsin Natural Resources*, are entirely funded from subscription, single-copy and insert sales. The magazine carries no advertisements. The current subscription rates, including an annual $1 shipping and handling fee, are $8.97 for one year, $15.97 for two years and $21.97 for three years. The retail price of the magazine is $3 per issue. The rates are intended to recover the magazine's production costs. For the December, 2016 issue, approximately 83,800 copies of the magazine were issued, including copies provided to approximately 45,000 conservation patrons.

All magazine subscription revenues are deposited in a single appropriation, referred to as the natural resources magazine account of the conservation fund, which in the 2015-17 biennium supports 2.0 positions within the agency's Office of Communication, as well as the costs of printing and distributing *Wisconsin Natural Resources*. The positions have been vacant since mid-2016 and would be deleted under the bill. With permanent positions vacant, limited-term employees (LTEs) are responsible for magazine production and operations.

Under the bill, the last issue of the magazine would be the February, 2018, issue, and the Department would be required to, by June 30, 2018, refund to each subscriber with outstanding issues after the February, 2018, issue, a prorated amount of the subscription costs according to each subscriber's number of outstanding issues. Current statutory language allowing the Department to produce, issue, or reprint periodicals containing information on resource management and related subjects would remain, with all revenues from such materials deposited in the Department's general promotional activities and publications appropriation.

Joint Finance: Provide 1.0 position beginning in 2018-19 for production of *Wisconsin Natural Resources* magazine and restore funding, less $17,100 each year associated with fringe benefits for a permanent position. (Expenditure authority associated with the second position would be moved to fund limited-term employee costs.) In addition, specify that the Department produce four issues of the magazine annually. Require the Department to provide additional online magazine content in addition to the four printed issues produced annually, which would also be available online. Further, require the DNR communications director, designated as a Division Administrator under section 230.08(2)(e)(8) of the statutes, to serve as the editor of the magazine.

3. USE OF UNOBLIGATED STEWARDSHIP BONDING AUTHORITY

Joint Finance: Specify that, notwithstanding section 23.0917(5g) of the statutes, DNR shall obligate funds from existing stewardship bonding authority that was not obligated in fiscal years 2014-15 and 2015-16, in the amounts for the first five purposes shown in the following table. In addition, specify that a grant for a sixth purpose, the municipal flood control grant program item, shall be awarded from the unobligated bonding authority under the Knowles-Nelson Stewardship program from one or more of the 2014-15, 2015-16, or 2016-17 fiscal years.

Saxon Harbor Campground and Marina. The amount necessary, not to exceed $1,000,000 for a grant to Iron County for a project to rebuild Saxon Harbor marina and campground;

Canadian Pacific Rail Corridor. The amount necessary, not to exceed $1,000,000 for the

acquisition of an approximately 13-mile long abandoned rail corridor referred to as the Canadian Pacific (CP) Railway Corridor between Dover and Sturtevant, in Racine County;

Peninsula State Park Eagle Tower Reconstruction. The amount necessary, not to exceed $750,000 for a grant to the Friends of Peninsula State Park, Inc. for up to 50% of the costs of a project to reconstruct Eagle Tower on Eagle Bluff in Peninsula State Park in the Town of Fish Creek;

Horicon Marsh Overlook Shelter Enhancement. Up to $500,000 for a grant to the City of Horicon to enhance a shelter located near the Palmatory Scenic Overlook on the south side of Horicon Marsh Wildlife Area. Require DNR and the City of Horicon to submit to the Joint Committee on Finance by June 30, 2019, a plan for using the funds. Provide that if, upon receiving the plan, the Committee's Co-Chairs do not inform DNR of an objection to the plan within 14 working days, the funds are to be disbursed. If the Co-Chairs inform the Department of an objection to the plan, funds may be disbursed only by a vote of a majority of the Committee;

Neenah Menasha Twin Trestles. The amount necessary, but not more than $415,300, for up to 50% of the costs of a project to construct two pedestrian bridges across the Fox River and for completion of an associated trail loop, referred to as the Twin Trestles project. Specify that the amount of total stewardship bonding authority provided for the project may not exceed $2,015,300, including $1.6 million provided under 2015 Act 55; and

Municipal Flood Control Grant Program. As described in a separate entry, amend statutory authorities for the municipal flood control (MFC) and riparian restoration program and provide a state matching grant to support a project funded or executed in whole or in part by the U.S. Army Corps of Engineers under Section 205 of the federal Flood Control Act. Further, provide the state matching grant in an amount sufficient to accomplish the flood-control goals of the project, but not to exceed $14,600,000. Specify that, notwithstanding section 23.0917(5g) of the statutes, funds are to be awarded from the unobligated bonding authority under the Knowles-Nelson Stewardship program from one or more of the 2014-15, 2015-16, or 2016-17 fiscal years.

Grants from Unobligated Stewardship Funds

Project	County	Stewardship Unobligated Bonding Provided
Saxon Harbor Campground and Marina	Iron	$1,000,000
Canadian Pacific Railway Corridor Trail	Racine	1,000,000
Peninsula State Park Eagle Tower Reconstruction	Door	750,000
Horicon Marsh Overlook Shelter Enhancement	Dodge	500,000
Neenah Menasha Twin Trestles	Winnebago	415,300
Subtotal --2014-15 and 2015-16 Unobligated		$3,665,300
Municipal Flood Control Grant Program	Trempealeau	$14,600,000
Total		$18,265,300

Prior to 2011, if the Department did not obligate the full amount allocated under a stewardship subprogram, DNR was directed to raise the next year's annual bonding authority for the subprogram by an amount equal to the unobligated amount. 2011 Act 32 specified that this does not apply after fiscal year 2010-11. As a result, under section 23.0917(5g) of the statutes, DNR is no longer allowed to carry forward unobligated bonding authority into subsequent fiscal years. For fiscal year 2014-15 and 2015-16, a total of approximately $21,570,000 in bonding was authorized, but unobligated by DNR, under the Warren Knowles-Gaylord Nelson Stewardship program. The provision would utilize up to $3,665,300 of that unobligated bonding for the identified projects as shown in the table. Under the 2017-19 State Building Program, $7.5 million of this funding is enumerated for the Willow River State Park - Little Falls Dam Reconstruction project. [See "Building Program" for additional information.] The Department estimates that approximately $12 million in bonding was authorized but unobligated in fiscal year 2016-17 under the stewardship program.

4. PROGRAM REVENUE REESTIMATES

PR	- $5,619,000

Governor/Joint Finance: Make the following reestimates of program revenue appropriations:

2017-19 DNR Program Revenue Reestimates

Appropriation	Annual Reduction
Communications, customer services, licensing, and aids administration services	-$810,400
Geographic information systems facilities, support services, and materials	-259,100
Facilities, materials, or administrative facilities services	-700,000
Resource acquisition and development - Department of Transportation	-990,000
Ferrous metallic mining operations	-50,000
Total	-$2,809,500

The reestimates reflect lower anticipated revenues and expenditures for each purpose in the 2017-19 biennium. However, under the appropriations above, DNR is authorized to expend all monies received for the purposes specified.

5. DEBT SERVICE REESTIMATE [LFB Paper 170 and 477]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $547,100	$177,300	- $369,800
SEG	- 767,200	- 708,700	- 1,475,900
Total	- $1,314,300	- $531,400	- $1,845,700

Governor: Delete $2,709,000 (-$1,857,700 GPR and -$851,300 SEG) in 2017-18 and provide $1,394,700 ($1,310,600 GPR and $84,100 SEG) in 2018-19 to reflect a reestimate of

debt service payments on bonds issued for various DNR programs.

Joint Finance: Delete an additional $817,300 (-$383,200 GPR and -$434,100 SEG) in 2017-18 and provide an additional $285,900 ($560,500 GPR and -$274,600 SEG) in 2018-19 to reflect a reestimate of debt service payments on bonds issued for various DNR programs as shown in the following table.

2017-19 DNR Debt Service Reestimates

	2017-18			2018-19			Total Biennial	
	Governor	Reestimate	Change to Governor	Governor	Reestimate	Change to Governor	Change to Governor	
Stewardship and predecessors, dam safety	$71,098,800	$70,715,700	-$383,100	$73,769,500	$74,329,900	$560,400	$177,300	GPR
Water pollution abatement	0	0	0	100	0	-100	-100	GPR
Administrative facilities	696,200	696,100	-100	693,600	693,800	200	100	GPR
Combined sewer overflow	1,511,600	1,511,600	0	2,013,000	2,013,000	0	0	GPR
Municipal clean drinking water grants	177,500	177,500	0	176,200	176,200	0	0	GPR
Water pollution abatement	6,146,900	6,146,900	0	7,047,000	7,047,000	0	0	SEG (EF)
Rural nonpoint source grants-priority watershed program	6,242,600	6,211,500	-31,100	5,741,700	5,796,800	55,100	24,000	SEG (EF)
Remedial action	2,695,800	2,688,200	-7,600	2,640,000	2,642,400	2,400	-5,200	SEG (EF)
Urban nonpoint source and municipal flood control grants	3,415,600	3,280,000	-135,600	3,573,500	3,464,800	-108,700	-244,300	SEG (EF)
Contaminated sediment cleanup	1,971,800	1,940,800	-31,000	2,011,400	2,012,100	700	-30,300	SEG (EF)
Rural nonpoint source grants-targeted runoff management	2,551,000	2,329,400	-221,600	2,709,600	2,492,700	-216,900	-438,500	SEG (EF)
Administrative facilities	806,500	799,300	-7,200	842,300	835,100	-7,200	-14,400	SEG (EF)
Administrative facilities	5,815,600	5,815,600	0	6,062,900	6,062,900	0	0	SEG (CF)
Dam repair and removal	522,900	522,900	0	475,700	475,700	0	0	SEG (CF)
Land acquisition	100	100	0	100	100	0	0	SEG (CF)
Recreation development	0	0	0	0	0	0	0	SEG (CF)
Total	$103,652,900	$102,835,600	-$817,300	$107,756,600	$108,042,500	$285,900	-$531,400	

Environmental Fund SEG (EF)
Conservation Fund SEG (CF)

6. AIDS IN LIEU OF TAXES REESTIMATE [LFB Paper 462]

GPR	- $90,000
SEG	- 90,000
Total	- $180,000

Joint Finance: Delete $90,000 GPR and $90,000 SEG in 2017-18 to reflect more recent estimates of payments in lieu of taxes.

7. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
GPR	- 3.00	0.00	- 3.00
FED	- 6.00	0.00	- 6.00
SEG	- 21.50	2.00	- 19.50
Total	- 30.50	2.00	- 28.50

Governor: Delete 30.5 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) general program operations (-3.0 GPR positions); (b) indirect cost reimbursements (-6.0 FED positions); and (c) general program operations (-21.50 conservation fund SEG). Funding associated with the positions ($2,523,800) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the Department of Natural Resources but employed by DOA.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Restore 2.0 SEG positions not related to human services and payroll and benefit services, including 1.0 position related to safety and risk management and 1.0 information systems data specialist position in the Bureau of Finance. (DNR funding of $156,900 for the positions would be reallocated within the agency budget but result in no net change.)

Further, convert $33,600 SEG and $8,600 FED for LTE salaries and fringe benefits to supplies and services to reflect human resources services to be provided by DOA under the bill.

8. TRANSFER VACANT POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING [LFB Paper 112]

	Funding	Positions
GPR	- $146,800	- 1.00

Governor/Joint Finance: Transfer 1.0 vacant senior information and data services position to DOA to consolidate several agencies' information technology and services procurement and purchasing in DOA. Delete $73,400 annually from DNR's customer service, communications, and aids administration general program operations appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

9. TRANSFER VACANT POSITION FOR STATE CONTROLLER'S OFFICE STAFFING [LFB Paper 116]

	Funding	Positions
PR	- $92,600	- 1.00

Governor/Joint Finance: Transfer 1.0 vacant financial specialist position to DOA to reflect workload changes resulting from the implementation of the enterprise resource planning system, commonly known as STAR (for State Transforming Agency Resources). Delete $46,300 annually from the agency's air stationary sources, federally-regulated operation permits appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

10. PRINTING, MAILING, AND PUBLISHING ELECTRONIC DISTRIBUTION OPTION

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	- $2,800	$2,800	$0

Governor: Allow the Department to meet its printing, mailing, and publishing requirements by making most materials available electronically as opposed to in hardcopy format, and correspondingly reduce funding by -$1,400 annually. Exclude from this allowance: (a) legal notices; (b) notices of public hearings before a governmental body; (c) documents requiring a certificate of mailing, or mailing by certified or registered mail; and (d) notices of meetings of private and public bodies as required by law. Give the DOA Secretary the authority to waive particular printing, mailing, and publishing requirements in part or in whole or to waive electronic distribution for DNR, if it is determined that waiving the requirement will reduce spending while keeping the information accessible to the public and protecting the public health and welfare.

Joint Finance: Delete provision as a non-fiscal policy item and restore $1,400 annually.

11. CAR-KILLED DEER FUNDING [LFB Paper 460]

Joint Finance: Repeal requirements for DNR to establish a program for the removal and disposal of car-killed deer on state trunk highways (state, interstate, and U.S. highways), and repeal the forestry SEG appropriation for those purposes. Transfer responsibility for the removal and disposal of car-killed deer on state trunk highways to the Department of Transportation (DOT). Require DOT to contract for removal and disposal of car-killed deer with counties, municipalities, or private entities. Specify that the removal and disposal of car-killed deer is not a routine maintenance activity reimbursable by funding under DOT state highway maintenance programs. Require DOT to fund contracts for the removal and disposal of car-killed deer from s. 20.395 (4)(aq) through its operations budget. (Funding of $701,400 forestry SEG each year provided in the 2015-17 biennium on a one-time basis is removed as a noncontinuing element under standard budget adjustments.)

12. ELIMINATE DEER AND WILD TURKEY CARCASS TAGS

Joint Finance: Eliminate the requirement that DNR issue a deer carcass tag when issuing a deer hunting license, including archer, crossbow, gun, or conservation patron license. In addition, the requirement that a person who kills a deer immediately validate the deer carcass tag would also be eliminated. Also, delete the requirement that the member of a group deer hunting party that kills a deer for another member must possess a current unused deer carcass tag authorized for use on the deer killed, and that the person who kills the deer ensure that a member of his or her group deer hunting party validates the deer carcass tag without delay.

Further, specify that the Department may not require the possession or validation of a wild turkey carcass tag and may not require that a carcass tag be attached to a lawfully killed wild turkey. Change the references to a wild turkey hunting "tag" to a wild turkey hunting "authorization" but continue to require such an authorization in order to hunt wild turkey in a wild turkey hunting zone or during a wild turkey hunting season. Finally, eliminate the requirement that a person who, while operating a motor vehicle on a highway, accidentally collides with and kills a wild turkey have the carcass tagged immediately by a law enforcement officer or notify a law enforcement officer and follow instructions for having the carcass tagged within 24 hours.

13. ELK DAMAGE ABATEMENT

Joint Finance: Specify that fencing to prevent elk damage to crops or grasses grown for use by a bird hunting preserve licensed under Chapter 169 of the statutes would be eligible to receive wildlife damage abatement assistance under section 29.889(4)(bn) of the statutes. Further, for damage caused by elk to crops or grasses grown for use by a bird hunting preserve licensed under Chapter 169, specify a participating county may recommend fencing the affected property as a damage abatement measure, notwithstanding provisions that a participating county may recommend only those wildlife damage abatement measures that are cost-effective in relation to the wildlife damage claim payments that would be paid if the wildlife damage abatement measures are not implemented.

14. WOLF DAMAGE PAYMENTS

Joint Finance: Specify that DNR may not prorate claims for damage associated with gray wolves. Require that, in each fiscal year, the Department utilize any applicable federal funds for these damage payments. If federal funds are insufficient, require the Department to utilize endangered resources funds from the general fund or from the endangered resources account of the conservation fund. Specify that, if these funds are insufficient, the Department may request supplemental funding from other Department appropriations under section 13.101 of the statutes, without the finding of an emergency. In addition, amend the appropriation under section 20.370(1)(fs) of the statutes to delete the cap on the amount of endangered resources license plate sales and endangered resources income tax checkoff donations that annually may be used for wildlife damage control and endangered resources wildlife damage claims. Further, specify that DNR pay each claim as soon as practicable after determining the claim is eligible for

reimbursement. Specify that these provisions apply if the gray wolf is on the federal or state endangered species list.

15. CANADA GOOSE HUNTING

Joint Finance: Delete registration of each goose killed at a farm on which Canada goose hunting is allowed as a measure by which DNR may regulate and limit the number of hunters and maximum harvest of Canada geese under section 29.192 of the statutes. In addition, prohibit the Department from: (a) requiring a person to indicate on his or her hunting permit or otherwise record each Canada goose killed by the person; or (b) requiring a person to report to the Department more than once annually each Canada goose killed by the person.

Forestry, Parks and Recreation

1. SUNSET FORESTRY MILL TAX [LFB Paper 465]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	-$180,454,900	-$448,700	-$180,903,600
GPR-Transfer	$180,454,900	$448,700	$180,903,600

Governor: Specify that, beginning in fiscal year 2017-18, and annually each year thereafter, an amount equal to 0.1697 mills for each dollar of the assessed valuation of the property in the state be transferred from the general fund to the conservation fund for the purpose of acquiring, preserving and developing the forests of the state and for other specified forestry purposes. Create a sum-sufficient general purpose revenue (GPR) appropriation for the transfer and specify that the transfer amounts may be paid at intervals during each fiscal year as deemed necessary by the DOA Secretary.

Specify the current mill rate for the state forestation tax ends with property tax assessments as of January 1, 2017, which would be payable in 2018. Further, require DOR to create a form for the property tax bills prepared under section 74.09 of the statutes for the property tax assessments as of January 1, 2017, that indicates that the state no longer imposes the forestation state tax. Require the form to indicate the amount of the forestation state tax that the taxpayer paid in the previous year. Remove references to the tax under other sections of the statutes including accrued tax receipts, revenues to the conservation fund, Kickapoo Valley Reserve aids in lieu of taxes, and errors in DOR assessment of counties and taxation districts.

Article 8 §10 (3) of the Wisconsin Constitution authorizes a state forestry tax of up to 0.2 mills (or 20¢ per $1,000 of property value) for the purpose of acquiring, preserving, and developing the forests of the state. The forestry mill tax is currently 16.97¢ per $1,000 of value

for tax years 2007(08) and thereafter. For a median-valued home of $155,657, the state tax equaled $26.41 in 2016(17). This represents 0.9% of the home's estimated net tax bill, assuming the home is taxed at the statewide advantage tax rate.

The bill would sunset the forestry mill tax, or "forestation state tax," effective with the January 1, 2017, property tax assessments. The tax generated approximately $83 million in fiscal year 2015-16 and provides the majority of revenue to the forestry account of the segregated conservation fund. Instead, the bill would create a sum-sufficient GPR appropriation and specify that an amount of GPR equal to the amount that would have been provided under the forestry mill tax be transferred to the conservation fund annually. The bill estimates this amount at $88,759,300 in fiscal year 2017-18 and $91,695,600 in fiscal year 2018-19. The GPR fiscal effect appears under "Shared Revenue and Tax Relief -- Property Taxation."

Joint Finance: Adopt the Governor's recommendation, as modified to reflect more recent estimates of the transfer, to sunset the forestry mill tax beginning with the January 1, 2017, property tax assessments, and instead transfer, from the general fund to the forestry account of the conservation fund, an amount equal to 0.1697 mills, for each dollar of assessed valuation of property in the state. In addition, clarify bill provisions to specify the state forestry mill tax will not be imposed beginning with the 2017(18) property tax year.

The transfer would be estimated at $89,259,600 in 2017-18 and at $91,644,000 in 2018-19. Changes in each year from original estimates would reflect annual increases ($500,300 in 2017-18 and $528,500 in 2018-19) resulting from anticipated higher values of taxable property in the state. The change in the budgeted transfer for 2018-19 also would reflect exemptions of selected items of personal property the bill would create (-$580,100), resulting in a net decrease of $51,600 in 2018-19.

2. FORESTRY RADIOS AND EQUIPMENT FUNDING [LFB Paper 466]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$523,400	$345,000	$868,400

Governor: Provide $261,700 forestry SEG annually as ongoing funding for the purchase of forestry radios, dispatch equipment, and maintenance and replacement of forestry radio tower repeater sites. Funding may support annual replacement of 20 portable (hand-held) radios, 12 mobile (vehicle-mounted) radios, two aviation radios, five base station repeaters and one dispatch radio console.

Funding would include $75,000 annually for tower maintenance and Federal Communications Commission (FCC) licensing of tower sites and base stations. The base stations constitute the Department's public safety communications network and include a system of towers and equipment that receives and amplifies radio signals to improve reception over long distances. The base station repeater network is used primarily for forest fire detection and control.

In the past, forestry radios and related equipment replacements were done through a master lease process. Most of this equipment was last purchased in 2009. DNR expects ongoing funding would allow the Division of Forestry to more actively manage the equipment in its inventory and avoid large simultaneous failures, as the equipment would be replaced at regular intervals.

Joint Finance: Provide $434,200 forestry SEG annually (agency request) on an ongoing basis for the purchase of funding to replace approximately 100 pieces of forestry equipment per year on a seven-year replacement cycle.

3. FIREFIGHTER SAFETY EQUIPMENT

SEG	$277,500

Governor/Joint Finance: Provide $152,500 in 2017-18 and $125,000 in 2018-19 from forestry SEG, on a one-time basis, for the replacement of firefighter safety equipment. Under the provision, $250,000 over the biennium would support the replacement of 500 fire shelters. The Division of Forestry has been requiring fire shelters for each firefighter since 2008. Fire shelters protect firefighters during emergencies by reflecting radiant heat and trapping breathable air. Fire shelters were last purchased in 2006. If deployed during a fire, the shelters are likely to be removed from service thereafter, but units otherwise have an expected life span of up to 12 years when stored properly. Funding also would provide $27,500 for the replacement of 250 drip torches, which are tools used in wildfire suppression, controlled burning, and other forestry applications to ignite fires.

4. FORESTRY EQUIPMENT MASTER LEASES

SEG	$213,800

Governor/Joint Finance: Provide $106,900 forestry SEG as one-time funding in each of fiscal years 2017-18 and 2018-19 for the third and fourth years of four-year master leases for field data recorders for forestry staff and computers for forestry law enforcement personnel. Funding would support: (a) $76,900 in each year for 165 tablet field data recorders and associated software for forestry staff to gather data electronically and input the data into existing databases; and (b) $30,000 each year for the purchase of 27 computers and associated equipment for forestry law enforcement personnel.

5. FOREST FIRE AERIAL DETECTION SUPPLEMENT [LFB Paper 466]

SEG	$68,000

Governor/Joint Finance: Provide $34,000 forestry SEG annually for supplemental aerial forest fire detection efforts. In 2016, the Division of Forestry decommissioned its forest fire lookout towers due to concerns regarding their structural integrity. As a result, the Department expects to increase forest fire aerial detection. Funding would cover 200 hours of aerial detection, in addition to 300 hours of aerial detection planned using funds previously dedicated to lookout towers.

6. TIMBER SALES DIRECT SALE THRESHOLD AND ADVERTISING REQUIREMENTS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	- $2,800	$2,800	$0

Governor: Raise from $3,000 to $10,000 the threshold at which state forest, county forest, and community (city, village, town or school district) forest timber sales require public sale. In addition, specify that DNR, a county, city, village, town, or school district is required to announce such a timber sale through a post on the entity's Internet site or through publication of classified advertisements as required under current law. Further, delete $1,400 forestry SEG annually to reflect anticipated DNR cost savings related to the shifts from classified advertisements to online announcements of state forest timber sales.

Under current law, timber sales from state forests, county forests, and community forests with an estimated stumpage value of $3,000 or more must be sold through a public sale; county forest sales also may be through closed bid. Sales also are required to be announced through classified advertisement in a newspaper with general circulation in the area of the sale, with two advertisements required for state and community forest sales. Approval of the DNR Secretary also is required for sales of at least $3,000 from state and county forests. The bill would increase the threshold to $10,000 and allow DNR, a county, city, village, town, or school district to post the announcement on their website or through the classified advertisements required under current law.

Joint Finance: Delete provision as a non-fiscal policy item and restore $1,400 annually.

7. FOREST FIRE LIABILITY PAYMENTS

Governor/Joint Finance: Specify that, for the purposes of recovering damages for forest fire suppression expenses from the liable party, the state is considered to have incurred all expenses described under section 26.14(3) of the statutes. In addition, specify that, if the state receives any payment of damages for these forest fire suppression expenses by the liable party, the county's share of certain suppression expenses related to the forest fire is reduced by the amount by which the damages received exceed the state's share of the expenses. In addition require that if, at the time the damages are paid, the county has already paid its share of expenses to the state, the state reimburse the county the amount by which the damages received exceed the state's share of expense.

Under section 26.14(3) of the statutes, the state and the county in which a forest fire occurs are required to pay an equal portion of certain fire suppression costs, including hourly wages for emergency fire wardens and their employees and equipment operators and other specialists, as well as any meals, transportation, and disbursements for emergency equipment that DNR allows. Currently, any person who sets a fire on any land and allows the fire to escape and become a forest fire is liable for all expenses incurred in the suppression of the fire by the state or town in

which the fire occurred. Under current law, the state or the town in which the fire occurred may seek damages for expenses related to suppression of the fire. There is currently no mechanism for a county to seek damages for their forest fire suppression expenses. Currently, if the state (DNR) seeks judgment against a responsible party to recover forest fire suppression expenses related to the fire, the state retains the full amount of the judgment (damages).

Under the bill, if the state receives a judgment for forest fire suppression expenses, the county's share of the fire suppression expenses under section 26.14(3) would be reduced, or the county would be reimbursed, by the amount that the judgment exceeded the state's share of the specified forest fire suppression expenses. However, a county would receive payment only if damages received exceeded one-half of the specified suppression costs.

8. COUNTY FOREST TIMBER SALE REPORTING REQUIREMENTS

Governor: Require a county to submit to the DNR a report of merchantable wood products cut within 90 days after completion of any county forest cutting operation, including timber trespass, not more than five years after filing the cutting notice.

Current law requires a county to submit the merchantable wood products report within two years of filing the cutting notice.

Joint Finance: Delete provision as a non-fiscal policy item.

9. RELOCATION OF CHIEF FORESTER AND DIVISION OF FORESTRY EMPLOYEES

Governor/Joint Finance: Require DNR to relocate the headquarters for the chief state forester to an existing Department facility north of State Highway 29 no later than January 1, 2018. In addition, specify that the Department may allow Division of Forestry employees located in the Department office at 101 South Webster Street in the City of Madison as of the bill's effective date to relocate to existing state-owned or state-leased facilities north of State Highway 29 designated by the chief state forester. Further, require DNR to pay relocation expenses as described under s. 20.917(1)(a) of the statutes, for each employee who relocates under this provision during the 2017-19 fiscal biennium. Finally, require DNR to report, by February 1, 2019, to the Governor and the Co-chairs of the Joint Committee on Finance on the number of employees who have relocated.

Currently, the chief state forester and some Division of Forestry staff are located at the Natural Resources State Office Building at 101 South Webster Street in Madison. The bill would require DNR to relocate the headquarters for the chief state forester to an existing Department facility north of State Highway 29. The bill does not specify a facility. Additional DNR forestry staff currently located in the Madison office would be allowed to relocate to facilities located north of State Highway 29 as designated by the chief state forester, and the Department would be required to pay certain relocation expenses for these staff. Relocation expenses under section 20.917(1)(a) of the statutes include the employee's actual and necessary expense of transporting: (a) the employee and the immediate members of the employee's family to the new place of

residence, and (b) the employee's household effects to the new place of residence.

The provision would not directly affect state appropriations, and the Department would be assumed to support all employee relocation costs using existing budget authority.

10. MANAGED FOREST LAW CLOSED ACREAGE FEES AND TIMBER SEVERANCE TAXES

SEG	- $11,886,000
SEG-REV	- $21,000,000

Joint Finance: Specify that managed forest law (MFL) closed acreage fee payments be retained by municipalities and counties (80% retained by municipalities and 20% by counties) rather than deposited in the forestry account. Delete required payments ($6,000,000 in each of fiscal years 2017-18 and 2018-19) by DNR to municipalities containing land designated as closed under the MFL program.

In addition, require DNR to determine whether the amount in closed acreage fees payable to each county and municipality is less than the amount each received in severance and yield taxes in 2015, and for each county and municipality that will receive at least $2,000 less in 2018 than it received in 2015, require DNR to pay an amount equal to the difference between the two amounts, no later than March 1, 2018. Provide $114,000 in fiscal year 2017-18 for these payments.

The MFL program provides a reduced property tax-equivalent liability for persons who manage private forest land under their ownership for future harvesting. Lands in the program generally are to be open to public use for certain outdoor recreational activities, except if designated as closed. Closed acres are subject to additional fees, which are deposited to the forestry account. Revenues from these payments are estimated at $10.5 million annually. 2015 Act 358 required DNR in the 2016-17 through 2018-19 fiscal years to distribute certain proceeds from closed acreage fees to municipalities in which closed MFL land is located, in an amount proportional to the amount of closed MFL land in the municipality. The bill as introduced budgeted $6,000,000 in each year of the biennium for these payments. The provision would delete these amounts, repeal the remission of closed acreage fees to the state, and instead allow municipalities to retain the payments.

Additionally, 2015 Act 358 repealed severance and yield taxes payable to municipalities by owners harvesting timber from land in the MFL and forest crop law programs. The act required DNR to determine whether the amount in closed acreage fees payable to each county and municipality in 2016 was less than the amount each received in severance and yield taxes in 2015, and for each county and municipality receiving less in 2016 than it received in 2015, DNR was to pay each county and municipality an amount equal to the difference between the two amounts, no later than December 1, 2016. Act 358 appropriated $1.4 million in 2016-17 for these payments. The bill provision would provide $114,000 in 2017-18 to extend these payments to certain municipalities for that year.

11. FORESTRY EMERGENCY RESERVE

SEG	$5,000,000

Joint Finance: Provide $5,000,000 forestry SEG in 2017-18 in a new continuing appropriation for response to significant fire, disease, infestation, or other natural disaster for costs not reimbursable under federal programs. Specify funds may be expended only by a majority vote of the Joint Committee on Finance under s. 13.10 of the statutes. (Reserved funds would remain in the forestry account balance and reduce the balance available for appropriation for other purposes.)

12. PATTISON COMMUNICATIONS TOWER

SEG	$1,241,700

Joint Finance: Provide $1,241,700 forestry SEG in 2017-18 in a new continuing appropriation for the construction of a communications tower at Pattison Ranger Station in Pattison State Park in the Town of Superior (Douglas County).

The Department requested $1,241,700 conservation fund SEG-supported bonding for the Pattison communications tower project in its 2017-19 agency capital budget request. However, the State Building Commission did not include the project in its 2017-19 recommendations.

13. FORESTRY ACCOUNT AUDIT

Joint Finance: Request the Joint Audit Committee to request an audit of the forestry account of the segregated conservation fund focusing on confirming the account and its expenditures support DNR forestry activities.

14. COUNCIL ON FORESTRY REPORT

Joint Finance: Direct the Governor's Council on Forestry to determine the relative priority of current forestry account expenditures and submit a report with these determinations and recommendations regarding forestry account expenditures for the 2019-21 budget to the Governor, DNR, and appropriate legislative standing committees by July 1, 2018.

15. PARKS FEE INCREASES AND ELECTRICAL CAMPSITE CAP AND FEES [LFB Paper 467]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$0	$2,000,000	$2,000,000
SEG-REV	$3,870,000	- $325,000	$3,545,000

Governor: Effective January 1, 2018, specify a range of vehicle admission and camping fees for Wisconsin state parks and forests that the DNR may charge, as determined by the DNR

Secretary, as shown in the table. In addition, the bill specifies that the camping fee changes first apply to camping reservations made beginning on January 1, 2018.

Joint Finance: Adopt the Governor's recommendation to increase most state park and forest daily parks admission fees by up to $5 at the DNR Secretary's discretion, but maintain current statutory fees for annual admission. Adopt the Governor's recommendation to increase the range of nightly camping fees in state parks and forests by up to $10, at the DNR Secretary's discretion. In addition, increase the statutory cap on the percentage of campsites in state parks that may be electrified from 30% to 35%. Further, specify that the nightly fee for electric campsites at the following five high-demand parks be $15, rather than the current $10 fee: Devil's Lake, High Cliff, Kohler-Andrae, Peninsula, and Willow River, effective for camping reservations made beginning on January 1, 2018. Further, create a continuing appropriation from parks account revenues and provide $1,000,000 in fiscal year 2017-18 and $1,000,000 in fiscal year 2018-19 in one-time funding for development and maintenance activities on state park properties. The following table shows fees in place prior to 2015 Act 55 (the 2015-17 budget act), current fees under 2015 Act 55, those under the Governor's bill, and those under Joint Finance Committee action.

State Park and Forest Admission, Trails, and Camping Fees
Under Prior Law, 2015 Act 55, Governor's Bill, and Joint Finance Action

	Prior Law	2015 Act 55	Governor's Bill	Joint Finance	Jt. Finance Change to Current Law
State Park Vehicle Admissions					
Resident					
Annual	$25.00	$28.00	$28 to $38	$28	---
Additional Annual	12.50	15.50	$15.50	$15.50	---
Daily Auto	7.00	8.00	$8 to $13	$8 to $13	up to $5
Daily Bus	10.00	11.00	$11 to $16	$11 to $16	up to $5
Daily Nursing Home Bus	4.00	4.00	$4 to $9	$4 to $9	up to $5
Senior Annual	10.00	13.00	13.00	13.00	
Senior Daily	3.00	3.00	3.00	3.00	
Non-Resident					
Annual	$35.00	$38.00	$38 to $48	$38.00	---
Additional Annual	17.50	20.50	20.50	20.50	---
Daily Auto	10.00	11.00	$11 to $16	$11 to $16	up to $5
Daily Bus	14.00	15.00	$15 to $20	$15 to $20	up to $5
Daily Nursing Home Bus	6.00	6.00	$6 to $11	$6 to $11	up to $5
Trail Pass					
Annual	$20.00	$25.00	$25.00	$25.00	---
Daily	4.00	5.00	5.00	5.00	---
State Park and Forest Camping Fees					
Resident, Per Night	$12 or 15	$15 to $20	$15 to $30	$15 to $30	up to $10
Non-Resident, Per Night	14 or 17	$19 to $25	$19 to $35	$19 to $35	up to $10
Additional Camping Fees					
Electricity	$5.00	$10.00	$10.00	$10 or $15***	$5 at five high-demand parks***
Water View**	3.00	3.00	3.00	3.00	---
Reservation Fee	9.70	9.70	9.70	9.70	---

*The upper end of these ranges prior to 2015 Act 55 reflect $3 higher fees for camping at select properties.

**The Department is currently statutorily authorized to waive camping fees, charge additional camping fees, or charge special fees instead of camping fees for certain classes of persons or groups, certain areas, certain types of camping, or times of the year and for admission to special events. Prior to 2015 Act 55, the Department had utilized this authority for several purposes including charging a $3 fee for water view campsites.

***Joint Finance action would specify a fee of $15 for electric campsites at the following five high-demand parks: Devil's Lake, High Cliff, Kohler-Andrae, Peninsula, and Willow River State Parks.

Under section 27.01(15)(b) of the statutes, the number of state park campsites that have electric receptacles maintained by DNR is limited to no more than 30% of all state park campsites (prior to 2009 Act 28, the cap was 25%). Excluding host sites, which do not produce revenue, the Department currently has a total of 3,967 campsites in state parks (1,160 electric and 2,807 non-electric). (Additional campsites are located in southern forests, which are managed by parks staff but not subject to the state park electrical campsite limitation.) The provision would increase the cap on electrical receptacles in state parks from 30% to 35%, which would allow the Department to electrify approximately 200 existing non-electric sites.

16. DELETE VACANT FORESTRY OR PARKS POSITIONS [LFB Paper 466 and 467]

	Positions
SEG	- 10.00

Joint Finance: Delete 10.0 vacant forestry or parks SEG positions. Require DOA to provide a report to the Joint Committee on Finance for the Committee's review identifying the deleted positions by funding source and appropriation. Require that the report be submitted by January 1, 2018. Require that the final 2017-19 appropriations schedule reflect funding reductions associated with deleted positions.

17. PARKS RECREATION PASSPORT STUDY AND REPORT

Governor/Joint Finance: Require DNR and the Department of Transportation (DOT) to jointly develop a plan to authorize the purchase of a recreational passport when an individual initiates or renews his or her annual vehicle registration. Require the plan to include as an option the creation of a recreational passport as a special license plate registration sticker that shows both the vehicle registration expiration year and an indicator that the sticker is also a recreational passport. Additionally, require the plan to include the costs of implementing the plan, a timeline for implementing the plan, and the estimated revenue to be collected when the plan is fully implemented. Further, require the Departments to complete the plan in time for the plan to be included in DNR's 2019-21 budget request.

2015 Act 55 required DNR to study and prepare a report regarding potential additional sources of revenue for parks operations and maintenance. The study was to include, at a minimum, revenue estimates for a program under which a person may voluntarily purchase a state park vehicle admission sticker when the person registers a vehicle with DOT, and revenue estimates for increased camping fees at state parks based on local market conditions or seasonal demand, the amenities or facilities offered by a park, or other features or conditions of a park. The report included four short-term revenue options as well as four long-term options, including the required option of an admission purchase through annual vehicle registrations. According to the report, a $15 annual admission sticker purchased through annual vehicle registrations could generate approximately $14.1 million in net revenues if 24% of the approximately 5.1 million noncommercial automobiles and light trucks that could be considered potential subscribers for a state park admission chose to purchase one.

18. PARKS COMPUTERS

SEG	$94,800

Governor/Joint Finance: Provide $47,400 parks SEG annually as one-time funding in fiscal years 2017-18 and 2018-19 for the final two years of a four-year master lease to purchase 37 tablet computers and associated equipment for parks law enforcement personnel. Funding for the first two years of the master lease was provided under 2015 Act 55.

19. RICHARD BONG RECREATIONAL AREA PHEASANT HUNTING FEES [LFB Paper 468]

SEG	$200,000

Governor: Specify that if the Department requires payment of an administrative fee in

order to hunt pheasants in the Richard Bong State Recreation Area (Kenosha County), or in a state recreation area, these fees are to be deposited in appropriation 20.370(1)(hw), for pheasant stocking and propagation use. In addition, provide $100,000 annually in the appropriation to reflect anticipated revenue from these fees.

In order to hunt pheasants, a $10 pheasant stamp is required, in addition to a small game, archer, crossbow, or sports license. Currently, 40% of the revenues generated by the sale of pheasant stamps must be used for developing, managing, preserving, restoring, and maintaining the wild pheasant population in the state, and 60% is used to raise and stock pheasants on DNR lands. In addition, under section NR 45 of the administrative code, DNR charges fees for pheasant hunting at the Bong Recreation Area, including a hunting fee and an administrative fee. The pheasant hunting fee is currently $12 for adults and $7 for individuals age 17 or younger, or $5 if pheasant stocking cannot be done on the previous day or days. The $3 administrative fee is paid at the time of the hunting reservation request and is non-refundable. Currently, these fees are deposited in the fish and wildlife account of the conservation fund.

Under the bill, revenues from the $3 administrative fee would be deposited in the pheasant stocking and propagation appropriation, in addition to the 60% of pheasant stamp revenues currently deposited there. While the bill refers to administrative fees for pheasant hunting in Richard Bong State Recreation Area and other state recreation areas, the administration indicates the intent was for all fees collected by the Department under administrative rule for pheasant hunting in Richard Bong State Recreation Area or other state recreation areas to be deposited in the appropriation, and the $100,000 provided annually is based on that intent. A modification is necessary to clarify this intent.

Joint Finance: Modify the Governor's recommendation to specify that if the Department requires payment of a fee in order to hunt pheasants on lands under the Department's ownership, management, supervision, or control, these fees are to be deposited in appropriation 20.370(1)(hw), for pheasant stocking and propagation.

20. RECREATIONAL VEHICLE REESTIMATES [LFB Paper 469]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$116,600	- $1,295,600	- $1,179,000

Governor: Reestimate by $38,600 SEG in 2017-18 and $78,000 SEG in 2018-19 the revenue transferred from the transportation fund to the all-terrain vehicle (ATV) account of the conservation fund for ATV trail project aids. The transfer is made annually, and is equal to the number of registered ATVs as of the last day of February of the previous fiscal year multiplied by the amount of motor fuel tax assessed on 25 gallons of gasoline as of that date.

Joint Finance: Reestimate snowmobile, ATV, and utility terrain vehicle (UTV) trail aids appropriations to reflect more recent estimates of the amounts available from motor fuel tax revenues. Further, reduce the snowmobile supplemental trail aids appropriation to reflect

reestimated non-resident trail pass sales. It should be noted that figures shown in the following table represent current estimates for the listed appropriations; however, DNR is authorized to expend all monies received for these local trail aids appropriations. [See "Miscellaneous Appropriations" for corresponding transportation SEG transfer entries.]

Recreational Vehicle Aids Reestimates

		2017-18	2018-19
Snowmobile Trail Aids	(5)(cs)	-$411,300	-$600,000
Snowmobile Supplemental Trail Aids	(5)(cw)	-22,500	-22,500
ATV Trail Aids	(5)(ct)	-231,500	-232,000
UTV Trail Aids	(5)(gr)	104,700	119,500
Change to Bill		-$560,600	-$735,000

21. SNOWMOBILE TRAIL AIDS

Joint Finance: Increase the maximum amount awarded for basic snowmobile trail aids from $250 to $300 per mile per year, and increase the threshold for eligible supplemental trail aids regarding grooming costs from $150 to $200 per mile per year. In addition, eliminate the June 30, 2019, sunset to make permanent the annual trail use sticker fees currently in effect ($10, $30, or $50 per year, including issuing fees, depending on registration category). Further, eliminate the June 30, 2020, sunset to make permanent the transfer of $47 for supplemental trail aids from each trail use sticker issued for a snowmobile exempt from registration. Further, direct the Governor's Snowmobile Recreational Council to study options for ensuring adequate funding for development and maintenance of snowmobile trails in the state, especially currently unfunded trails, and require that the council report its findings, conclusions, and recommendations to the Joint Committee on Finance by January 1, 2019.

22. RECREATIONAL VEHICLE SAFETY ENHANCEMENT PROGRAM

SEG	$594,000

Joint Finance: Restore funding for the all-terrain vehicle (ATV) safety enhancement grant program. Require DNR to annually determine the amount necessary to provide funding for the program, and that this amount be the greater of $297,000 or the amount calculated by multiplying 80¢ by the number of ATVs and utility terrain vehicles (UTVs) registered as of the last day of February of the prior fiscal year. Estimate funding of $297,000 in each year of the biennium. Specify that if DNR maintains an administrative account that allocates moneys appropriated from the segregated conservation fund to programs relating to ATVs, DNR is required to treat the amount appropriated for the ATV safety program as an allocation from the administrative ATV account.

In addition, amend program references to ATVs to also include utility terrain vehicles. Also, amend sections 23.33(5m)(c)(5) and (7) of the statutes, regarding duties of ATV/UTV safety enhancement program funding recipients, to: (a) include reference to maintaining

relationships with off-highway motorcycle clubs and alliances and other organizations promoting recreational operation of off-highway motorcycles; and (b) require the funding recipients to cooperate with DNR to recruit, train, and manage volunteer trail patrol ambassadors.

Environmental Quality

1. DAM SAFETY BONDING

BR	$4,000,000

Governor/Joint Finance: Provide $4,000,000 in GPR-supported general obligation bonding authority for dam safety grants. No specific estimate of debt service payments is made for the biennium. However, debt service on $4 million in general obligation bonds could be expected at roughly $280,000 annually for 20 years once all bonds are issued.

DNR administers the municipal dam safety grant program under s. 31.385 of the statutes. The program provides matching grants to counties, cities, villages, towns and public inland lake protection and rehabilitation districts for the repair, reconstruction, or removal of municipal dams. To qualify for a grant, the locality must own a dam that has been inspected and be under a DNR directive to repair or remove the dam. A total of $28.1 million in bonding revenues for dam safety grants has been authorized by the Legislature for this program, including $4 million in each of the last four biennia.

2. AQUATIC INVASIVE SPECIES EDUCATION AND CONTROL GRANTS

SEG	$500,000

Joint Finance: Provide $500,000 conservation SEG (water resources account) in fiscal year 2017-18 in one-time funds for aquatic invasive species education and control grants.

DNR administers a financial assistance program awarding cost-sharing grants to local units of government and other entities for up to 75% of the costs of projects to prevent or control aquatic invasive species, and for education and inspection programs at boat landings. 2007 Act 20 deleted a requirement that projects be awarded only to local government units. This action made any public or private entity eligible for a state grant. Under the provision, $4,529,100 would be appropriated for the grants in fiscal year 2017-18 and $4,029,100 would be appropriated in fiscal year 2018-19.

3. ENVIRONMENTAL IMPROVEMENT FUND USE FOR WASTEWATER PERMITTING [LFB Paper 476]

	Funding	Positions
GPR	- $229,200	- 2.00
SEG	229,200	2.00
Total	$0	0.00

Governor: Convert $114,600 GPR annually with 2.0 GPR positions to SEG environmental improvement fund (EIF). Provide the 2.0 positions in water quality operations. The administration indicates the positions

would work on wastewater permitting activities, including concentrated animal feeding operations (CAFOs), respond to citizen concerns related to contaminated groundwater and safe drinking water, and providing resources to communities related to water programs.

Expand the use of the environmental improvement fund administrative appropriations in the Division of Environmental Management and Division of External Services to include wastewater permitting activities under s. 283.31 of the statutes. Currently, the EIF appropriations are authorized to be used for administration of the clean water fund program, safe drinking water loan program, and land recycling loan program under the environmental improvement fund. The source of EIF revenues is interest income from the loan portfolio balance from certain clean water fund loans for municipal wastewater treatment facilities and proceeds from certain general obligation bonds issued to pay state subsidy on loans to municipalities.

Joint Finance: Approve the Governor's recommendation. In addition, specify that the 2.0 EIF positions would be transferred to the Division of External Services to be used for wastewater permitting of CAFOs.

4. TRANSFER REVENUE FROM ENVIRONMENTAL MANAGEMENT TO NONPOINT ACCOUNT [LFB Papers 475 and 477]

Governor/Joint Finance: Transfer $3,152,500 in each of 2017-18 and 2018-19, on a one-time basis, from the environmental management account to the nonpoint account of the segregated environmental fund. Specify that the funds be considered to have been received by the nonpoint account for debt service payments on projects funded under DNR's current rural and urban nonpoint source pollution abatement grant programs. The provision is intended to offset a reduction in the GPR transfer to the nonpoint account of the same amount beginning in 2017-18. [See the entry under "Miscellaneous Appropriations" for additional information.]

5. NONPOINT SOURCE CONTRACTS [LFB Paper 478]

SEG	$1,080,000

Governor/Joint Finance: Provide $540,000 nonpoint SEG each year for nonpoint source contracts, including $40,000 in ongoing funding and $500,000 in one-time funding in the 2017-19 biennium. Further, repeal the requirement that DNR allocate $500,000 nonpoint SEG in each fiscal year to the University of Wisconsin-Extension to provide education and technical assistance related to nonpoint source water pollution.

Under current law, DNR is authorized to contract for informational, educational, training or research projects that assist implementation of state nonpoint source water pollution abatement programs. DNR has typically been provided annual funding of $997,600 nonpoint SEG for these purposes. 2015 Act 55 reduced base funding to $227,600 each year but also included an additional $770,000 each year in the 2015-17 biennium on a one-time basis. The bill provides $767,600 each year for nonpoint source contracts. For purposes of establishing the 2019-21 budget, annual base funding of nonpoint source contracts would be $267,600. The provision also deletes the statutory requirement for DNR to allocate $500,000 each year for contracts with UW-Extension.

6. NONPOINT SOURCE GRANTS [LFB Paper 478]

SEG	$200,000

Governor/Joint Finance: Provide $100,000 nonpoint SEG annually in one-time funding for nonpoint source grants. These funds customarily have been allocated by DNR for targeted runoff management (TRM) grants to support non-structural practices required of TRM projects. Additionally, some funds are allocated under a companion program to cost-share the installation of pollution abatement practices at animal feeding operations that have been issued a notice of discharge for impermissible manure runoff. Funding of $100,000 nonpoint SEG for these purposes also was provided on a one-time basis in the 2015-17 biennium.

7. RURAL NONPOINT SOURCE BONDING [LFB Paper 479]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	$5,900,000	$250,000	$6,150,000

Governor: Provide $5.9 million in SEG-supported general obligation bonding for rural nonpoint source water pollution abatement grants. Bond proceeds support the targeted runoff management (TRM) program and provide for the installation of structures in rural settings to improve water quality by preventing soil erosion and animal waste runoff. State funding under TRM grants typically may fund 70% of eligible project costs, up to a cap of $150,000 or $1 million, depending on the scope of the project. Bonding authority also may be disbursed as grants under a separate program to address animal waste runoff only from animal feeding operations that have been issued a notice of discharge (NOD) or notice of intent (NOI) to issue a notice of discharge.

The 2015-17 budget act authorized $5.9 million in combined additional bonding for the TRM and NOD/NOI programs, while $7 million was provided in each of the four earlier biennial budget acts, beginning with 2007-09. Principal and interest payments on the bonds are paid from the nonpoint account of the environmental fund. This debt service is budgeted at approximately $2.3 million SEG in 2017-18 and at $2.5 million SEG in 2018-19.

Joint Finance: Provide an additional $250,000 in bonding authority, for a total of $6,150,000 for rural nonpoint grants.

8. URBAN NONPOINT SOURCE BONDING [LFB Paper 479]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	$3,000,000	$700,000	$3,700,000

Governor: Provide $3 million in SEG-supported general obligation bonding for the urban nonpoint source and storm water management (UNPS) and municipal flood control and riparian

restoration (MFC) programs. UNPS program bonds support structural projects to improve state surface water quality by managing storm water runoff in urban settings. The MFC program provides funding for flood-control or flood-proofing projects in urban settings, including property acquisition and structure removal. UNPS construction projects are eligible for 50% state funding up to $150,000. MFC projects are eligible for 50% state funding, up to 20% of the amount available each two-year grant cycle. DNR determines allocations to each program over the course of the biennium.

The 2015-17 budget act authorized $3 million in new joint bonding authority for the programs, while $5 million was provided in 2013-15, and $6 million was provided in each of the three earlier biennial budget acts beginning with 2007-09. Principal and interest payments on bonds issued for the UNPS and MFC programs are supported by the nonpoint account of the environmental fund. This debt service is budgeted at approximately $3.3 million SEG in 2017-18 and at $3.5 million SEG in 2018-19.

Joint Finance: Provide an additional $700,000 in bonding authority, for a total of $3,700,000 for urban nonpoint grants.

9. MUNICIPAL FLOOD CONTROL (MFC) GRANT PROGRAM

Joint Finance: Amend statutory authorities for the MFC program to specify, notwithstanding other current law provisions detailing grant eligibility, an applicant is eligible for financial assistance under the MFC program in the 2017-19 fiscal biennium if an applicant is requesting a state matching grant to support a project funded or executed in whole or in part by the U.S. Army Corps of Engineers under Section 205 of the federal Flood Control Act. Further, provide the state matching grant in an amount sufficient to accomplish the flood-control goals of the project as proposed in the MFC program application, but not to exceed $14,600,000 in general fund-supported borrowing. Specify that, funds are to be awarded from the unobligated bonding authority under the Knowles-Nelson Stewardship program from one or more of the 2014-15, 2015-16, or 2016-17 fiscal years.

Additionally, require that any matching grant given preliminary approval by DNR under these provisions must be submitted to the Joint Committee on Finance for a passive review. If, after 14 working days, the Committee Co-Chairs inform DNR no objection has been raised to the proposal, funding for the project may be released. If the Committee Co-Chairs inform DNR an objection has been raised to the proposal, funds may be released only upon a vote by a majority of the Committee proceeding under s. 13.10 of the statutes. It is anticipated the City of Arcadia in Trempealeau County would be the only eligible grant recipient.

10. NORTHEASTERN WISCONSIN TMDL

	Funding	Positions
SEG	$260,000	1.00

Joint Finance: Require DNR to conduct a total maximum daily load (TMDL) study of the introduction of nutrients into the East and West Twin Rivers, Manitowoc River, Sheboygan River, and any streams that outlet into Lake Michigan between the Ahnapee River (Door and Kewaunee Counties) watershed and the Sauk Creek (Ozaukee County)

watershed. Create an appropriation in DNR's Division of Environmental Management and provide $130,000 water resources account (conservation fund) SEG annually and 1.0 SEG project position to conduct the study. Specify that no funds may be encumbered under the appropriation after June 30, 2021. Require DNR, as part of the study, to do the following: (a) identify the amount of nutrients being introduced into these waters; (b) identify nutrients attributable to nonpoint source pollution; (c) collect water quality data; (d) use modeling and forecasting to determine the effect of different methods on reducing nutrient introduction into these waters; and (e) develop tools to reduce the amount of nutrients introduced into these waters.

11. TAINTER LAKE WATER QUALITY

SEG	$65,000

Joint Finance: Provide $65,000 nonpoint SEG in 2017-18 for a pilot project using biomanipulation to improve water quality of Tainter Lake in Dunn County. The pilot project would include: (a) a comprehensive fish study; (b) removal of zooplanktivorous (algae-eating) and benthivorous (bottom-feeding) fish, such as carp; and (c) introduction of piscivorous (predatory) game fish, such as walleye.

12. BURLINGTON STORM WATER STUDY

SEG	$50,000

Joint Finance: Provide the Southeastern Wisconsin Regional Planning Commission (SEWRPC) $50,000 nonpoint SEG during 2017-18 for the purposes of conducting a storm water management study for the City of Burlington. Specify that the study: (a) identify the location and destination of current storm water flows; (b) identify city property or private property owners that have storm water capacity issues; and (c) provide recommendations to eliminate flooding at several of the city's major businesses.

13. BOAT SHELTER SIDING

Joint Finance: Allow that boat shelters may have temporary sides made of flexible material with a minimum openness factor of 5% as long as all of the following conditions are met: (a) the sides are placed and maintained by the adjacent riparian landowner, easement holder, or his or her agent; (b) the boat is either registered with the state, or exempt from registration with the state; (c) the boat has a wooden hull, or is designated as a boat with significant historical or cultural value as determined by the Wisconsin Historical Society or a local or county historical society affiliated with the Wisconsin Historical Society; (d) the sides are located entirely within the riparian owner's riparian zone; (e) there are no more than two boat shelters for the first 100 feet of the owner's shoreline footage, and no more than one boat shelter for each additional 50 feet; (f) the structure is no more than 24 feet long, unless the boat is longer than 24 feet; and (g) the sides are placed at least 36 inches above the water surface.

For the purposes of determining eligible boat shelters, define "shoreline footage" as measured along a straight line connecting points where property lines meet the ordinary high-water mark. Define "riparian zone" for purposes of Chapter 30 (navigable waters) as the area that

extends from riparian land waterward to the line of navigation, determined in a way such that riparian zone lines between adjacent owners equitably apportion access to the line of navigation. Under current law, boat shelters are defined as structures in navigable waters that are designed and constructed for the purpose of providing cover for a berth place for watercraft, and that have a roof but no walls or sides.

14. RIPRAP PERMIT EXEMPTION

Joint Finance: Provide an exemption from permitting requirements for the placement of riprap of up to 200 linear feet in rivers and inland lakes, or 300 linear feet in a Great Lakes water body, as long as the following conditions are met: (a) the riprap is clean fieldstone or quarry stone with a diameter of at least six inches and no more than 48 inches; (b) the toe of the riprap does not extend more than eight feet waterward of the ordinary high-water mark; (c) the riprap slope is not steeper than one foot horizontal for each 1.25 feet vertical; (d) the riprap does not rise above 36 inches above the ordinary high-water mark, or above the storm-wave height as calculated using a method established by DNR rulemaking, whichever is higher; (e) the riprap follows the natural contour of the shoreline; (f) filter fabric or clean-washed gravel is used as a filter layer under the riprap; (g) no fill material or soil is placed in a wetland; (h) no fill material or soil is placed below the ordinary high-water mark of any navigable waterway, other than riprap and clean-washed gravel as a filter layer; (i) the riprap is not in an area of special natural resource interest; and (j) the riprap does not interfere with the riparian rights of other riparian owners.

15. DEFINITION OF POINT SOURCE

Joint Finance: Amend the definition of a point source of water pollution under s. 283.01(12) of the statutes to exclude: (a) agricultural storm water discharges; and (b) return flows from irrigated agriculture. Return flow from agricultural irrigation is drainage water that is not absorbed and that reenters the water system, typically via a surface stream. This provision amends the Wisconsin definition of point source to add language included in the federal definition. 1977 and 1987 amendments to the Clean Water Act modified the federal definition of point sources to include exemptions for agricultural storm water and irrigation return flows.

16. STUDY TRANSFER OF CAFO REGULATORY RESPONSIBILITY

Governor: Require DNR and the Department of Agriculture, Trade and Consumer Protection (DATCP) to jointly study the possibility of transferring the Department's regulatory activities associated with concentrated animal feeding operations (CAFOs) to DATCP. Require the Departments to report their findings to the Governor, Joint Committee on Finance, and other standing committees of the Legislature, as appropriate, by December 31, 2018.

The provision requires the study to consider whether: (a) DATCP may serve as a delegated agent of the Environmental Protection Agency for these regulatory purposes; (b) program operations would be improved by the transfer; (c) the transfer would have a financial impact on

the Wisconsin Pollutant Discharge Elimination System (WPDES) permit program; and (d) the Departments would recommend the transfer. The final report must include recommendations for an effective date for the transfer, the number of positions and funding that would be transferred, and a description of the effects of the transfer on each department's administrative rules. The administration indicates such a study should seek to determine whether DATCP would be best suited to carry out larger agricultural regulatory functions in addition to its agricultural duties.

CAFOs are defined as large-scale animal feeding operations (1,000 animal units or more, such as 700 milking cows, or 1,000 beef cattle), and smaller-scale animal feeding operations with certain discharges of pollutants into state waters. DNR regulates CAFOs as point sources of water pollution under the WPDES permit program. Program regulations limit manure, feed, and process wastewater from entering state waters. As of June 30, 2016, DNR reports 284 CAFOs were under permit.

Currently, DATCP administers land and water conservation programs in conjunction with DNR's nonpoint source pollution grant and regulatory programs. DATCP grants fund county land conservation staff and cost-share projects, which assist in implementation of county land and water resource management plans. Activities include cooperation with landowners to employ best management practices for manure and feed storage, installation of conservation practices, and implementation of plans to limit nutrient runoff. DATCP and DNR grants are intended to assist landowners in complying with nonpoint source pollution abatement regulatory standards set by DNR. DATCP administers certain regulatory programs for food safety, recreational establishments, plant and animal health, and agricultural chemical use, and DATCP also administers programs for agricultural market development and promotion.

Joint Finance: Delete provision as a non-fiscal policy item.

17. HYDROLOGY STUDY

SEG	$400,000

Joint Finance: Provide $400,000 environmental management SEG in 2017-18, in a new, continuing appropriation, on a one-time basis to the DNR Division of Environmental Management. Direct DNR to use the funding to conduct the hydrologic evaluation and modeling included in s. 281.37(7m) under 2017 Act 10 related to high-capacity wells. Act 10 requires DNR to evaluate and model the hydrology of three specified lakes and allows DNR to evaluate the hydrology of other streams and lakes in a specified designated study area.

18. LITTLE PLOVER RIVER GRANT

SEG	$100,000

Joint Finance: Provide $100,000 environmental management account SEG in 2017-18 to DNR, in a new biennial appropriation. Direct DNR to use the funds to provide a grant to the Village of Plover for the purpose of employing an engineering firm and other experts qualified in wetland restoration and watershed enhancement to design solutions to increase the flow in the Little Plover River. Repeal the appropriation on July 1, 2019.

19. GREAT LAKES COUNCIL DESIGNATION OF WATER SUPPLY SERVICE AREA

Governor: Authorize the Great Lakes - St. Lawrence River Basin Water Resources Council to delineate the proposed water supply service areas for a public water supply system making a withdrawal from the Great Lakes basin. Specify that the areas delineated by the Great Lakes Council do not have to be consistent with the approved areawide water quality management plan under current law.

Currently, areawide water quality planning agencies, designated by the Governor under DNR administrative code, develop areawide plans for managing surface water and groundwater, sewer service areas, and public water supply systems. While the bill does not name specific geographical areas, the administration indicates the intent of the provision is to codify in statutes the July 20, 2016, Great Lakes Council approval of the City of Waukesha to draw water from Lake Michigan. It is possible the provision could apply to other public water supply systems in the future.

Joint Finance: Delete provision as a non-fiscal policy item.

20. PECFA AWARDS [LFB Paper 480]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$3,800,000	$2,100,000	$5,900,000

Governor: Provide $2,950,000 in 2017-18 and $850,000 in 2018-19 from the petroleum inspection fund to increase the amount provided for petroleum environmental cleanup fund awards (PECFA). PECFA reimbursements would increase from $4,550,000 annually ($9,100,000 in the 2015-17 biennium) to $7,500,000 in 2017-18 and $5,400,000 in 2018-19 ($12,900,000 in the 2017-19 biennium). The PECFA program reimburses for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. Under 2015 Act 55, eligibility was eliminated for new sites as of July 20, 2015. The Act also specified that no claims for reimbursement of eligible costs can be submitted after June 30, 2020.

Joint Finance: Provide an additional $2,100,000 petroleum inspection fund SEG in 2018-19 for PECFA awards. This would provide $7,500,000 each year for awards, equaling $625,000 per month.

21. AIR MANAGEMENT PROGRAM FUNDING

	Funding	Positions
GPR	- $146,400	- 0.50
SEG	- 39,800	- 0.50
Total	- $186,200	- 1.00

Governor/Joint Finance: Delete $73,200 GPR annually, $19,900 SEG annually, 0.5 GPR position and 0.5 SEG position from the petroleum inspection fund to adjust funding for the air management program as follows:

a. Convert $30,000 annually from GPR to petroleum inspection SEG for operation of an ozone air quality monitoring station in Sheboygan. Funding was first authorized for this purpose in 2013 Act 20.

b. Convert $43,200 annually with 0.5 position from GPR to petroleum inspection SEG for administration of the motor vehicle emission inspection and maintenance program.

c. Delete $93,100 SEG annually with 1.0 SEG petroleum inspection fund position related to vapor recovery administration, and repeal the associated appropriation. The federal and state requirements for retail gasoline stations to install vapor recovery systems ended beginning in 2012, and a state grant program to reimburse gasoline stations for costs of removing vapor recovery equipment ended in 2014-15.

22. AIR PROGRAM REDUCTIONS

PR	- $735,800

Governor/Joint Finance: Delete $367,900 annually in program revenue expenditures from the air management program for regulation of stationary sources of air emissions and issuance of operation permits to operate the source. Stationary sources include fixed sources of air pollution, such as factories, power plants, and other business facilities. The reductions would be in expenditures for supplies, including: (a) $300,000 annually for federally-regulated sources that are required to obtain a permit to operate the source under U.S. EPA requirements; and (b) $67,900 annually for state-regulated sources that are required under state law, but not federal law, to obtain a permit, or for sources that voluntarily accept permit limits that reduce emissions enough to be regulated under the state program. The Department indicates that expenditure authority would be reduced to reflect expenditure levels in recent years.

23. MAINTENANCE OF AIR MONITOR

Joint Finance: Expand the purposes of the DNR air monitoring station appropriation and require that DNR use the appropriation to fund the operation and maintenance of an air quality monitoring station in a county where a sulfur dioxide monitor has been in place for three years as a result of sulfur dioxide monitoring requirements under 40 CFR 51 and the data requirement rule for the 2010 one-hour sulfur dioxide primary national ambient air quality standard published in the Federal Register on April 21, 2015. Authorize the Department to designate the monitor as a special purpose monitor under 40 CFR 58.20. DNR is aware of an air monitoring station that would meet the requirements under the motion beginning on January 1, 2020. The Expera-Kaukauna Thilmany Paper Mill began operating the air monitoring station on January 1, 2017, after installing it to meet requirements of the EPA data requirements rule for 2010 sulfur dioxide national ambient air quality standards. Under the provision, DNR could begin expending money from the appropriation for operation and maintenance of this air monitor as of January 1, 2020 (in 2019-20).

PROGRAM SUPPLEMENTS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$66,036,800	$21,682,000	$58,653,100	$36,971,100	170.5%	- $7,383,700	- 11.2%
PR	0	0	5,645,500	5,645,500	N.A.	5,645,500	N.A.
SEG	710,000	0	0	0	N.A.	- 710,000	- 100.0
TOTAL	$66,746,800	$21,682,000	$64,298,600	$42,616,600	196.6%	- $2,448,200	- 3.7%

FTE Position Summary

There are no authorized positions for Program Supplements.

Budget Change Item

1. JOINT COMMITTEE ON FINANCE APPROPRIATION FOR AGENCY SUPPLEMENTS [LFB Papers 345, 347, 349, 358, and 555]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $44,354,800	$36,971,100	- $7,383,700
SEG	- 710,000	0	- 710,000
PR	0	5,645,500	5,645,500
Total	- $45,065,600	$42,616,600	$2,448,200

Governor: As a standard budget adjustment, decrease funding by $22,177,400 GPR and $355,000 SEG annually to remove non-continuing elements from the base. Under this recommendation, $133,600 GPR annually would remain in the JFC supplemental appropriation for potential agency supplements in the 2017-19 biennium.

Joint Finance: Add the amounts identified in the table below to the Committee's supplemental appropriations.

Agency	Purpose	2017-18	2018-19	Fund
Children and Families	FoodShare - Child Support and Paternity Compliance IT Funding	$140,300	$0	GPR
Corrections	Geriatric Facility Staffing	0	4,535,000	GPR
DSPS	Information Technology Projects	2,200,000	2,200,000	PR
Health Services	Youth Crisis Facility	1,245,500	0	PR
Health Services	FoodShare Child Support and Paternity Compliance -- Administration	387,300	76,300	GPR
Health Services	FoodShare Employment and Training Pilot Project for Certain Adults with Dependents	1,454,400	2,782,000	GPR
Health Services	Family Care -- Direct Care Capitation Rate Increase	12,500,000	12,500,000	GPR
Justice	DCI Overtime	558,900	558,900	GPR
Military Affairs	WISCOM Software and IT	464,000	464,000	GPR
Transportation	Transportation Projects Commission Staff-Related Costs	550,000	0	GPR
	Total	$19,500,400	$23,116,200	All Funds
		16,054,900	20,916,200	GPR
		3,445,500	2,200,000	PR

PROSECUTOR BOARD

Budget Summary							
				Joint Finance Change to:			
	2016-17 Base	2017-19	2017-19	Governor		Base	
Fund	Year Doubled	Governor	Jt. Finance	Amount	Percent	Amount	Percent
GPR	$0	$0	$318,800	$318,800	N.A.	$318,800	N.A.

FTE Position Summary					
		2018-19	2018-19	Joint Finance Change to:	
Fund	2016-17 Base	Governor	Jt. Finance	Governor	2016-17 Base
GPR	0.00	0.00	2.00	2.00	2.00

Budget Change Item

1. CREATION OF A PROSECUTOR BOARD AND TRANSFER OF THE STATE PROSECUTORS OFFICE

	Funding	Positions
GPR	$318,800	2.00

Joint Finance: *Establish a Prosecutor Board.* Effective February 1, 2018, establish a Prosecutor Board (Board) consisting of 11 members, appointed for staggered three-year terms. Establish the Board as a separate agency of state government. Provide that the Board would be comprised of the following 11 members: (a) two District Attorneys (DA) from District II, District III, and District IV of the Court of Appeals appointed by a majority of the DAs from each district; (b) the DA and a deputy district attorney from District I of the Court of Appeals (Milwaukee County); (c) two nonelected prosecutors, each from a different county, appointed by a majority of nonelected prosecutors (excluding special prosecutors); and (d) the Attorney General or his or her designee. Notwithstanding the staggered three-year terms for the members of the Prosecutor Board, provide that for initial members, one member representing District II and District IV of the Court of Appeals, and one nonelected prosecutor member under "c", must serve for a one-year term. Further, one member representing District III and District I of the Court of Appeals and one nonelected prosecutor member under "c" must serve for a two-year term.

Establish the following duties for the Prosecutor Board: (a) submit the agency budget

request for the District Attorney function after the executive director of the State Prosecutors Office submits the budget to the Board and the Board approves the budget; (b) at least annually submit to the Joint Committee on Finance recommendations on the allocation of prosecutor resources; (c) appoint an attorney with experience in criminal prosecution as the executive director of the State Prosecutors Office; (d) oversee and set policy initiatives for the executive director of the State Prosecutors Office; and (e) review existing law or proposed legislation and make recommendations to the Legislature. Repeal the current law provision that the agency budget request for the District Attorney function is prepared by the Department of Administration (DOA). [The creation of the State Prosecutors Office under the Board is discussed below.]

Create two appropriations for the Prosecutor Board. First, create an annual GPR appropriation for program administration costs of the Office of State Prosecutors. Provide $93,800 GPR in 2017-18 and $225,000 in 2018-19 with 2.0 unclassified positions annually to this appropriation, in order to support 1.0 executive director of the State Prosecutors Office and 1.0 legislative liaison position for the State Prosecutors Office. Second, create a continuing gifts, grants, and proceeds PR appropriation that may receive all proceeds from services, conferences, and sales of publications and promotional materials to be used for the purposes for which the proceeds are made or received. Provide no funding to this continuing PR appropriation. [Although no funding would be appropriated to the gifts, grants, and proceeds PR appropriation, since the appropriation is continuing, the Prosecutor Board would be authorized to make expenditures from the appropriation based on available cash balances.]

Require the Prosecutor Board, in consultation with DOA, to submit to the Joint Committee on Finance by March 1, 2018, a plan to house the State Prosecutors Office in the space that, on the effective date of the bill, is occupied by the existing director of the State Prosecutors Office that currently exists in DOA. Require the plan to include provisions for the acquisition or release, as appropriate, of space; the relocation, if necessary, of staff and tangible personal property; and any other provisions necessary for the transition. Provide that the plan must provide office space for a legislative liaison and a space to accommodate meetings of the Prosecutor Board. Provide that the plan submitted by the Prosecutor Board would be subject to a 14-working day passive review process.

Provide that DOA must consult with the Prosecutor Board, as opposed to the District Attorneys, in maintaining, promoting, and coordinating automated justice information systems.

Establish an Office of State Prosecutors Under the Prosecutor Board. Establish an Office of State Prosecutors that is attached to DOA for administrative purposes only. Provide that the executive director of the State Prosecutors Office be appointed by the Prosecutor Board. Transfer the assets and liabilities, tangible personal property, contracts, pending matters, and rules and orders primarily related to the State Prosecutors Office that currently exists under DOA, as determined by the Secretary of DOA, to the Prosecutor Board. [Associated with this transfer, funding and position authority in DOA is reduced by $181,700 GPR and 1.0 GPR position annually. The issue of the funding reduction in DOA may be found under "Administration -- Transfers."]

Provide that the executive director of the State Prosecutors Office be assigned to executive salary group (ESG) six for the purposes of compensation. [Under the 2015-17 state employee compensation plan, the minimum annual salary for an individual assigned to ESG-6 is $88,712, while the maximum annual salary is $146,390.] Provide that the salary of the State Prosecutors Office' legislative liaison position be established by the appointing authority, subject to the restrictions otherwise set forth in statutes and the state employee compensation plan.

Establish the following duties for the executive director of the State Prosecutors Office: (a) manage and direct the State Prosecutors Office subject to the policy initiatives established by the Prosecutor Board; (b) prepare and submit to the Board for its approval a budget and any personnel and employment policies that the Board requires; (c) prepare and submit to the Board and other appropriate persons an annual report of the activities of the State Prosecutors Office in the form that the Board directs; (d) represent the Board before the Governor, the Legislature, bar associations, courts, and other appropriate entities; (e) appoint in the classified service an executive assistant and all other employees of the office; and (f) prepare fiscal estimates on bills affecting prosecutors or the State Prosecutors Office, including bills modifying or creating crimes or sentencing practices. Provide that the executive director may also identify methods and practices for district attorneys that promote professional competence, ethical practices, and evidence-based practices. With regards to making employee appointments under "e," the executive director would be required to notify the Prosecutor Board of any prospective appointment. If the Board does not object to the appointment within seven working days after notification, the executive director may make the appointment. If the Board objects to an appointment, the executive director may not make the appointment until approved by the Board. With regards to the preparation of fiscal estimates under "f", the executive director must consult with and obtain data from district attorneys, and must submit a draft copy of the fiscal estimate to the Board. If the Board does not object to the draft fiscal estimate within seven working days after received the estimate, the executive director may submit the fiscal estimate. If the Board objects to a draft fiscal estimate, the executive director may not submit the fiscal estimate until approved by the Board.

Provide that any bill that is introduced in either house of the Legislature that directly affects the State Prosecutors Office must have a notification to that effect in its bill jacket. Provide that when a bill is introduced with such a notification, the Legislative Reference Bureau must submit a copy of the bill to the State Prosecutors Office. In addition, provide that the executive director of the State Prosecutors Office must prepare fiscal estimates with respect to the provisions of any bill that affects prosecutors or the State Prosecutors Office, including bills modifying or creating crimes or sentencing practices.

Provide that, if a proposed administrative rule directly affects the State Prosecutors Office, the agency proposing the rule must, prior to submitting the proposed rule to Legislative Council staff, submit the proposed rule to the State Prosecutors Office. Require the State Prosecutors Office to prepare a report on the proposed rule before the rule is submitted to the Legislative Council staff. Provide that the State Prosecutors Office may request any information from other state agencies, local governments, individuals, or organizations that is reasonably necessary for the Office to prepare the report. Require the State Prosecutors Office to prepare the report within 30 days after the rule is submitted to the Office. Require the report to contain information about

the effect of the proposed rule on the State Prosecutors Office. Provide that this reporting requirement does not apply to emergency rules. Provide that the agency preparing the proposed rule must include the State Prosecutors Office report in its notice to the Legislature when the proposed rule is in final draft form.

Modify current law related to the appointment of a special prosecutor to provide that, if a District Attorney requests the appointment of a special prosecutor or if a court appoints a special prosecutor on its own motion, the District Attorney must notify the State Prosecutors Office (as opposed to the Department of Administration) that the DA or the court, whichever is appropriate, is unable to obtain assistance from another prosecutorial unit or from an assistant attorney general. Further, provide that a judge or DA must submit an affidavit to the State Prosecutors Office (as opposed to DOA), attesting that one of the necessary conditions for appointment of a special prosecutor exists. Provide that appointment of the special prosecutor must be approved by the State Prosecutors Office, and not DOA. [Under current law, the DA or the court must submit information and receive approval for special prosecutor appointments from DOA since the current law State Prosecutors Office is housed within DOA.]

Provide that the administrator of the Division of Personnel Management within DOA must establish one or more classifications for assistant district attorneys in consultation with the State Prosecutors Office. [Under current law, such consultation is not required.]

Modify current law to provide that a District Attorney may appoint temporary counsel as may be authorized by the Prosecutor Board, as opposed to the Department of Administration.

Require DOA to provide the State Prosecutors Office with general access to a case management system currently used by the Department of Justice to manage case-related information and to share information among prosecutors.

Limit of Authority of Prosecutor Board and State Prosecutors Office. Provide that neither the Prosecutor Board nor the executive director of the State Prosecutors Office may make any decision regarding the handling of any case or interfere with any district attorney in carrying out professional duties. Provide that neither the Board nor the Office may interfere with or infringe upon the autonomy of a district attorney or upon the authority of a district attorney to manage his or her own prosecutorial unit.

PUBLIC DEFENDER

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$169,240,600	$170,395,800	$173,254,400	$2,858,600	1.7%	$4,013,800	2.4%
PR	2,696,400	2,757,100	2,757,100	0	0.0	60,700	2.3
TOTAL	$171,937,000	$173,152,900	$176,011,500	$2,858,600	1.7%	$4,074,500	2.4%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	609.85	604.90	609.85	4.95	0.00
PR	5.00	5.00	5.00	0.00	0.00
TOTAL	614.85	609.90	614.85	4.95	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $5,883,000
PR	60,700
Total	- $5,822,300

Governor/Joint Finance: Provide adjustments to the base totaling -$2,973,900 GPR and $30,000 PR in 2017-18 and -$2,909,100 GPR and $30,700 PR in 2018-19. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (-$3,207,700 GPR and $7,500 PR annually); (b) overtime ($211,500 GPR and $2,800 PR annually); and (c) full funding of lease and directed moves costs ($22,300 GPR and $19,700 PR in 2017-18 and $87,100 GPR and $20,400 PR in 2018-19).

2. BLOCK GRANT APPROPRIATION FOR PROGRAM OPERATIONS [LFB Papers 485 and 487]

Governor: Consolidate all of the agency's GPR appropriations and all statutory language associated with appellate representation; trial representation; private bar and investigator reimbursement; salary adjustments; and transcripts, discovery, and interpreters into the current appropriation for program administration. Convert the appropriation for program administration

(base funding of $2,757,900 and 18.4 positions annually) from an annual appropriation to a biennial appropriation and rename the appropriation as program operations funded at $85,132,500 in 2017-18 and $85,263,500 in 2018-19 with 609.85 positions in 2017-18 and 604.9 positions in 2018-19. Of this amount, transferred funding is $82,343,800 in 2017-18 and $82,402,800 in 2018-19 and position authority accounts for 591.45 positions for trial and appellate representation in the renamed program operations' appropriation.

The following table identifies the funding and positions transferred within SPD to create the new "program operations" appropriation.

	2017-18	2018-19	Positions
Appellate representation			
Base	$4,581,700	$4,581,700	43.35
Standard Budget Adjustments	-496,900	-490,400	
Governor's Modifications	0	0	
Subtotal	$4,084,800	$4,091,300	
Trial representation			
Base	$53,657,300	$53,657,300	542.85
Standard Budget Adjustments	-2,533,000	-2,481,200	
Governor's Modifications	0	0	
Subtotal	$51,124,300	$51,176,100	
Private bar and investigator reimbursement			
Base	$21,210,400	$21,210,400	0
Standard Budget Adjustments	0	0	
Governor's Modifications	3,404,100	3,404,100	
Subtotal	$24,614,500	$24,614,500	
Private bar and investigator payments; administration costs			
Base	$606,000	$606,000	5.25
Standard Budget Adjustments	25,400	26,100	
Governor's Modifications	0	0	
Subtotal	$631,400	$632,100	
Salary adjustments			
Base	$481,300	$481,300	0
Standard Budget Adjustments	0	0	
Governor's Modifications	0	0	
Subtotal	$481,300	$481,300	
Transcripts, discovery and interpreters			
Base	$1,325,700	$1,325,700	0
Standard Budget Adjustments	0	0	
Governor's Modifications	81,800	81,800	
Subtotal	$1,407,500	$1,407,500	
Total	$82,343,800	$82,402,800	591.45

Create statutory language that would allow the SPD to request increased position authority within the general operations appropriation for GPR positions under a 14-day passive review. If within 14 working days after notification the Committee does not schedule a meeting to review the SPD's request, the SPD's request would be approved. If within 14 working days after notification the Committee schedules a meeting to review the SPD's request, the SPD's request for a position authority increase would need to be approved by the Committee during a hearing. No ability to increase funding is authorized under the new provision.

Modify current law provisions to allow payment from the program operations appropriation instead of from the repealed appropriations. Modify current law to no longer allow compensation of a court reporter or clerk of circuit court for the cost of "handling" transcripts or court records. The Public Defender has indicated that court reporters and clerks of court have charged less than $50 annually under the "handling" wording of current law.

Current law related to the repealed appropriations is identified below.

Appellate representation. As an annual appropriation, support the costs of appellate representation provided by the office of the state public defender.

Trial representation. As an annual appropriation, support the costs of trial representation provided by the office of the state public defender.

Private bar and investigator reimbursement. As a biennial appropriation, support the reimbursement of private attorneys appointed to act as counsel for a child or an indigent person and reimbursement for contracting for services of private investigators.

Private bar and investigator payments; administration costs. As an annual appropriation, support the administration costs of appointing private attorneys to act as counsel for children and indigent persons and of contracting for the services of private investigators.

Salary adjustments. As an annual appropriation, to support the costs of the salary adjustments for Assistant State Public Defenders.

Transcripts, discovery, and interpreters. As an annual appropriation, support the costs of interpreters and discovery materials and for the compensation of court reporters or clerks of circuit court for preliminary examination, trial, and appeal transcripts, and the payment of related costs.

Joint Finance: Modify the Governor's provision related to appropriation consolidation to create appropriation accounts (multiple numerics) within the appropriation to separately track expenditures for administration, appellate representation, trial representation, private bar and investigator reimbursement, private bar and investigator payments, administration costs, salary adjustments, and transcript, discovery and interpreter costs.

3. **PRIVATE BAR COSTS** [LFB Paper 486]

GPR	$6,808,200

Governor/Joint Finance: Provide $3,404,100 annually as a reestimate of funding to pay private bar attorney costs. The State Public Defender employs trial and appellate attorneys who

represent clients who qualify for SPD representation. However, staff attorneys cannot represent all clients who qualify for SPD representation. Overflow cases and cases in which staff attorneys may have a conflict of interest are assigned to private bar attorneys throughout the state, at a rate of $40 per hour for time spent related to a case, and $25 per hour for travel. Base funding for private bar and investigator reimbursements is $21,210,400.

4. COURT TRANSCRIPTS, DISCOVERY, AND INTERPRETER FUNDING [LFB Paper 487]

GPR	$163,600

Governor/Joint Finance: Provide $81,800 annually to support payments for transcripts, discovery, and interpreters. Base funding for the transcripts, discovery, and interpreters appropriation is $1,325,700. In 2015-16, the SPD incurred $2,406,100 in transcript, discovery, and interpreter costs.

5. PAY PROGRESSION [LFB Paper 261]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$66,400	$2,858,600	$2,925,000

Governor: Provide $66,400 in 2018-19 to support salary increases for eligible assistant state public defenders (ASPDs) under the pay progression plan. Base funding for pay progression for ASPDs is $481,300. The amounts provided under the bill are intended to support a 2% salary increase for ASPDs on October 1, 2018, as well as another 2% salary increase for ASPDs on May 1, 2019. [The timing and level of the salary increases for ASPDs are similar to the timing and level of salary increases budgeted for general state employees under compensation reserves (see "Budget Management and Compensation Reserves").] Notwithstanding the fact that funding provided under the bill is intended to support 2% salary increases for ASPDs on October 1, 2018, and May 1, 2018, the SPD would be authorized to utilize pay progression funding to award salary increases for eligible ASPDs at the start of the 2017-19 biennium.

Note that under a separate provision of the bill, the SPD's annual GPR appropriation for salary adjustments for ASPDs under the pay progression plan is deleted. Instead, under the bill, funding for salary adjustments under the pay progression plan would be included in a new biennial GPR appropriation utilized to support operations of the Office of the State Public Defender (see Item #2 above).

Under 2013 Act 20, ASPDs are compensated pursuant to a merit-based pay progression plan that consists of 17 hourly salary steps, with each step equal to one seventeenth of the difference between the ASPD's lowest possible salary ($23.68 per hour, or $49,254 annually) and the ASPD's highest possible annual salary ($57.22 per hour, or $119,018 annually). [In addition to the maximum salary rate, certain ASPDs may receive up to a $2.75 per hour add-on ($5,720 annually), based on merit, because of supervisory or managerial responsibilities.] Notwithstanding the creation of a 17 hourly salary step pay progression plan, the State Public

Defender may: (a) deny annual salary increases to individual ASPDs; and (b) increase the salary of individual ASPDs by up to 10% per year. In order to be eligible for pay progression, individuals generally must have served the state as an ASPD for a continuous period of 12 months or more.

Joint Finance: Provide an additional $799,000 in 2017-18 and $2,059,600 in 2018-19 to support a 5% average salary increase for ASPDs in 2017-18 and 2018-19. In total, this would result in SPD pay progression funding totaling $1,280,300 in 2017-18 and $2,607,300 in 2018-19.

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
GPR	- 4.95	4.95	0.00

Governor: Delete -4.95 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the program administration appropriation (4.95 GPR positions). Funding associated with the positions ($473,400 GPR) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the State Public Defender's Board but would become DOA employees rather than employees of the State Public Defender's Board.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Exempt the Public Defender Board from the from the human resources shared services program.

PUBLIC INSTRUCTION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$11,822,173,000	$12,240,457,100	$12,257,425,200	$16,968,100	0.1%	$435,252,200	3.7%
FED	1,756,228,600	1,758,688,900	1,758,688,900	0	0.0	2,460,300	0.1
PR	87,497,600	92,265,100	93,235,400	970,300	1.1	5,737,800	6.6
SEG	116,165,000	112,227,500	113,727,500	1,500,000	1.3	- 2,437,500	- 2.1
TOTAL	$13,782,064,200	$14,203,638,600	$14,223,077,000	$19,438,400	0.1%	$441,012,800	3.2%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	250.47	251.47	252.47	1.00	2.00
FED	314.84	312.84	312.84	0.00	- 2.00
PR	81.69	71.69	76.69	5.00	- 5.00
TOTAL	647.00	636.00	642.00	6.00	- 5.00

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR K-12 EDUCATION [LFB Paper 490]

Governor: Provide $5,641,629,100 in 2017-18 and $5,895,686,700 in 2018-19 for general and categorical school aids. Compared to the 2016-17 base level funding of $5,444,553,300, school aids would increase by $197,075,800 (3.6%) in 2017-18 and $451,133,400 (8.3%) in 2018-19. These proposed funding levels would represent annual changes to the prior year of 3.6% in 2017-18 and 4.5% in 2018-19.

Under the traditional definition of state funding for support of K-12 education (the sum of state general and categorical school aids, the school levy and first dollar credits, and the general program operations appropriation for the program for the deaf and the center for the blind), the

bill would increase state support from the base amount of $6,458,791,200 in 2016-17 to $6,742,548,000 in 2017-18 and $6,996,605,600 in 2018-19. These proposed funding levels would represent annual changes to the prior year of 4.4% in 2017-18 and 3.8% in 2018-19.

Using the traditional definition of partial school revenues (the sum of state school aids and property taxes levied for school districts), the administration estimates that state support of partial school revenues would increase from 63.7% in 2016-17 to approximately 64.0% in 2017-18 and 64.8% in 2018-19. These estimates incorporate the state support funding in the bill, which is presented in Table 1.

Joint Finance: Provide $5,631,907,500 in 2017-18 and $5,896,471,100 in 2018-19 for general and categorical school aids. Compared to the Governor's recommendations, school aids would be reduced by $9,721,600 in 2017-18 and increased $534,400 in 2018-19. Compared to the 2016-17 base year, school aids would increase by $187,354,200 (3.4%) in 2017-18 and $451,667,800 (8.3%) in 2018-19. These proposed funding levels would represent annual changes to the prior year of 3.4% in 2017-18 and 4.7% in 2018-19.

Using the traditional definition of state support of K-12 education, total funding would increase from $6,458,791,200 in 2016-17 to $6,732,826,400 in 2017-18 and $6,997,140,000 in 2018-19. These funding levels would represent annual changes to the prior year of 4.2% in 2017-18 and 3.9% in 2018-19. With the changes to K-12 school finance adopted by Joint Finance, it is estimated that state support of partial school revenues would be 64.8% in 2017-18 and 65.7% in 2018-19. A summary of the funding amounts for state support under the recommendations of the Governor and Joint Finance is presented in Table 1.

TABLE 1

State Support for K-12 Education

State Funding	2016-17 Base Year	Governor 2017-18	Governor 2018-19	Joint Finance 2017-18	Joint Finance 2018-19
General School Aids	$4,600,928,000	$4,600,928,000	$4,673,678,000	$4,600,928,000	$4,673,678,000
Categorical Aids	843,625,300	1,040,701,100	1,222,008,700	1,030,979,500	1,222,543,100
School Levy Tax Credit	853,000,000	940,000,000	940,000,000	940,000,000	940,000,000
First Dollar Credit	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
State Residential Schools	11,237,900	10,918,900	10,918,900	10,918,900	10,918,900
Total	$6,458,791,200	$6,742,548,000	$6,996,605,600	$6,732,826,400	$6,997,140,000
Change to Prior Year:					
Amount		$283,756,800	$254,057,600	$274,035,200	$264,313,600
Percent		4.4%	3.8%	4.2%	3.9%
Change to Base:					
Amount		$283,756,800	$537,814,400	$274,035,200	$538,348,800
Percent		4.4%	8.3%	4.2%	8.3%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the funding recommendations of the Governor and Joint Finance for each general and categorical school aid program as compared to the 2016-17 base funding level. The

recommendations of the Governor and Joint Finance relating to individual school aid programs are summarized in the items that follow.

TABLE 2

State Support for K-12 Education by Fund Source

	2016-17	Governor		Joint Finance	
	Base Year	2017-18	2018-19	2017-18	2018-19
GPR					
General School Aids	$4,600,928,000	$4,600,928,000	$4,673,678,000	$4,600,928,000	$4,673,678,000
Categorical Aids	794,012,700	980,709,400	1,167,517,000	970,987,800	1,168,051,400
School Levy Tax Credit	853,000,000	940,000,000	940,000,000	940,000,000	940,000,000
First Dollar Credit	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
State Residential Schools	11,237,900	10,918,900	10,918,900	10,918,900	10,918,900
GPR Subtotal	$6,409,178,600	$6,682,556,300	$6,942,113,900	$6,672,834,700	$6,942,648,300
PR					
Categorical Aids	$1,507,500	$1,507,500	$1,507,500	$1,507,500	$1,507,500
SEG					
Categorical Aids	$48,105,100	$58,484,200	$52,984,200	$58,484,200	$52,984,200
Total State Support - All Funds	$6,458,791,200	$6,742,548,000	$6,996,605,600	$6,732,826,400	$6,997,140,000

TABLE 3

General and Categorical School Aid by Funding Source

Agency	Type and Purpose of Aid	2016-17 Base Year	Governor 2017-18	Governor 2018-19	Joint Finance 2017-18	Joint Finance 2018-19
	General Aid					
DPI	General School Aids	$4,584,098,000	$4,584,098,000	$4,656,848,000	$4,584,098,000	$4,656,848,000
	High Poverty Aid	16,830,000	16,830,000	16,830,000	16,830,000	16,830,000
	Total General Aid	$4,600,928,000	$4,600,928,000	$4,673,678,000	$4,600,928,000	$4,673,678,000
	Categorical Aid--GPR Funded					
DPI	Special Education	$368,939,100	$368,939,100	$368,939,100	$368,939,100	$368,939,100
	High-Cost Special Education Aid	8,500,000	8,500,000	8,500,000	9,239,000	9,353,800
	Supplemental Special Education Aid	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
	Spec. Ed. Transitions Incentive Grants	100,000	2,700,000	3,600,000	2,700,000	3,600,000
	Transition Readiness Investment Grant	0	0	1,500,000	0	1,500,000
	Per Pupil Aid	210,992,800*	378,852,300	551,866,100	378,180,000	549,098,400
	Achievement Gap Reduction	109,184,500	109,184,500	109,184,500	109,184,500	109,184,500
	SAGE -- Debt Service	133,700	133,700	133,700	133,700	133,700
	Pupil Transportation	23,954,000	24,000,000	24,000,000	24,000,000	24,000,000
	High Cost Transportation	7,500,000	12,700,000	12,700,000	12,700,000	12,700,000
	Sparsity Aid	17,674,000	27,635,100	27,793,500	18,496,200	18,759,300
	Personal Electronic Computing Device Grants **	0	0	0	0	9,187,500
	Bilingual-Bicultural Education	8,589,800	8,589,800	8,589,800	8,589,800	8,589,800
	Tuition Payments	8,242,900	8,242,900	8,242,900	8,242,900	8,242,900
	Head Start Supplement	6,264,100	6,264,100	6,264,100	6,264,100	6,264,100
	Educator Effectiveness Grants	5,746,000	5,746,000	5,746,000	5,746,000	5,746,000
	School Lunch	4,218,100	4,218,100	4,218,100	4,218,100	4,218,100
	County Children with Disabilities Educ. Boards	4,067,300	4,067,300	4,067,300	4,067,300	4,067,300
	Performance Improvement Grants **	0	0	3,690,600	0	3,690,600
	Performance Funding Grants	0	0	1,954,600	0	0
	Aid for School Mental Health Programs	0	0	3,000,000	0	3,000,000
	Shared Services	0	0	0	0	2,000,000
	Whole Grade Sharing	0	0	0	0	750,000
	Consolidation Aid	0	0	0	0	0
	School Breakfast	2,510,500	2,510,500	2,510,500	2,510,500	2,510,500
	Mental Health Collaboration Grant	0	0	2,500,000	0	3,250,000
	Peer Review and Mentoring	1,606,700	1,606,700	1,606,700	1,606,700	1,606,700
	Summer School Program Grants **	0	1,400,000	1,400,000	0	1,400,000
	Four-Year-Old Kindergarten Grants	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
	School Day Milk	617,100	617,100	617,100	617,100	617,100
	Rural School Teacher Talent Pilot Program	0	0	0	500,000	500,000
	Aid for Transportation--Open Enroll./Early College	434,200	454,200	454,200	454,200	454,200
	Robotics League Participation Grants	250,000	0	0	250,000	250,000
	Gifted and Talented	237,200	237,200	237,200	237,200	237,200
	Supplemental Aid	100,000	100,000	100,000	100,000	100,000
	Aid for Transportation--Youth Options	17,400	0	0	0	0
DOA	Debt Service -- Tech. Infrastructure Bonding	1,033,300	910,800	1,001,000	911,400	1,000,600
	Total Categorical Aid--GPR Funded	$794,012,700	$980,709,400	$1,167,517,000	$970,987,800	$1,168,051,400
	Categorical Aid--PR Funded					
DPI	AODA	$1,284,700	$1,284,700	$1,284,700	$1,284,700	$1,284,700
	Tribal Language Revitalization Grants	222,800	222,800	222,800	222,800	222,800
	Total Categorical Aid--PR Funded	$1,507,500	$1,507,500	$1,507,500	$1,507,500	$1,507,500
	Categorical Aid--SEG Funded					
DPI	School Library Aids	$38,000,000	$35,000,000	$37,000,000	$35,000,000	$37,000,000
DOA	Educ. Telecommunications Access Support ***	10,105,100	23,484,200	15,984,200	23,484,200	15,984,200
	Total Categorical Aid--SEG Funded	$48,105,100	$58,484,200	$52,984,200	$58,484,200	$52,984,200
	Total Categorical Aid--All Funds	$843,625,300	$1,040,701,100	$1,222,008,700	$1,030,979,500	$1,222,543,100
	Total School Aid--All Funds	$5,444,553,300	$5,641,629,100	$5,895,686,700	$5,631,907,500	$5,896,221,100

* Reflects base funding after removal of one-time funding for 2015-16 enrollments paid in 2016-17

** Under the bill, these appropriations would be excluded from the categorical aid total for indexing the choice and charter payments.

*** Not all of the funding shown in 2017-18 and 2018-19 may go to school districts.

2. GENERAL SCHOOL AIDS [LFB Paper 490]

GPR	$72,750,000

Governor/Joint Finance: Provide $72,750,000 in 2018-19 for general school aids. The general school aids appropriation funds equalization, integration, and special adjustment aid. General school aids funding would remain at base level funding of $4,584,098,000 in 2017-18 and increase to $4,656,848,000 in 2018-19. This would represent an increase of 1.6% in 2018-19 compared to the prior year.

3. REVENUE LIMIT ADJUSTMENT FOR ENERGY EFFICIENCY MEASURES [LFB Paper 492]

Governor: Specify that school districts would not be able to adopt a school board resolution to utilize the energy efficient adjustment under revenue limits after the effective date of the bill. Under this provision, school districts could still fund this type of project within their revenue limit, or seek voter approval through a referendum to exceed revenue limits.

The 2009-11 budget act created a nonrecurring adjustment for energy efficiency measures. Under the adjustment, a school district's revenue limit is increased by the amount spent by the district in that year on a project to implement energy efficiency measures or to purchase energy efficient products. The project must result in the avoidance of, or reduction in, energy costs or operational costs, and be governed by a performance contract entered into under statutory municipal law provisions. A school board must adopt a resolution to use this adjustment.

The adjustment may be used for the payment of debt service on bonds and notes issued or state trust fund loans obtained to finance the project. Such bonds or notes may not be issued or loans be obtained for a period exceeding 20 years, and the resolution adopted by a school board is valid for each year in which the board pays debt service on the bond, note, or state trust fund loan.

In 2016-17, 120 school districts were eligible for energy efficiency adjustments totaling $79.8 million.

Joint Finance: Modify the Governor's recommendation by prohibiting districts from adopting a resolution to utilize the adjustment between January 1, 2018 and December 31, 2018.

4. SCHOOL LEVY TAX CREDIT

Governor/Joint Finance: Increase the school levy tax credit distribution beginning in the 2017(18) property tax year by $87.0 million, above base level funding of $853.0 million. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

5. REVENUE LIMIT PER PUPIL ADJUSTMENT [LFB Paper 490]

Governor/Joint Finance: Maintain current law as established in the 2013-15 biennial budget (2013 Act 20) under which there would be no per pupil adjustment under revenue limits in the 2015-16 school year and each year thereafter.

6. LOW REVENUE ADJUSTMENT [LFB Paper 490]

Joint Finance: Increase the low revenue adjustment under revenue limits from the current law $9,100 per pupil to $9,300 per pupil in 2017-18, $9,400 per pupil in 2018-19, $9,500 per pupil in 2019-20, $9,600 per pupil in 2020-21, $9,700 per pupil in 2021-22, and $9,800 per pupil in 2022-23 and each year thereafter. It is estimated that statewide revenue limit authority would increase by $5.1 million in 2017-18 and $18.1 million in 2018-19 compared to the bill.

Under the low revenue adjustment, if the base revenue per pupil for a district is below a statutorily-specified amount, a district may increase its revenue to that amount. The low revenue adjustment amount in 2016-17 is $9,100 per pupil. Under current law, that amount will remain at $9,100 per pupil in subsequent years.

7. SCHEDULING OF SCHOOL DISTRICT REFERENDA

Joint Finance: Limit school district referenda to exceed revenue limits or issue bonds to being held only on regularly-scheduled election days (spring primary or election or partisan primary or general election) or on the second Tuesday of November in odd-numbered years. Specify that districts would be restricted to holding referenda on two dates per year. Specify that, for a school district that has experienced a natural disaster, including a fire, that causes the school district's costs to increase, a district could call a special referendum to be held within the six-month period immediately following the natural disaster, provided the special referendum would be held not sooner than 70 days after the adoption of the initial resolution. Specify that a referendum held after a natural disaster would not count towards the two-date limit or be limited to the dates specified above. Specify that these provisions would apply to school board resolutions to exceed revenue limits or issue bonds that are adopted after January 1, 2018.

Categorical Aids

1. REMOVAL OF DELAYED PER PUPIL AID FUNDING FROM BASE

GPR	- $253,191,200

Governor/Joint Finance: Delete $126,595,600 annually in per pupil aid to reflect removal of funding for the one-time delayed payment of this aid.

Under the 2015-17 budget act, per pupil aid for 2015-16 enrollments was paid on a one-time delayed basis in the 2016-17 fiscal year. As a result, no funding was appropriated for per pupil aid in 2015-16, but $337,588,400 was appropriated in 2016-17 for both the delayed $150 per pupil payment for 2015-16 enrollments and the $250 per pupil payment paid on a current year basis for 2016-17 enrollments. After removal of $126,595,600 annually related to 2015-16 payments, there would remain $210,992,800 in annual base funding, which would fund the ongoing $250 per pupil payment.

2. PER PUPIL AID FUNDING INCREASE [LFB Papers 490 and 491]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$508,732,800	- $3,440,000	$505,292,800

Governor: Provide $167,859,500 in 2017-18 and $340,873,300 in 2018-19 in per pupil aid to increase the payment from $250 per pupil in 2016-17 to up to $450 per pupil in 2017-18 and up to $654 per pupil in 2018-19. Base level funding associated with the current $250 per pupil amount is $210,992,800.

A district would be eligible for an additional $188 per pupil in 2017-18 and $380 per pupil in 2018-19 and each year thereafter under the bill if it meets the following conditions:

a. The school board annually submits a statement to DPI certifying that the school board will distribute this portion of aid to the school administrator of a school in the district, based on the number of pupils enrolled in the school. This requirement would be ongoing.

b. The school district certifies to DPI in each of the 2017-18 and 2018-19 school years that employees of the school district will be required to pay at least 12 percent of all costs and payments associated with employee health care coverage plans in that school year. This requirement would not be ongoing.

Under the bill, a district would be eligible for an additional $12 per pupil in 2017-18 and $24 per pupil in 2018-19 in per pupil aid, subject to the two certifications above, if the Secretary of the Department of Administration lapses funding from state compensation reserves related to the state contracting to provide self-insured group health plans for state employees. [See "Budget Management and Compensation Reserves" for more information on this item.] This provision would not be ongoing.

Under the bill, all districts would remain eligible for the $250 per pupil payment under current law.

Joint Finance: Approve the Governor's funding recommendation, as reestimated based on statewide enrollment projections by -$672,300 GPR in 2017-18 and by -$2,767,700 GPR in 2018-19, to provide $167,187,200 GPR in 2017-18 and $338,105,600 GPR in 2018-19 in per pupil aid. Provide that the payment would increase from $250 per pupil in 2016-17 to $450 per pupil in 2017-18 and $654 per pupil in 2018-19. Specify that the payment would be $630 per pupil in 2019-20 and annually thereafter. (As under the Governor's recommendation, $24 per pupil would be one-time funding in 2018-19.)

Delete the provisions relating to school district certifications on the distribution of per pupil aid to schools in the district as well as employees paying at least 12% of employee health care coverage plan costs. Instead, require districts to report annually to DOA regarding employee health care, including health care plan design, premium contributions, self-insurance contributions, deductibles, copayments, coinsurance, and other methods by which employees

contribute to health care costs. Require DOA to report this information annually to the Joint Finance Committee and the appropriate standing committees of the Legislature.

Delete the provision making a portion of per pupil aid contingent on funding lapsing from state compensation reserves related to state employee self-insurance.

3. SPARSITY AID [LFB Paper 500]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$20,080,600	- $18,173,100	$1,907,500

Governor: Provide $9,961,100 in 2017-18 and $10,119,500 in 2018-19 above base level funding of $17,674,000 for sparsity aid for small, rural districts.

Increase payments for districts that meet current law eligibility requirements by $100 to a total of $400 per pupil. Additionally, provide that school districts meeting the following criteria would qualify for aid under the program equal to $100 per pupil: (a) an enrollment of between 745 and 1,000 pupils; and (b) a population density of less than 10 pupils per square mile of district attendance area.

Delete current law allowing DPI to use any funds remaining in the appropriation after paying the full amount to eligible districts to provide $300 per pupil to any district that received aid under the program in the previous year but had an enrollment of greater than 745 pupils in the current year.

Under current law, districts qualify for $300 per pupil if, in the prior school year, they had an enrollment of less than 745 pupils and had a population density of less than 10 pupils per square mile of district attendance area. If funding is insufficient, payments are prorated. In 2016-17, 141 school districts qualified for aid, and aid was prorated at 97%, or $291 per pupil. An additional 40 districts would have qualified for aid under the proposal based on enrollment of between 745 and 1,000 pupils and population density of less than 10 pupils per square mile.

Joint Finance: Delete the Governor's proposal to increase the per pupil payment from $300 to $400 and provide $100 per pupil for districts with between 745 and 1,000 pupils and a population density of fewer than 10 pupils per square mile. This change would result in a reduction in funding under the bill by $9,288,900 GPR in 2017-18 and $9,184,200 GPR in 2018-19.

Additionally, specify that beginning in the 2017-18 school year, any district that qualified for sparsity aid in one year but did not qualify the following year would receive 50% of its prior year award in the year in which it became ineligible for sparsity aid. (In 2016-17, two districts -- Erin and Spring Valley -- would have qualified for $146,300 in additional aid under this provision.) Provide an additional $150,000 GPR annually to fund this change.

Delete current law requiring that if an unencumbered balance remains in the sparsity aid appropriation after the full payment amount has been distributed to eligible school districts, DPI

must pay each district that received sparsity aid in the previous school year but did not qualify in the current year due to an increase in its membership an amount equal to $300 multiplied by the district's membership used to calculate sparsity aid in the previous school year.

As a result of these changes, total funding would be reduced by $9,138,900 GPR in 2017-18 and $9,034,200 GPR in 2018-19 relative to the bill.

4. HIGH COST TRANSPORTATION AID [LFB Paper 501]

GPR	$10,400,000

Governor: Provide $5,200,000 annually above base level funding of $7,500,000 for high-cost transportation aid.

Under current law, districts qualify for aid if they meet the following eligibility requirements: (a) a transportation cost per member greater than 150% of the state average in the prior year; and (b) a pupil population density of 50 pupils per square mile or less, calculated by dividing the school district's membership in the previous school year by the district's area in square miles. In 2015-16, 128 districts qualified for aid, and aid was prorated at 60.4%. It is estimated that the funding in this item would provide full funding for the program.

Joint Finance: Create a stop-gap measure requested in errata materials submitted to the Committee that would provide aid to any district that qualified for high cost transportation aid in the immediately preceding school year but is ineligible for aid in the current school year because its transportation costs did not exceed the aid threshold. Beginning in 2017-18, provide that such a district would receive an amount equal to 50% of its prior year award in the year in which it became ineligible for aid under the program. Specify that the sum of all payments under the stop-gap measure could not exceed $200,000 in any fiscal year, and require the State Superintendent to prorate payments to districts that qualify for aid under this provision if total payments would exceed $200,000.

In addition, expand the program so that it would apply to transportation cost above 145% of the statewide average, rather than 150% as under current law. As a result, based on 2016-17 data, it is estimated that the proration rate would equal approximately 78%.

5. PUPIL TRANSPORTATION AID -- REIMBURSEMENT RATES

GPR	$92,000

Governor/Joint Finance: Provide $46,000 annually above base funding of $23,954,000 for pupil transportation aid.

Increase the reimbursement rate for pupils transported over 12 miles between home and school from $300 to $365 per pupil beginning with the 2017-18 school year. Additionally, increase the summer school reimbursement rate from $4 to $10 for a pupil transported between 2-5 miles, and from $6 to $20 for a pupil transported for more than five miles.

It is estimated that the additional funding would be sufficient to fully fund payments at the higher rates. The current law and proposed reimbursement rates are shown in the following table.

	Full Year		Summer School	
Mileage	Current Law	Bill	Current Law	Bill
0-2 (hazardous area)	$15	$15	--	--
2-5	35	35	$4	$10
5-8	55	55	6	20
8-12	110	110	6	20
Over 12 miles	300	365	6	20

6. PUPIL TRANSPORTATION -- PUPIL TRANSPORTED FOR PARTIAL YEAR

Governor/Joint Finance: Delete current law requiring DPI to proportionately reduce transportation aid payments to school districts for pupils transported for less than a full year because they are no longer enrolled in the district. Specify that this change would first apply in the 2017-18 school year.

7. EARLY COLLEGE CREDIT PROGRAM -- AID FOR TRANSPORTATION

GPR	$5,200

Governor/Joint Finance: Delete the appropriation for aid for transportation for youth options, equal to $17,400 GPR annually. Provide $20,000 annually above base level funding of $434,200 in the appropriation for aid for transportation for open enrollment and the early college credit program.

8. SPECIAL EDUCATION TRANSITIONS INCENTIVE GRANT [LFB Paper 502]

GPR	$6,100,000

Governor: Provide $2,600,000 in 2017-18 and $3,500,000 in 2018-19 above base level funding of $100,000 for special education transitions incentive grants to school districts or independent "2r" charter schools. A corrective amendment would be required to allow DPI to award grants in 2017-18 or future years.

Under current law, school districts or certain independent charter schools are eligible for up to $1,000 in 2016-17 for each pupil who meets the following criteria: (a) attended school in the district or charter school in 2014-15 or 2015-16; (b) had an individualized education program (IEP) in place; and (c) has been enrolled in a higher education program, another postsecondary education or training program, or competitively employed for at least 90 days. Aid is prorated if the appropriation is insufficient to meet the eligible district claims, and DPI estimates that $60 per pupil will be paid in 2016-17. It is estimated that the funding in the bill would fully fund payments of $1,000 per pupil eligible under the program.

Joint Finance: Modify statutory language to allow DPI to award grants in the 2017-18 school year and later. Specify that DPI would be required to award grants annually. Specify that grants could be awarded to a school district or independent charter school on behalf of pupils who meet the following criteria during the school year prior to the school year preceding the

school year in which the school district or charter school applies to receive a grant: (a) the pupil was enrolled in a high school in the district or a high school grade in the charter school; (b) the pupil exited the high school in the district or the charter school; and (c) an individualized education program was in place for the pupil. Grants would be awarded for pupils who enrolled in a higher education program or other postsecondary education or training program or were competitively employed within one year of exiting high school. Require DPI to prorate the amount of the grants if funding is insufficient to pay the full amount of payments in any fiscal year.

Additionally, allow independent "2x" charter schools to qualify for funding under the program.

9. SPECIAL EDUCATION TRANSITION READINESS GRANT

GPR	$1,500,000

[LFB Paper 503]

Governor: Provide $1,500,000 in 2018-19 for a new program for special education transition readiness investment grants. A corrective amendment would be required to accomplish the intent of the bill.

Joint Finance: Approve a corrective amendment requested by DOA that would create statutory language defining the program. Under the program, DPI would be required to award grants of not less than $25,000 nor more than $100,000 to school districts and independent charter schools. Provide that these grants would fund special education workforce transition support services, including pupil transportation, professional development for school personnel, and employing adequate school personnel. Require DPI to develop rules to implement and administer the program.

10. REIMBURSEMENT OF SPECIAL EDUCATION COSTS

Governor/Joint Finance: Specify that an independent charter school or a noninstrumentality charter school would be allowed to employ personnel for a special education program or contract with private or public agencies for services for special education pupils on the basis of demonstrated need. As under current law for school district charter schools and independent charter schools, require DPI to certify to the Department of Administration (DOA) the amount expended by each noninstrumentality charter school for salaries of personnel and services provided for special education pupils and other expenses approved by the State Superintendent as costs eligible for reimbursement from the appropriation for special education aid. Require the school board to pay special education aid received on behalf of each noninstrumentality charter school to the operator of the school within 30 days of its receipt.

Require a school board, board of control of a cooperative educational service agency (CESA), operator of an independent charter school, or a county children with disabilities education board (CCDEB) upon authorization of the county board to provide special or additional transportation for pupils with disabilities as required in the pupil's individualized education program. Require the operator of a noninstrumentality charter school to provide

special or additional transportation for a pupil with a disability only if the contract between the operator and the school board requires the operator to provide special or additional transportation.

Specify that if the State Superintendent is satisfied that a school board, board of control, charter school operator, or CCDEB has provided special or additional transportation during the previous school year, the State Superintendent would be required to certify to DOA an amount equal to the cost of the special or additional transportation as costs eligible for reimbursement from the appropriation for special education aid. For noninstrumentality charter schools, require the school board to pay the amount of special education aid received for transportation on behalf of the school to the operator of the school within 30 days of its receipt. Delete a current law restriction that pupils for whom this aid is received are not also eligible for pupil transportation aid.

Allow the State Superintendent to audit costs related to special education transportation and services and adjust the amounts eligible for reimbursement to cover only actual, eligible costs.

Delete the requirement that the certification of aidable special education expenditures be made only after the receipt of a plan required under current law providing assurances that all conditions required under federal special education law have been met.

11. HIGH COST SPECIAL EDUCATION AID PROGRAM

GPR	$1,592,800

Joint Finance: Provide $739,000 in 2017-18 and $853,800 in 2018-19 in the appropriation for high cost special education aid. Specify that under the program, school districts could qualify for reimbursement of 90% of eligible prior year costs above $30,000, rather than 70% as under current law. Specify that this change would first apply to aid paid in the 2017-18 school year. It is estimated that the additional funding would be sufficient to fully fund the modified program.

12. SPECIAL EDUCATION -- PRIVATE SCHOOL FISCAL AGENT

Governor: Require the ombudsman designated by DPI under current law to ensure that private school pupils have equal access to special education services, to identify a fiscal agent to receive federal funding for providing special education services and other benefits to private school pupils, teachers, and other educational personnel. Require the fiscal agent to distribute federal funds in accordance with federal law. Specify that a private school could direct the fiscal agent to distribute any federal funding for which the private school is eligible to the school board of the school district in which the private school is geographically located.

Specify that the provision above would apply only if any of the following occurs: (a) federal law does not require federal special education funding to be received and administered by a public entity; (b) a waiver is granted by the federal Department of Education (DOE) that allows federal special education funds to be received by a private entity; or (c) DOE creates a nationwide bypass under which DOE directly provides equitable services to pupils, teachers, and

other educational personnel through a private entity.

Under current federal law, only public education agencies, including public school districts, are eligible to receive federal education funds. Districts are required to provide equitable services to private school pupils with disabilities, and are required to spend a proportionate share of federal special education funds on such private school pupils. Federal law requires state education agencies to identify an ombudsman to monitor and enforce requirements related to equity for private school pupils. In general, private schools are not subject to the same requirements as public schools under state and federal law related to services for pupils with disabilities, such as requirements to identify pupils with disabilities and develop and implement individualized educational plans for pupils with disabilities.

Joint Finance: Delete provision.

13. MILWAUKEE PERFORMANCE FUNDING [LFB Paper 504]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$5,645,200	- $1,954,600	$3,690,600

Governor: Provide $5,645,200 in 2018-19 for performance funding for Milwaukee public schools, school district charter schools, independent charter schools, and private schools participating in the Milwaukee private school choice program. Eligible schools must be located within the City of Milwaukee.

Of the total, allocate $1,954,600 for distribution among eligible schools placed in a performance category of "significantly exceeds expectations" or "exceeds expectations" on the school accountability report published by DPI in the immediately preceding school year. Specify that each school would receive a per pupil payment calculated by dividing the total amount of funding by the total number of pupils enrolled in each school eligible to receive an award.

The remaining $3,690,600 would be allocated to eligible schools that increase by at least three points their numeric accountability score used to determine the school's performance category on the school accountability report published by DPI in the prior school year compared to two years prior. Each school would receive a per pupil payment calculated by dividing the total amount of funding by the total number of pupils enrolled in each school eligible to receive an award.

Prohibit DPI from awarding funds before the Department of Administration approves the per pupil amounts calculated as described above. Require the Board of Directors of the Milwaukee Public Schools to distribute performance funds to the school administrator of the school that earned the award.

Joint Finance: Delete $1,954,600 in 2018-19 for eligible schools placed in a performance category of "significantly exceeds expectations" or "exceeds expectations" on the school

accountability report published by DPI.

Allow school performance improvement grants funded from the remaining $3,690,600 in 2018-19 to be awarded to any school, including a public school, independent charter school, or private choice school, located in a school district that received an overall rating of "Fails to Meet Expectations," in addition to schools located within the boundaries of Milwaukee Public Schools. Specify that to qualify for a grant, a school would be required to meet the following criteria: (a) develops a written school improvement plan to improve pupil performance in math and reading; and (b) if the school received funds under this program in the previous year, the school's overall accountability score improved from its score two years prior to the previous year.

Additionally, specify that for private choice schools eligible for funding under the program, only pupils attending the private school under a private school choice program would be counted for the purpose of calculating and distributing funding under the program.

As under the Governor, grant amounts would be determined by dividing the total amount of available funding by the number of pupils enrolled in schools eligible for a grant in each year. DPI would be prohibited from awarding funds before DOA approves the calculation of the per pupil amount. Require a school board to distribute performance funds to the administrator of the school that earned the award.

14. MILWAUKEE PUBLIC SCHOOLS SUMMER SCHOOL GRANT PROGRAM

[LFB Paper 505]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$2,800,000	- $1,400,000	$1,400,000

Governor: Provide $1,400,000 annually for summer school grants to public schools in the Milwaukee Public Schools (MPS).

Require the MPS Board to develop a program to annually award grants to develop, redesign, or implement a summer school program to increase pupil attendance, improve academic achievement, or expose pupils to innovative learning activities. Specify that grants could be awarded to public schools located in the city of Milwaukee, except independent charter schools.

Require the State Superintendent to distribute to the Board the total amount requested by the Board to pay grants to schools under the program. Specify that the Board could not request more than the amount in the appropriation in any school year.

Joint Finance: Delete $1,400,000 for summer school grants in 2017-18, so that grants would be available in 2018-19 and future years.

Delete the Governor's provisions and instead, specify that grants could be awarded to: (a)

Milwaukee Public Schools; or (b) any school district that was placed in the lowest performance category of "fails to meet expectations" on the school accountability report published by DPI in the previous year.

Require DPI to award grants on a competitive basis. Grants could be used by eligible school districts to do any of the following to increase pupil attendance, improve low-performing schools, improve academic achievement, or expose pupils to innovative learning activities: (a) develop a summer school program; (b) redesign a summer school program; and (c) implement a summer school program. Require DPI to promulgate rules to implement this grant program.

15. SCHOOL MENTAL HEALTH AID

GPR	$3,000,000

Governor: Provide $3,000,000 beginning in 2018-19 to create a categorical aid program to reimburse school districts and independent charter schools for increases in their general fund expenditures for school social workers.

Specify that school districts and independent charter schools would be eligible for aid if they increased the amount expended in the prior school year over the amount expended two years prior to employ, hire, or retain social workers. School districts and independent charter schools would be eligible for reimbursement of up to 50% of the amount by which the school district or independent charter school increased its expenditures to employ, hire, or retain social workers in the prior year compared to two years prior. Payments could be prorated if funding were insufficient.

Specify that any funds remaining in the appropriation would be used to reimburse eligible school districts and independent charter schools for total general fund expenditures for school social workers, less the amount of increased expenditures already reimbursed. Payments could be prorated if funding were insufficient.

Require DPI to promulgate rules to implement and administer the program.

Joint Finance: Specify that funds could be awarded to eligible private schools, in addition to public school districts and independent charter schools. Define an "eligible private school" as a private school participating in a private school choice program that increased the amount it expended in the preceding school year to employ, hire, or retain social workers over the amount expended two years prior.

16. COMMUNITY AND SCHOOL MENTAL HEALTH COLLABORATION GRANTS

[LFB Paper 506]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$2,500,000	$750,000	$3,250,000

Governor: Provide $2,500,000 beginning in 2018-19 for community and mental health

collaboration grants.

Require DPI to develop, implement, and administer the program to award grants to school districts and independent charter schools for the purpose of collaborating with community mental health providers to provide mental health services to pupils. Require DPI to promulgate rules to implement and administer the grant program.

Joint Finance: Increase funding by $750,000 GPR beginning in 2018-19 and modify the appropriation to be a continuing appropriation rather than an annual appropriation.

Additionally, delete language under the bill requiring DPI to develop, implement, and administer the mental health collaborative grants.

Instead, require DPI to establish and administer a competitive program to award grants to school boards and independent charter school operators for the purpose of collaborating with community mental health agencies to provide mental health services to pupils. Specify that school boards and independent charter school operators could apply for a grant individually or as a consortium of school boards, charter schools, or both. Specify that a cooperative educational service agency (CESA) would be considered a consortium of school boards.

Require DPI to establish by rule the criteria that will be used to award grants, including the following: (a) that the applicant require providers and contractors who participate in its school-based mental health services program to bill the Medical Assistance program and health insurance, as applicable, for any goods and services provided under the program; (b) that the applicant has sought or will seek out community funding or foundation grants to cover at least some of the expenses of the program that are not paid by the Medical Assistance program or health insurance; and (c) additional application criteria, which may include that the proposed school mental health services program includes collaboration with counties, providers, or community groups, considers the needs of pupils and families, and includes a referral or intake process, a continuum of therapeutic services, consultation with school staff, and access to services regardless of income.

Require the State Superintendent to establish an advisory committee to make recommendations to DPI about the criteria used to award grants under administrative rule. Require that the committee include the following: (a) a current or retired school administrator; (b) an individual who holds a teaching or pupil services license issued by DPI; (c) a provider of mental health services or a representative of an association that represents mental health service providers; (d) a family member of a pupil who is receiving or who may receive mental health services; and (e) a representative of a school board or independent charter school. Specify that the advisory committee would terminate upon the publication of the permanent rules, unless the State Superintendent elects to maintain the committee after the permanent rules are published.

Require DPI to award at least $3,250,000 in grants each school year, beginning in the 2018-19 school year. Require DPI to promulgate rules to implement and administer the program. Permit DPI to promulgate emergency rules, including establishing criteria to award grants. Specify that DPI would not be required to prepare a statement of scope for such rules. Such emergency rules would remain in effect until July 1, 2019, or the date on which permanent rules take effect, whichever is sooner. DPI would not be required to provide evidence that promulgating a rule as an emergency

rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency for such a rule.

17. BULLYING PREVENTION GRANTS [LFB Paper 506]

GPR	$300,000

Governor/Joint Finance: Provide $150,000 annually for grants to a nonprofit organization to provide training and an online bullying prevention curriculum for pupils in grades kindergarten through eight.

18. SCHOOL LIBRARY AIDS REESTIMATE

SEG	- $4,000,000

Governor/Joint Finance: Reestimate school library aids by -$3,000,000 in 2017-18 and -$1,000,000 in 2018-19. Base level funding is $38,000,000 annually. Revenues are from interest earned on the segregated common school fund, administered by the Board of Commissioners of Public Lands.

19. TRIBAL LANGUAGE REVITALIZATION GRANTS

Governor/Joint Finance: Modify current law to allow an agency determined by the State Superintendent to be eligible under federal law for designation as a Head Start agency to apply for a tribal language revitalization grant in conjunction with a tribal education authority.

Tribal language revitalization grants are provided for the purpose of supporting instruction in one or more American Indian languages. Under current law, school districts and CESAs are eligible to apply for funding in conjunction with a tribal education authority. Base level funding of $222,800 PR annually is provided from tribal gaming program revenue transferred from DOA.

20. GIFTED AND TALENTED GRANTS

Governor/Joint Finance: Modify current law to allow school districts to apply for grants for the purpose of providing gifted and talented pupils with services and activities not ordinarily provided in a regular school program.

Under current law, grants may be awarded to nonprofit organizations, CESAs, institutions within the University of Wisconsin System, and Milwaukee Public Schools. Base level funding is $237,200 GPR annually for this program.

21. PERSONAL ELECTRONIC COMPUTING DEVICE GRANTS

GPR	$9,187,500

Joint Finance: Provide $9,187,500 beginning in 2018-19 in a new appropriation for grants for personal electronic computing devices.

Specify that the following entities would be eligible for grants under the program: (a) a school board; (b) an operator of an independent charter school; (c) the governing body of a private school; and (d) a tribal school. Specify that grants would be equal to $125 per ninth grade pupil, defined as the number of ninth grade pupils included in the school district's membership in the prior school year for a public school and as the number of ninth grade pupils attending the school in the current year for an independent charter, private, or tribal school. Require applicants to demonstrate to the satisfaction of DPI that they would provide equal matching funds as a condition of receiving a grant. If funding in any year is insufficient, require DPI to prorate grant payments among the eligible applicants.

Specify that grants awarded under the program could be used only for the following purposes: (a) to purchase personal electronic computing devices; (b) to purchase software for personal electronic devices; (c) to purchase curriculum, including any related educational content or materials, a portion or all of which includes content that may be accessed on a personal electronic computing device; or (d) to train professional staff on how to effectively incorporate personal electronic devices into a classroom and into a high school curriculum. Define "personal electronic computing device" as an electronic computing device that meets all of the following criteria: (a) is mobile; (b) is assignable to an individual pupil to be used solely by that pupil; and (c) may be used to access the Internet.

Specify that grants could be awarded beginning in the 2018-19 school year and ending in the 2022-23 school year. No funds could be encumbered from the appropriation after June 30, 2023.

22. SHARED SERVICES AID PROGRAM

GPR	$2,000,000

Joint Finance: Provide $2,000,000 of one-time funding in 2018-19 in a new continuing appropriation for a pilot program that would provide categorical aid funding for districts that share the services of certain administrative positions. Specify that two or more school districts could qualify for aid based on the following amounts for each position shared, with no limit to the number of positions that could be shared: (a) for a district administrator, $40,000; (b) for a human resources director, information technology coordinator, or business manager, $22,500; (c) for any other non-faculty administrative position, excluding principals and assistant principals, $17,500.

Aid would be paid in full for the first three school years of the plan, with a 50% payment in year four, and no payment in the fifth year. Provide that if, before the beginning of the fourth year of a shared services plan, each school district that is participating enters into a whole grade sharing agreement under another bill provision, then each district would receive 100% of the aid payments for the fourth and fifth years of the plan. Require DPI to make its first payments under this provision by January 1, 2019.

Require each applicant school board to pass a resolution approving participation in this program and to jointly submit a shared services plan to DPI by July 1, 2018. Specify that the plan include all of the following: (a) the position or positions that districts intend to share; (b) the position or positions that will be eliminated in each district; (c) the salary and fringe benefit costs of the positions under (a) and (b); and (d) information demonstrating that the plan will result in a net

reduction in filled administrative positions. Provide that a school district could enter into an agreement with a unit of government other than a school district under this provision, but the unit of government could not receive aid under this provision.

Require DPI to review and approve applications in the order in which applications are received and approve applications until all moneys appropriated under the appropriation for this program are encumbered. Specify that if a school district participating in a plan hires an additional individual to staff a position covered under the plan without eliminating the current incumbent, DPI would be required to withdraw all of the school districts party to the plan from the program and withdrawn school districts could not receive any additional aid under the program. Provide that if a school district employee holds more than one position in each district covered by a plan, each district could receive aid for only one of the positions, but that the aid would be based on the highest aid amount that applies to any of those positions.

Require DPI by February 1, 2019, to report to the Joint Committee on Finance all of the following: (a) the number of school boards that jointly applied for this aid and submitted a plan to participate; (b) the number of shared services plans approved by DPI and the name of each school district participating in each plan; (c) the number of administrative personnel positions to be shared under a plan; and (d) the amount of funding encumbered to date; and (e) the total anticipated reduction in salary and fringe benefit costs by each participating school district and by all such districts.

23. WHOLE GRADE SHARING AID PROGRAM

GPR	$750,000

Joint Finance: Provide $750,000 beginning in 2018-19 for districts that participate in a whole grade sharing agreement. Under current law, two or more school districts can enter into a whole grade sharing agreement to consolidate pupils in a particular grade level by offering that grade in only one of the participating districts. Under the new aid program, provide aid equal to $150 per pupil enrolled in a grade included in a whole grade sharing agreement in the first four years of the agreement and 50% of the first year's aid in the fifth year. No moneys would be received under the program beginning in the six year of the agreement.

Specify that for purposes of determining the number of years an agreement has been in effect, the aid payment schedule described above applies to an original whole grade sharing agreement. Provide that if an agreement is extended or renewed, the additional school years would be considered to be part of the original whole grade sharing agreement. Require DPI to consider a whole grade sharing agreement between school boards that contains substantially similar terms to an expired agreement, including that the same grades are subject to both agreements, to be an extension of the expired agreement. Provide that if before the fifth school year of a whole grade sharing agreement, two or more school boards participating in the agreement adopt resolutions starting the current law school district consolidation process, then the districts would receive a fifth and sixth year of full aid under this provision. Specify that aid payments would be prorated if the appropriation is insufficient to pay the aid entitlement in full.

Require DPI by February 1, 2019, to report to the Joint Committee on Finance all of the following: (a) the number of school boards that applied for this aid for the 2018-19 school year;

(b) the number of school boards that are approved to receive this aid in 2018-19; (c) for each school board approved to receive aid, the name of the board, the number of grades and specific grades subject to the agreement; and (d) as of January 1, 2019, how much of the aid entitlement for 2018-19 has been encumbered and how much has been expended.

24. CONSOLIDATION AID PROGRAM

Joint Finance: Create a new sum sufficient appropriation that would provide categorical aid funding for two or more school districts that consolidate into one district.

For school district consolidations that take effect on or after July 1, 2018, require DPI to pay aid to the consolidated district equal to $150 per pupil attending school in the consolidated district in the school year in which a school district consolidation takes place and each of the subsequent four school years. In the sixth year following the year in which the consolidation takes effect, the consolidated district would receive 50% of the amount received in the fifth year after the consolidation. In the seventh year following the year in which the consolidation takes effect, the district would qualify for 25% of the amount received in the fifth year after the consolidation. Specify that a district's current three-year rolling average pupil count under revenue limits would be used to calculate the aid payment, as for per pupil aid under current law.

Additionally, specify that in the school year in which a school district consolidation takes place and each of the subsequent four school years, the consolidated district would receive sparsity aid equal to not less than 50% of the aggregate amount of sparsity aid received by the consolidating school districts in the school year prior to the year in which the consolidation takes effect.

Specify that current law consolidation aid adjustments relating to the calculation of equalization aid would only apply to consolidations that take effect before July 1, 2019. Under current law, for five years after consolidation the primary and secondary cost ceiling amounts, as well as the primary, secondary and tertiary guarantees are multiplied by 1.15. Any additional aid generated by these provisions is outside of revenue limits. In the sixth year, the consolidated district receives a recurring revenue limit adjustment equal to 75% of any additional aid received in year five. Retain current law specifying that in the first five years after the consolidation takes effect, the consolidated school district’s state general school aids could not be less than the total aggregate state general school aids received by the consolidating school districts in the school year prior to the consolidation, with additional aid payments made from the general equalization aids appropriation.

25. RURAL SCHOOL TEACHER TALENT PILOT PROGRAM

GPR	$1,000,000

Joint Finance: Provide $500,000 annually for a rural school teacher talent program for grants to cooperative educational service agencies (CESAs) to coordinate with universities and colleges to provide practicums, student-teacher placement, and internships for undergraduate college students in rural school districts. Specify that grant moneys may be used to expand an

existing program or create a new program, but not to maintain an existing program. Provide that grant moneys may be used to cover the CESA's cost to coordinate the program and to provide mileage reimbursement and stipends to participating undergraduates.

26. ROBOTICS LEAGUE PARTICIPATION GRANTS

GPR	$500,000

Joint Finance: Provide $250,000 annually for robotics league participation grants, which would continue one-time funding provided in 2016-17. Require that DPI notify governing bodies of private schools that applications will be accepted, as well as the currently required notice to school boards, operators of independent charter schools, and administrators of home-based private educational program. Delete statutory language prohibiting DPI from encumbering funds from the appropriation after June 30, 2017.

Choice, Charter, and Open Enrollment

1. MILWAUKEE PRIVATE SCHOOL CHOICE PROGRAM -- CURRENT LAW REESTIMATE

GPR	$20,951,200
Aid Reductions	- 15,676,200
Net GPR	$36,627,400

Governor: Provide $5,584,800 in 2017-18 and $15,366,400 in 2018-19 over the base year funding of $207,057,800 for the Milwaukee private school choice program to reflect changes in pupil participation and per pupil payments under current law. This would reflect an increase in pupil participation from 27,150 pupils in 2016-17 to an estimated 27,680 pupils in 2017-18 and 28,150 pupils in 2018-19. Based on the increase in categorical aids provided in the bill, the per pupil payment under the program would increase from $7,323 in 2016-17 to $7,540 in 2017-18 and $7,757 in 2018-19 for pupils in grades K-8, and from $7,969 in 2016-17 to $8,186 in 2017-18 and $8,403 in 2018-19 for pupils in grades 9-12.

Under current law, the estimated cost to the state of the payments from the Milwaukee choice program appropriation is partially offset by a reduction (after consideration of aid paid to the City of Milwaukee to defray the choice levy) in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) by an amount equal to 22.4% of the total cost of the program in 2017-18 and 19.2% of the total cost of the program in 2018-19. The aid reduction will decrease by 3.2 percentage points each year until it is phased out in 2024-25. Under revenue limits, MPS may levy property taxes to make up for the amount of general aid lost due to this reduction (less the amount of high poverty aid paid to MPS).

Under the bill, the aid reduction for MPS would decrease by $5,374,800 in 2017-18 and $10,301,400 in 2018-19 from the base choice reduction of $53,006,800 as a result of this reestimate. The net general fund fiscal effect for the Milwaukee program would be increased expenditures of $10,959,600 in 2017-18 and $25,667,800 in 2018-19.

Joint Finance: As a result of changes in categorical aid funding, it is estimated that

payments under the choice program would equal $7,530 in 2017-18 and $7,750 in 2018-19 for K-8 pupils and $8,176 in 2017-18 and $8,396 in 2018-19 for 9-12 pupils. The GPR, aid reduction and net GPR effect of these payment changes are shown under Item #41.

2. RACINE AND STATEWIDE PRIVATE SCHOOL CHOICE PROGRAMS -- CURRENT LAW REESTIMATE [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$21,245,200	$15,693,400	$36,938,600
Aid Reductions	29,185,200	17,449,500	46,634,700
Net GPR	- $7,940,000	- $1,756,100	- $9,696,100

Governor: Provide $5,563,900 in 2017-18 and $15,681,300 in 2018-19 over the base year funding of $44,951,500 for the Racine and statewide private school choice programs to reflect changes in pupil participation and per pupil payments under current law. This would reflect an increase in pupil participation from 5,500 pupils in 2016-17 to an estimated 6,600 pupils in 2017-18 and 7,700 pupils in 2018-19. Based on the increase in general school aids and categorical aids provided in the bill, the per pupil payment under the program would increase from $7,323 in 2016-17 to $7,540 in 2017-18 and $7,757 in 2018-19 for pupils in grades K-8, and from $7,969 in 2016-17 to $8,186 in 2017-18 and $8,403 in 2018-19 for pupils in grades 9-12.

Under current law, the cost of payments for continuing pupils (pupils who first participated in the programs in the 2014-15 school year or earlier) are fully funded through GPR. Payments for incoming pupils (those who first participated in the 2015-16 school year or later) are fully funded through an aid reduction in the general school aids that would otherwise be paid to those pupils school districts of residence. School districts receive a revenue limit adjustment equal to the aid reduction.

Under the bill, the aid reduction for the programs would total $37,031,200 in 2017-18 and $47,054,000 in 2018-19 from the base choice aid reduction of $27,450,000 as a result of this reestimate. The net general fund fiscal effect for the Racine and statewide programs would be decreased expenditures of $4,017,300 in 2017-18 and $3,922,700 in 2018-19.

Joint Finance: Further increase the appropriation by $6,170,200 GPR in 2017-18 and $9,523,200 GPR in 2018-19 compared to the bill to reflect updated enrollment estimates for the statewide program, and increase the associated aid reductions by $5,976,400 in 2017-18 and $11,473,100 in 2018-19.

As a result of changes in categorical aid funding, it is estimated that payments under the choice program would equal $7,530 in 2017-18 and $7,750 in 2018-19 for K-8 pupils and $8,176 in 2017-18 and $8,396 in 2018-19 for 9-12 pupils. The GPR, aid reduction and net GPR effect of these payment changes are shown under Item #41.

3. PRIVATE SCHOOL CHOICE PROGRAMS -- ANNUAL HOURS OF INSTRUCTION

Governor: Delete the requirement that a private school participating in a choice program annually provide at least 1,050 hours of direct pupil instruction in grades 1 to 6 and at least 1,137 hours of direct pupil instruction in grades 7 to 12. Under current law, this requirement includes recess and time for pupils to transfer between classes but does not include lunch periods.

Under the bill, requirements for annual hours of instruction would also be deleted for public school districts. Current law requiring all private schools to offer at least 875 hours of instruction each school year, including private choice schools, would not be changed.

Joint Finance: Delete provision as non-fiscal policy.

4. PRIVATE SCHOOL CHOICE PROGRAMS -- BACKGROUND CHECK FOR TEACHERS AND ADMINISTRATORS

Governor: Require private choice schools to conduct a background investigation of an individual before extending an offer to teach or serve as an administrator at the private school, beginning on the effective date of the bill. Specify that the investigation be conducted with the assistance of the Department of Justice (DOJ).

Require private choice schools to conduct a background investigation of all individuals employed by the private school on the effective date of the bill with the assistance of DOJ.

At least once every five years after a teacher or administrator's initial background investigation, require private choice schools to conduct an additional background investigation on the teacher or administrator with the assistance of DOJ if the teacher or administrator remains employed by the school.

Joint Finance: Delete provision as non-fiscal policy.

5. STATEWIDE PRIVATE SCHOOL CHOICE PROGRAM -- PRIOR YEAR ATTENDANCE REQUIREMENT

Governor: Specify that a pupil could participate in the statewide private school choice program if he or she attended a school in another state in the previous school year.

Under current law, prior year attendance requirements apply to pupils in the statewide choice program. To be eligible for the program, a pupil must meet one of the following requirements: (a) was enrolled in a public school in his or her district of residence in the previous school year; (b) was not enrolled in school in the previous school year; (c) was enrolled in a private school under the Racine or statewide private school choice programs in the previous school year; or (d) is enrolling in kindergarten, first grade, or ninth grade in the current year. Similar prior year attendance requirements apply to the Racine choice program, but the bill would only modify the requirements for the statewide program.

Joint Finance: Delete provision. This modification was included in 2017 Act 36.

6. PRIVATE SCHOOL CHOICE PROGRAMS -- ALLOW PARENT OR GUARDIAN TO SUBMIT INCOME INFORMATION

Governor: Allow a pupil's parent or guardian, in addition to a private school, to submit to DPI information used to determine the pupil's eligibility to participate in a private school choice program, including names, addresses, social security numbers, state and federal tax identification numbers, and household information. Specify that if the Department of Revenue (DOR) is unable to verify the pupil's family income or eligibility, DOR would be required to notify the private school and the pupil's parent or guardian, in addition to DPI as under current law.

Under current law, income information for private choice pupils must be submitted to DPI by private schools rather than by pupils' parents or guardians.

Joint Finance: Delete provision as non-fiscal policy.

7. PRIVATE SCHOOL CHOICE PROGRAMS -- MISREPRESENTATION OF INFORMATION TO DPI

Governor: Provide that a school may be barred from participating in a private school choice program in the current school year and the following school year if it misrepresents information required under the statutes or administrative rules.

Joint Finance: Delete provision as non-fiscal policy.

8. PRIVATE SCHOOL CHOICE PROGRAMS -- INFORMATION PROVIDED TO DPI

Governor: Delete requirement for private choice schools to annually provide the following information to DPI: (a) the name, address, and telephone number of the private school and the name of one or more contact persons at the school; (b) the names of the members of the private school's governing body and of the private school's shareholders, if any; (c) a notice stating whether the school is operated for profit or not for profit, and a copy of the school's 501 (c) (3) certificate if it is a nonprofit organization; (d) a copy of the appeals process used if the private school rejects an applicant; (e) copy of the school's policy for awarding a high school diploma; (f) a copy of the school's non-harassment policy and the procedures for reporting and obtaining relief from harassment; (g) a copy of the school's suspension and expulsion policies and procedures for appealing a suspension or expulsion; (h) a copy of the policy used by the private school for accepting or denying the transfer of credits earned at another school; and (i) a copy of the school's visitor policy.

Instead, require a private school to submit the above information by January 10 prior to the first year of participation if it is participating in the Racine or statewide choice programs, did not participate in the Racine or statewide programs in the previous school year, and is not a new

private school. Require a private school to submit the above information by January 10 prior to the first year of participation if it is participating in the Milwaukee choice program, did not participate in the Milwaukee program in the previous school year, and is not a new private school. Additionally, require private schools to provide a copy of any policy included in the above list upon the request of the Department.

Specify that a private school could be barred from participation in the current school year if it did not provide the required information to DPI.

Joint Finance: Delete provision as non-fiscal policy.

9. PRIVATE SCHOOL CHOICE PROGRAMS -- SIGNED STATEMENT FROM MEMBERS OF GOVERNING BODY

Governor: Require a private school participating in the Racine or statewide choice programs that did not participate in the programs in the previous school year and is not a new private school to submit a signed statement from each individual who is a member of the school's governing body verifying that the individual is a member of the governing body. Require a private school participating in the Milwaukee program that did not participate in the program in the previous school year and is not a new private school to submit a signed statement from each individual who is a member of the school's governing body verifying that the individual is a member of the governing body.

Require an individual who joins the governing body of a school participating in a private school choice program to provide a signed statement to DPI verifying that the individual is a member of the governing body.

Specify that a private school could be barred from participation in the current school year if it did not provide the required information to DPI.

Joint Finance: Delete provision as non-fiscal policy.

10. PRIVATE SCHOOL CHOICE PROGRAMS -- CERTIFICATION THAT SCHOOL MEETS CERTAIN STANDARDS

Governor: Delete current law requiring private choice schools to meet at least one of the following standards: (a) at least 70 percent of the pupils in the program advance one grade level each year; (b) the private school's average attendance rate for the pupils in the program is at least 90 percent; (c) at least 80 percent of the pupils in the program demonstrate significant academic progress; (d) at least 70 percent of the families of pupils in the program meet parent involvement criteria established by the private school.

Joint Finance: Delete provision as non-fiscal policy.

11. PRIVATE SCHOOL CHOICE PROGRAMS -- OPERATING BUDGET

Governor: Prohibit DPI from requiring a private choice school that is not a new private school and that is in good standing with DPI to submit the school's annual operating budget as evidence of its fiscal and internal control practices or financial viability.

Joint Finance: Delete provision as non-fiscal policy.

12. PRIVATE SCHOOL CHOICE PROGRAMS -- SUMMER DAILY ATTENDANCE REPORT

Governor: Require a private school participating in a choice program to submit to DPI a report stating its summer daily attendance for each day of summer school annually by September 15. Under current law, the report is due on October 1.

Joint Finance: Delete provision as non-fiscal policy.

13. PRIVATE SCHOOL CHOICE PROGRAMS -- DELETE PROCESS TO IDENTIFY ELIGIBLE SCHOOL DISTRICT

Governor/Joint Finance: Delete statutory references to a process used in 2011 to identify school districts eligible to develop a new private school choice program, which was used to create the Racine private school choice program. Under current law, no new district can qualify as an eligible school district under the process after April 20, 2012.

14. STATEWIDE PRIVATE SCHOOL CHOICE PROGRAM -- ADDITIONAL PRIOR YEAR ATTENDANCE CRITERION

GPR	$794,500
Aid Reduction	-794,500
Net GPR	$0

Joint Finance: Create an additional prior year attendance criterion that would allow a pupil who resides in a school district other than Racine or Milwaukee and was placed on a waiting list in any previous school year because the pupil's school district of residence exceeded its pupil participation limit to enter the statewide choice program regardless of grade level at the time of entry.

(Under current law, prior year attendance requirements apply to pupils in the statewide choice program. To be eligible for the program, a pupil must meet one of the following requirements: (a) was enrolled in a public school in his or her district of residence in the previous school year; (b) was not enrolled in school in the previous school year; (c) was enrolled in a private school under the Racine or statewide private school choice programs in the previous school year; or (d) is enrolling in kindergarten, first grade, or ninth grade in the current year. Another provision of the bill would also allow a pupil to enter the program if he or she attended school in another state in the previous school year.)

As a result of this provision, it is estimated that an additional 100 pupils could participate in the program in 2018-19 relative to the estimates in the bill. Therefore, increase the appropriation for the Racine and statewide choice programs by $794,500 GPR in that year. This

amount would be fully offset by aid reductions and a corresponding revenue limit increase for the pupils' school districts of residence.

15. STATEWIDE PRIVATE SCHOOL CHOICE PROGRAM -- EXPAND INCOME ELIGIBILITY

GPR	$4,400,000
Aid Reduction	4,400,000
Net GPR	$0

Joint Finance: Specify that a pupil could participate in the statewide choice program with a family income of less than 220% of the federal poverty level, rather than 185% as under current law, beginning in the 2018-19 school year. In 2017-18, DPI indicates that the current 185% limit is $44,955 for a family of four, and is $51,955 if the pupil's parents are married. In the same year, 220% of the federal poverty level is equal to $53,460 for a family of four, or $60,460 if the pupil's parents are married.

As a result of this provision, it is estimated that an additional 550 incoming pupils could participate in the program in 2018-19 relative to the estimates in the bill. As a result, increase the appropriation for the statewide and Racine choice programs by $4,400,000 GPR in 2018-19. This amount would be fully offset by aid reductions and a corresponding revenue limit increase for the pupils' school districts of residence, and therefore would not result in a net GPR cost.

16. PRIVATE SCHOOL CHOICE PROGRAMS -- INCOME VERIFICATION

GPR	$794,500
Aid Reduction	794,500
Net GPR	$0

Joint Finance: Specify that if a pupil attended a private school under the Milwaukee, Racine, or statewide choice programs in the prior school year and applies to attend a private school under another choice program in the immediately following school year, the pupil's family income would not need to be verified. This would have the effect of allowing a pupil participating in the Milwaukee or Racine choice program with a family income of greater than 220% of the federal poverty level to participate in the statewide program if the pupil's family moved to another district. Provide that this provision would first apply in 2018-19.

Increase the appropriation for the statewide choice program by an estimated $794,500 GPR in 2018-19, which would be fully offset by an aid reduction and corresponding revenue limit increase to those pupils' school districts of residence.

17. RACINE AND STATEWIDE PRIVATE SCHOOL CHOICE PROGRAMS -- ELIMINATE PRIOR YEAR ATTENDANCE CRITERIA FOR SCHOOLS WITH COMBINED GOVERNING BODY

GPR	$6,356,000
Aid Reduction	6,356,000
Net GPR	$0

Joint Finance: For the Racine and statewide private school choice programs, specify that if a private school that does not participate in a private school choice program enters into an agreement to be subject to the same governing body as a private school that participated in the Racine or statewide private school choice program in the previous school year, the prior year attendance criteria would not apply to the new school in the first school year in which the

schools are governed by the same governing body under a governing body agreement and the following school year.

It is estimated that expenditures under the statewide choice program would increase by $6,356,000 GPR in 2018-19, which would be fully offset by an aid reduction and corresponding revenue limit increase to those pupils' school district of residence.

18. PRIVATE SCHOOL CHOICE PROGRAMS -- PRORATE SUMMER SCHOOL PAYMENT

Joint Finance: Delete current law requiring that a pupil must attend at least 15 days of summer instruction to be eligible for a summer school payment. Specify that if a pupil attending a private school under a private school choice program attends summer school for at least 15 days, the summer school payment would be equal to 5% of the per pupil payment made for the child in the previous school year, as under current law. If the pupil attended summer school for less than 15 days, the payment would be equal to 5% of the per pupil payment in the previous school year multiplied by the number of days the pupil received summer instruction divided by 15. Specify that this provision would first apply to payments for pupils who attend summer school during the summer of 2018.

19. PRIVATE SCHOOL CHOICE PROGRAMS -- POSITION AUTHORITY

Joint Finance: Provide $60,400 and 1.0 position in 2017-18 and $79,600 in 2018-19 to fund an education specialist in DPI to administer the Milwaukee, Racine, and statewide private school programs and the independent charter school program.

	Funding	Positions
GPR	$140,000	1.00

20. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- CURRENT LAW REESTIMATE

GPR	$10,493,000
Aid Reduction	- 10,493,000
Net GPR	$0

Governor: Provide $4,276,000 in 2017-18 and $6,217,000 in 2018-19 for the special needs scholarship program to reflect changes in pupil participation and per pupil payments under current law. It is estimated that 350 pupils will participate in the program in 2017-18 and 500 pupils will participate in 2016-17. Based on the increase in categorical aids provided in the bill, the per pupil payment under the program would increase from $12,000 in 2016-17 to $12,217 in 2017-18 and $12,434 in 2018-19.

Under current law, the cost of payments for pupils attending a private school under the special needs scholarship program are fully funded through an aid reduction in the general school aids that would otherwise be paid to those pupils school districts of residence. Therefore, the increase in funding would be fully offset by an aid reduction. Districts can count pupils for general aid and revenue limit purposes.

Joint Finance: As a result of changes in categorical aid funding, it is estimated that

payments under the program would equal $12,207 in 2017-18 and $12,427 in 2018-19. The GPR, aid reduction, and net GPR effect of these payment changes are shown under Item #41.

21. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- VERIFICATION OF INDIVIDUALIZED EDUCATION PLAN

Governor: Require that the governing body of a private school determine whether an application satisfies the requirements of the program upon receiving an application for the program, including requesting verification that a pupil has an individualized education plan (IEP) or services plan in place from the local education agency that developed the plan. Require the local education agency to provide the IEP or services plan to the private school within five business days of receiving the request.

Require that the governing body of the private school notify DPI when it verifies that a pupil has an IEP or services plan in effect and accepts the child's application to attend the private school under the program. Additionally, require the governing body to notify the child's resident school board that the child will be awarded a scholarship under the program if the pupil meets the program requirements.

Under current law, DPI is required to make the verification that a pupil applying to attend a private school under the program has an IEP or services plan in place and notify the pupil's resident school board that the pupil will participate in the program.

Joint Finance: Delete provision as non-fiscal policy.

22. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- INDIVIDUALIZED EDUCATION PROGRAM TEAM IN NONRESIDENT DISTRICT

Governor: Allow a pupil who is attending a private school in a nonresident district to be reevaluated by an individualized education program (IEP) team appointed by the nonresident district if the pupil's parent or guardian provides written consent.

Under current law, a pupil participating in the special needs scholarship program may be reevaluated only by an IEP team appointed by the pupil's resident school district. A reevaluation can be conducted no more than once every three years, upon the request of the pupil's resident school board.

Joint Finance: Delete provision as non-fiscal policy.

23. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- MISREPRESENTATION OF INFORMATION TO DPI

Governor: Provide that a school may be barred from participating in the special needs scholarship program by DPI if the private school misrepresents information required under the statutes or administrative rules governing the program. Under current law, this provision applies

to misrepresentations involving the statutory duties prescribed for participating private schools.

Joint Finance: Delete provision as non-fiscal policy.

24. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- TECHNICAL CHANGES

Governor/Joint Finance: Renumber current law related to the document prepared by DPI informing pupils of their rights when attending a public school compared to attending a private school under the special needs program.

25. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- ELIMINATE PRIOR YEAR OPEN ENROLLMENT REQUIREMENT

GPR	$621,700
Aid Reduction	621,700
Net GPR	$0

Joint Finance: Delete current law requiring that for a pupil to be eligible to participate in the special needs scholarship program, the pupil must have applied to attend a non-resident school district under the open enrollment program for the same school year in which he or she is applying for the special needs scholarship program and was denied. Specify that this change would first apply to applications to participate in the program in 2018-19.

It is estimated that the change could increase the number of pupils participating in the program by 50 pupils in 2018-19. As a result, it is estimated that payments under the program would increase by $621,700 GPR in 2018-19, which would be offset by a corresponding aid reduction to those pupils' school districts of residence and a revenue limit adjustment equal to the aid reduction.

26. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- ELIMINATE PRIOR YEAR PUBLIC SCHOOL ENROLLMENT REQUIREMENT

GPR	$2,486,800
Aid Reduction	2,486,800
Net GPR	$0

Joint Finance: Delete current law requiring that for a pupil to be eligible to participate in the special needs scholarship program, the pupil must have been enrolled in a public school in Wisconsin for the entire school year immediately preceding the school year for which the pupil is applying for the program. Specify that this change would first apply to applications to participate in the program in 2018-19.

It is estimated that the change could increase the number of pupils participating in the program by 200 pupils in 2018-19. As a result, it is estimated that payments under the program would increase by $2,486,800 GPR, which would be offset by a corresponding aid reduction to those pupils' school districts of residence and a revenue limit adjustment equal to the aid reduction.

27. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- SUMMER SCHOOL PAYMENTS

Joint Finance: Require DPI to provide summer school payments to a private school participating in the special needs scholarship program for a child who attends summer school and who participated in the scholarship program in the immediately preceding school term. Specify that if the pupil attended summer school for at least 15 days, the payment would be equal to 5% of the per pupil payment made for the child in the previous school year. If the pupil attended summer school for less than 15 days, the payment would be equal to 5% of the scholarship amount in the previous school year multiplied by the number of days the pupil received summer instruction divided by 15. Provide that a participating private school could receive summer school payments only if: (a) the private school offers no fewer than 19 days of instruction during the summer; and (b) each summer day of instruction has no fewer than 270 minutes of instruction.

Require DPI to include the entire summer school payment in a separate check included within the payment made to the private school in November. Require each participating school to file a summer daily attendance report annually on or before September 15.

This provision would first apply to payments for pupils who attend summer school in the summer of 2018.

28. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- PER PUPIL PAYMENT

Joint Finance: Modify the amount of and method for determining the amount of the per pupil payment made on behalf of a pupil participating in the special needs scholarship program.

In the first year of a pupil's participation in the program, the payment amount would be equal to the payment amount under current law. (Under the bill, it is estimated that this payment will equal $12,207 in 2017-18 and $12,427 in 2018-19.)

Beginning in the second year of a pupil's participation in the program, specify that the per pupil payment amount could be determined based on the private school's actual costs incurred to implement the child's most recent IEP or services plan, as modified by agreement between the private school and the child's parent, and related services agreed to by the private school and the child's parent that are not included in the child's IEP or services plan. Specify that at the end of a school year in which an eligible school receives a scholarship on behalf of a pupil with a disability, the school could submit to DPI a financial statement showing the actual costs incurred to implement the child's most recent IEP or services plan or provide related services during that school year, and documentation of those expenses. Require DPI to provide the financial statement to the pupil's resident school board.

Specify that if an eligible school submitted a financial statement for a child with a disability, the per pupil payment in the following school year would be the amount shown on the financial statement for that pupil. Payments up to 150% of the per pupil payment amount for that year under current law would be fully funded through a reduction in the general aid that is otherwise paid to each pupil's school district of residence, offset for the district with an equal revenue limit

adjustment. If the costs incurred by the school in the previous school year exceeded 150% of the per pupil payment, the school would be reimbursed for 90% of the remaining costs, but no corresponding aid reduction would occur. (As a result, payments made for costs incurred above 150% of the per pupil payment would be funded with state GPR.)

If a private school did not submit a financial statement on behalf of a pupil attending the school under the special needs scholarship program, the per pupil payment in the following year would be equal to the payment amount for that year under current law.

Specify that private schools could first submit a financial statement on behalf of a special needs pupil at the end of the 2018-19 school year. Payments calculated based on the financial statement could be made beginning in the 2019-20 school year.

29. INDEPENDENT CHARTER SCHOOL PROGRAM REESTIMATE [LFB Paper 516]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $14,269,600	- $6,810,800	- $21,080,400
Aid Reduction	- 14,269,600	- 6,810,800	- 21,080,400
Net GPR	$0	$0	$0

Governor: Delete $9,727,200 in 2017-18 and $4,542,400 in 2018-19 as a reestimate of sum sufficient funding for the independent charter school program. Total funding would decrease from base level funding of $76,967,200 in 2016-17 to $67,240,000 in 2017-18 and $72,424,800 in 2018-19. The reestimate assumes that 8,000 pupils in 2017-18 and 8,400 pupils in 2018-19 will participate in the program and that, based on the revenue limit and categorical aid provisions in the bill, the per pupil payment under the program would increase from $8,188 in 2016-17 to $8,405 in 2017-18 and $8,622 in 2018-19.

(Base level funding for the independent charter school program was set at $76,967,200 as part of the sum sufficient reestimates done in January of 2016. Using more recent enrollment estimates, under the October 15, 2016, general school aids distribution prepared by DPI, independent charter school program expenditures were estimated to be $62,222,800 in 2016-17.)

Under this program, the City of Milwaukee, UW-Milwaukee, and UW-Parkside currently operate or contract to operate charter schools, and DPI pays the operators of these charter schools a statutorily-determined per pupil amount each year. The per pupil payment under the program in a given year is equal to the sum of the prior year's payment plus the per pupil revenue limit adjustment for the current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive. Under the bill, the per pupil payment would increase by $217 in both 2017-18 and in 2018-19.

By law, DPI is required to proportionally reduce the general aid for which each school district is eligible by an amount totaling the estimated payments for the current authorizers. In 2016-17, each district's general aid entitlement was reduced by 1.4% under this provision. Under

revenue limits, districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Joint Finance: Based on reestimated enrollment, decrease the GPR appropriation for the independent charter school program, as well as the associated aid reductions, by $3,362,000 in 2017-18 and $3,448,800 in 2018-19 compared to the bill, resulting in no change in net GPR expenditures.

As a result of changes in categorical aid funding, it is estimated that payments under the charter program would equal $8,395 per pupil in 2017-18 and $8,615 per pupil in 2018-19. The GPR, aid reduction, and net GPR effect of these payment changes are shown under Item #41.

30. VIRTUAL CHARTER SCHOOL ATTENDANCE REQUIREMENT

Governor: Prohibit the governing body of a virtual charter school from allowing a pupil to begin attending the school during a semester in which the pupil has been absent from a school without an acceptable excuse under the statutory provisions for compulsory school attendance for part or all of four or more days on which the school was held during the school semester.

Joint Finance: Delete provision as non-fiscal policy.

31. INDEPENDENT CHARTER SCHOOL PROGRAM -- SUMMER SCHOOL FUNDING

Joint Finance: Specify that independent charter school operators would receive payment for summer school pupils in a manner similar to schools in the private school choice programs, beginning with pupils attending summer school in the summer of 2018. Specify that a school would be eligible to receive a summer school payment for a pupil if the school offers a minimum of 19 summer days of instruction and each day of summer instruction is comprised of at least 270 minutes of instruction. Require each independent charter school, by September 15, to file a report with DPI stating its summer daily attendance for each day of summer school. Specify that schools offering summer school would receive an amount equal to 5% of the per pupil payment from the immediately preceding school term if the pupil attends at least 15 days of summer instruction. Specify that the payment would be prorated based on the number of days attended if the pupil attends fewer than 15 days. Require DPI to include the entire summer school payment with the December payment installment, but specify that the summer payment would be made in a separate check.

32. UNION HIGH SCHOOL CHARTER PREFERENCE

Joint Finance: Specify that a charter school established under contract with a union high school (UHS) district may give preference in enrollment to pupils who were enrolled during the previous year in a charter school operating under a cooperative agreement with the charter school established under contract with the union high school district. (This provision would apply to

students attending a charter school authorized by an underlying K-8 school district as they transition to a charter school authorized by the UHS district.)

Under current law, if the capacity of a charter school is insufficient to accept all pupils who apply, the charter school must accept pupils at random. A charter school must, however, give preference to pupils who were enrolled in the charter school in the previous school year, and to siblings of pupils who are enrolled in the charter school. Charter schools are allowed by law to give preference in enrollment to the children of the charter school's founders, governing board members, and full-time employees, but the total number of such children given preference can be no more than 10% of the charter school's total enrollment.

33. INDEPENDENT CHARTER SCHOOL AUTHORIZERS

Joint Finance: Specify that any UW Chancellor (in addition to the UW-Milwaukee and UW-Parkside Chancellors under current law) and any technical college district board (in addition to the Milwaukee and Gateway Boards under current law) could contract with a person to operate an independent charter school.

Delete the current law provision restricting the districts in which the Director of the Office of Educational Opportunity (OEO) in the UW System may authorize a charter school. Under current law, the Director of the OEO may contract for the establishment of charter schools located only in school districts with membership over 25,000 pupils (currently Milwaukee and Madison).

Delete the current law provisions restricting the location of schools authorized by the Gateway Technical College District Board, the districts in which pupils must reside to attend a school authorized by Gateway, and the programming that must be provided by a school authorized by Gateway. Under current law, Gateway may authorize charter schools located only in the district. Only pupils who reside within the boundaries of the district or in a county adjacent to the district may attend these charter schools. The Board may authorize charter schools only if the school operates high school grades only and provides a curriculum focused on science, technology, engineering, and mathematics, or occupational education and training.

Provide that the current law funding mechanism for the charter schools previously established by the Chancellors of UW-Milwaukee or UW-Parkside would remain unchanged. (Under this funding mechanism, the district of residence does not count the charter pupils for revenue limits or general aid, and general aid payments for all districts in the state are reduced proportionately in an amount equaling total charter school payments.) Specify that this funding mechanism would also apply to any new charter schools established by the Chancellors of UW-Milwaukee and UW-Parkside. (As under current law, this funding mechanism would continue to apply to schools authorized by the Milwaukee Area Technical College District Board, should it choose to do so.)

Provide that the current law funding mechanism for charter schools established by the Director of the OEO and the Gateway Board would also apply to any charter school established by any other Chancellor or any technical college district board other than Milwaukee. (Under

this funding mechanism, the district of residence counts the charter pupils for revenue limits and general aid, and general aid for that district is reduced in an amount equal to charter school payments for resident pupils).

Delete the provisions under which the Board of Regents may not exercise control over a private gift or grant received by the OEO Director and under which the OEO Director may use a gift or grant at his or her sole discretion in the absence of any specific direction as to its use. Delete the provision under which the OEO Director may invest a gift or grant of moneys.

34. CHARTER SCHOOL AUTHORIZER DUTIES -- NACSA STANDARDS

Joint Finance: Specify that a charter school authorizer must consider (rather than adhere to, under current law) the principles and standards for quality charter schools established by the National Association of Charter School Authorizers (NACSA) when contracting for the establishment of a charter school.

35. RESTORE THE PART-TIME OPEN ENROLLMENT PROGRAM [LFB Paper 518]

Governor: Delete the current law provisions related to the course options program and generally restore the prior law provisions related to the part-time open enrollment program.

Prior to the 2013-15 biennial budget act, under the part-time open enrollment program, a pupil enrolled in a public school in grades 9 to 12 could attend public school in nonresident districts to take up to two courses offered by the nonresident districts. The 2013-15 budget act modified the part-time open enrollment program to become the course options program, under which any pupil enrolled in a public school could enroll in up to two courses at any time at various educational institutions. The bill would generally restore the part-time open enrollment program under prior law with the modifications made to the course options program in the 2015-17 budget act related to whole grade sharing agreements and the required notice of educational options also applying to the part-time open enrollment program.

The following sections describe the part-time open enrollment program as it would be recreated under the bill.

A pupil enrolled in a public school in grades 9 to 12 would be able to attend public school in a nonresident school district to take a course offered by the nonresident school district. A pupil could attend no more than two courses at any time in nonresident school districts.

Application Procedures. The pupil's parent would be required to submit an application, on a form provided by DPI, to the nonresident school district no later than six weeks prior to the date the course is scheduled to commence. The application would have to include the course or courses that the pupil wishes to attend and could specify the school or schools at which the pupil wishes to attend the course. The nonresident school board would have to send a copy of the application to the pupil's resident school board. (If the pupil attending a different district under a whole grade sharing agreement, the pupil's district of attendance would generally be treated as

the resident district for the purposes of the program.) The nonresident board would be required, no later than one week prior to the date on which the course is scheduled to commence, to notify the applicant and the resident board, in writing, whether the application has been accepted and the school at which the pupil can attend the course. The acceptance would apply only for the following semester, school year, or other session in which the course is offered. If accepted, the parent would be required to notify the resident and nonresident boards, prior to the date on which the course is scheduled to commence, of the pupil's intent to attend the course in the nonresident district.

If the number of applications received for a particular course exceeds the amount of space available, the district would be required to select pupils on a random basis.

Nonresident School District Acceptance Criteria. The school district's acceptance criteria would have to be the same as the criteria for entry into the course applicable to pupils who reside in the school district, except that a school board could give preference to residents of the district. Each school board was required to adopt a resolution establishing these criteria by February 1, 1998, under the prior program, and this requirement is retained in the bill. If a board wishes to revise the criteria, it would be required do so by resolution.

Transfer Prohibited by District of Residence. A resident school board could prohibit a pupil from attending a course in a nonresident district if the cost of the course would impose an undue financial burden upon the resident district. A resident school board would be required to prohibit a child with disabilities from attending a course in a nonresident district if the course conflicts with the child's IEP.

The district of residence would be required to, no later than one week prior to the commencement of the course, do the following: (a) notify the applicant, in writing, if it determines that the course does not satisfy the high school graduation requirements; and (b) notify the applicant and the nonresident board, in writing, if the application is denied and the reason for the denial.

Appeal of Rejection. If an application would be rejected by the resident or nonresident school district, the pupil's parent could appeal the decision to DPI within 30 days of the decision. DPI's decision on the appeal would be final and not subject to judicial review under Chapter 227 of the statutes. DPI would be required to affirm the school board's decision unless it finds that the decision was arbitrary or unreasonable.

Transportation. Parents would be responsible for transporting pupils to and from courses. The parent of a pupil could apply to DPI for reimbursement of the costs of the pupil's transportation if the pupils and parent are unable to pay the cost of such transportation. DPI would determine the amount of the reimbursement, which would be made from the same appropriation for reimbursement of transportation costs for the full-time open enrollment program. DPI would be required to give preference in making reimbursements to pupils who are eligible for a federal free or reduced-price lunch.

Rights of Pupils. A pupil attending courses in a school outside his or her district of residence under part-time open enrollment would have all the rights and privileges of resident

pupils and would be subject to the same rules and regulations as resident pupils.

Records Relating to Suspension or Expulsion. A resident district would be required to provide a school district to which a pupil has applied under part-time open enrollment records related to expulsion or disciplinary proceedings involving the pupil.

Tuition Payments. The resident district would pay the nonresident district an amount equal to the cost of providing the course or courses to the pupil, calculated in a manner determined by DPI.

Report. School districts would be required to report to DPI in their annual school performance report on the number and percentage of resident pupils attending a course in a nonresident district, the number of nonresident pupils attending a course in the district, and the courses taken by those pupils. The part-time open enrollment program would be required to be included in the notice of educational options that DPI, public schools, independent charter schools, and choice schools are required to provide.

Joint Finance: Specify that these changes would go into effect beginning in the 2018-19 school year.

36. OPEN ENROLLMENT AID TRANSFER AMOUNT -- REGULAR EDUCATION

Joint Finance: Specify that the aid transfer amount for a non-special education pupil would be increased by an additional $100 per year each year from 2017-18 through 2020-21 above any increase provided under the current law indexing mechanism.

Under current law, the aid transfer amount for a non-special education pupil under open enrollment in a given year is equal to the sum of the aid transfer amount in the previous year plus the per pupil revenue limit adjustment for the current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive. The aid transfer amount for a regular education pupil in 2016-17 was $6,748.

37. OPEN ENROLLMENT AID TRANSFER AMOUNT -- SPECIAL EDUCATION

Joint Finance: Create a process under which the open enrollment aid transfer amount for certain special education pupils who participate in the open enrollment program could be adjusted.

For these pupils, specify that, in the first year of the pupil's participation in the program, the aid transfer amount would be equal to the amount under current law.

Beginning in the 2018-19 school year, at the end of a school year in which a special education pupil participates in open enrollment, specify that the nonresident district may submit to DPI a financial statement that shows the actual costs the nonresident district incurred to provide a free appropriate public education, as defined in statute, to the pupil during that year. Require DPI to provide the resident district with a copy of any financial statement it receives.

Beginning in the 2019-20 school year, specify that the open enrollment transfer amount for a pupil for whom the nonresident district does not submit a financial statement would equal the amount under current law. Specify that the transfer amount for a pupil for whom the nonresident district submits a financial statement would be the amount shown on the financial statement for that child for the previous school year, up to a maximum of $30,000.

Under current law, the aid transfer amount for a special education pupil under open enrollment in a given year is equal to the sum of the aid transfer amount in the previous year plus the per pupil revenue limit adjustment for the current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive. The aid transfer amount for a special education pupil in 2016-17 was $12,000.

38. OPEN ENROLLMENT PROGRAM -- IEP TEAM

Governor: Delete the current law requirement that for a pupil with a disability who is attending a public school in a nonresident district under the open enrollment program, at least one person designated by the school board of the pupil's district of residence who has knowledge or special expertise about the child be appointed to the pupil's individualized education program (IEP) team.

Joint Finance: Delete provision as non-fiscal policy.

39. OPEN ENROLLMENT PROGRAM -- SPACE DETERMINATION

Governor: Require school boards to determine the number of regular and special education spaces available within the district under the open enrollment program no later than the first Monday in February, rather than in the January meeting of the school board as required under current law. Availability of space is a permissible criteria for a district in accepting and rejecting applications from nonresident pupils under the program.

Joint Finance: Delete provision as non-fiscal policy.

40. OPEN ENROLLMENT PROGRAM -- VIRTUAL CHARTER FUNDING STUDY

Joint Finance: Require DPI to prepare a report comparing the amount paid by the state for pupils attending a virtual charter school through the open enrollment program to the actual educational costs of pupils attending those schools. Require DPI to submit the report to the Joint Finance Committee and the appropriate standing committees of the Legislature no later than January 1, 2019.

41. CHOICE, CHARTER, AND OPEN ENROLLMENT PAYMENT INDEXING MECHANISM [LFB Paper 517]

GPR	- $761,000
Aid Reduction	- 359,000
Net GPR	- $402,000

Governor: Specify that the following appropriations would be

excluded from the calculation of statewide categorical aid for the purpose of indexing the payments for the choice, charter, and open enrollment programs: (a) the current law appropriation for payments under the special needs scholarship program; (b) the appropriation created under the bill for performance funding for schools in the City of Milwaukee; (c) the appropriation created under the bill for performance improvement funding for schools in the City of Milwaukee; and (d) the appropriation created under the bill for the summer school grant program for the Milwaukee Public Schools.

Specify that the amount included in statewide categorical aid from the DOA appropriation for telecommunications access for educational agencies would be the amount determined by the DOA Secretary to be allocated for payments to telecommunications providers under contracts with school districts and cooperative educational service agencies, for grants to school district consortia, and for educational technology teacher training grants. Under the bill, the purposes of that appropriation would be broadened to include payments to other educational agencies, which are currently paid out of separate appropriations that would be deleted and consolidated into one appropriation. [See "Administration -- Information Technology" for more information.]

In addition, specify that if the Secretary of the Department of Administration does not lapse funding from state compensation reserves related to the state contracting to provide self-insured group health plans for state employees, DPI must subtract the associated change in the per pupil aid payment (a $12 per pupil change to the prior year payment in each year) from the indexing calculation each year. [See "Public Instruction -- Categorical Aids" and "Budget Management and Compensation Reserves" for more information.]

Under current law, the various per pupil payment amounts under the private school choice programs, the special needs scholarship program, the independent charter school program, and the open enrollment program equal the sum of the payment amount for the program in the previous year plus the per pupil revenue limit adjustment for the current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive. Under the bill, it is estimated that the various payments would increase by $217 per pupil in both 2017-18 and 2018-19.

Joint Finance: Modify the Governor's recommendation by also excluding the appropriations for personal electronic computing devices and for independent charter schools authorized by the Director of the Office of Educational Opportunity in the UW System from the calculation of statewide categorical aid for the purpose of indexing payments. (Under this provision, if the OEO charters any schools, payments would still increase based on the amount resulting from the indexing mechanism, but the OEO appropriation would not be included for the purpose of determining that amount.)

Also, delete the provision making a portion of the payment increase contingent on funding lapsing from state compensation reserves related to state employee self-insurance.

As a result of these provisions and the categorical aid changes under Joint Finance, reestimate the payment increase for the various programs to be $207 per pupil in 2017-18 and $220 per pupil in 2018-19. The following table summarizes the GPR, aid reduction, and net GPR effect for the various programs in each year as a result of the payment reestimates. (The fiscal

effect of programmatic changes affecting enrollment in the various programs are shown in separate entries.)

	2017-18			2018-19		
	GPR	Aid Reductions	Net GPR	GPR	Aid Reductions	Net GPR
Milwaukee Choice	-$276,800	-$62,000	-$214,800	-$197,100	-$37,800	-$159,300
Racine/Statewide Choice	-73,500	-55,900	-17,600	-72,900	-62,600	-10,300
Special Needs Scholarship	-3,500	-3,500	0	-5,200	-5,200	0
Independent Charter	-76,000	-76,000	0	-56,000	-56,000	0
Total	-$429,800	-$197,400	-$232,400	-$331,200	-$161,600	-$169,600

42. EARLY COLLEGE CREDIT PROGRAM

Governor: Modify the youth options program to create the early college credit program.

Under the early college credit program, any public high school pupil could enroll in an institution of higher education for the purpose of taking one or more nonsectarian courses, including during a summer semester or session. An institution of higher education would be defined as: (a) an institution within the University of Wisconsin (UW) System; (b) a technical college within the technical college system; (c) a tribally-controlled college; or (d) a private, nonprofit institution of higher education located in Wisconsin. Specify that a tribally-controlled college or a private institution of higher education would only be part of the program if they notify the State Superintendent of their intent to participate by September 1 of the previous school year.

Application Procedures. Require a pupil enrolling in a course under the program to submit an application to the institution of higher education in the previous school semester, indicating whether he or she will take the course for high school credit, postsecondary credit, or both. Require that the pupil specify on the application that if he or she is admitted, the institution of higher education may disclose the pupil's courses, grades, and attendance record to his or her public school. Provide that if the pupil intends to take a course for postsecondary credit at an institution within the UW System, the Board of Regents would have to notify the pupil whether credits earned for the course are transferable between and within institutions within the system.

Require an institution of higher education to admit a pupil if the following apply: (a) there is space available in the course; and (b) the pupil meets the requirements and prerequisites of the course.

Require a pupil to: (a) notify an institution of higher education by March 1 prior to the fall semester and by October 1 for the spring semester of their intention to enroll; (b) specify the course titles and credits; and (c) indicate whether the course would be taken for high school or postsecondary credit. Provide that if a pupil takes a course for high school credit, the school board would determine: (a) whether the course is comparable to a course offered in the district; (b) whether it satisfies any graduation requirements; and (c) the number of credits to award for

the course. Require DPI to develop guidelines for school districts to use. Provide that a pupil would have 30 days to appeal a school board's decision to the State Superintendent, whose decision would be final and not subject to judicial review under Chapter 227 of the state statutes.

Tuition and Payment. Specify that tuition charged for each credit assigned to the course could not exceed the following: (a) for a UW institution, a technical college, or a tribally-controlled college, one-third of the amount that would be charged per credit to a Wisconsin resident who is enrolled in the course as an undergraduate student; or (b) for a private nonprofit institution, no more than 33% of the amount charged per credit by a UW institution for a resident Wisconsin undergraduate.

Require the school board of the district in which the pupil is enrolled to pay the institution the determined tuition amount within 30 days after the end of the semester and submit to DPI an itemized report of the amount paid. Require the Department of Workforce Development (DWD) to pay to DPI a portion of the costs of tuition for a pupil attending an institution of higher education under this program on behalf of the school board, with the reimbursement percentage determined based on the type of course credit received by the pupil, as described below. Require DPI to reimburse each school board the amount received from DWD. If the appropriation under DWD is insufficient to reimburse all school districts the full amount of reimbursable tuition, the Secretary of DWD would be required to notify the State Superintendent, who would then be required to prorate the amount of the payments among eligible school districts. (Funding for the program equal to $1,150,300 GPR in 2017-18 and $1,753,500 GPR in 2018-19 would be provided in a new appropriation created under DWD. The fiscal effect is shown under "Workforce Development."

Costs Of A Course Taken for High School Credit. Require that if the pupil is taking a course for high school credit, regardless of whether the pupil will also receive postsecondary credit, and if the course is not comparable to a course offered in the school district, the school board of the district in which the pupil is enrolled would be responsible for 75% of the actual cost of tuition. Provide that if the pupil takes such a course at a high school in a school district, the school board would also be responsible for the costs of books and other necessary materials.

Require DWD to reimburse the school district for the remaining 25% of the cost of tuition, as described above.

Costs Of A Course Taken for Postsecondary Credit. Require that if the pupil is taking a course for postsecondary credit and if the course is not comparable to a course offered in the school district, the school board of the district in which the pupil is enrolled would be responsible for 25% of the actual cost of tuition.

Require DWD to reimburse the school district for 50% of the cost of tuition, as described above.

Specify that a pupil who is taking a course only for postsecondary credit would be responsible for the remaining 25% of the actual cost of tuition as determined under the program. Require the school board of the district in which the pupil is enrolled to establish a written policy governing the timing and method for recovering the pupil's share of tuition from the pupil or his

or her parent or guardian. Require the school board to waive the pupil's responsibility for costs if DPI determines that the cost of the course would pose an undue financial burden on the pupil's family.

Provide that if a pupil receives a failing grade or fails to complete a course, the school board could request reimbursement of any moneys it paid. If reimbursement is not made, the pupil would be ineligible for further participation in the program.

Additional School Board Duties. Require school boards to provide information about the early college credit program to all pupils enrolled in the district in 8th through 11th grades no later than October 1 of each year, and include the program in the notification of educational options posted on the district's Internet site.

Allow a school board to establish a written policy limiting the number of credits for which the school board will pay to the equivalent of 18 postsecondary credits per pupil. Allow a school board to enter into an agreement with an institution of higher education to facilitate the early college credit program.

Transportation Aid. Specify that pupils attending a course under the early college credit program at an institution of higher education and receiving credit for the course could apply for aid under the appropriation for aid for transportation for open enrollment and the early college credit program.

Under current law, the youth options program allows high school juniors and seniors to take postsecondary level courses at any UW 2-year or 4-year institution, any of the 16 colleges within the Wisconsin Technical College System, or in participating private, nonprofit and tribal colleges and universities. Under the program, the school district pays for a college course if the district determines the course qualifies for both high school and college credit and is not comparable to a course already offered in the district. If approved by the district, the student can receive both high school and college credit upon successful completion of the course.

Joint Finance: Specify that a pupil could attend a two-year or four-year UW institution, a tribally controlled college, or a private, nonprofit institution of higher education located in Wisconsin under the early college credit program. Specify that current law describing the youth options program would continue to apply to the Wisconsin Technical College System.

Specify that for a UW College institution, tuition would be equal to one-half of the amount that would be charged for each credit assigned to the course to an individual who is a resident of this state and who is enrolled in the college campus as an undergraduate student. For a pupil who is attending a private institution of higher education, specify that tuition would be equal to one-third of the amount that would be charged for each credit assigned to a similar course offered by UW-Madison to a resident undergraduate.

Specify that a pupil attending a private school could participate in the program. Specify that the same requirements that apply to a public school board would apply to the governing body of a private school attended by a pupil who has applied to take or is taking a course under the program. Define "governing body" as a board elected or appointed to govern a private school or, if no board is appointed or elected to govern the school, any other person having direct charge of the private

school. Such requirements would include the following: (a) determining whether a course is comparable to a course offered by the private school, whether the course satisfies any requirements necessary for high school graduation, and the number of high school credits to award the pupil for the course, if any; (b) allowing a pupil to appeal a decision regarding course credits within 30 days after the decision; (c) paying a portion of the cost of the course, equal to 75% of the cost plus the cost of books and other necessary materials if the course is taken for high school credit, and 25% if the course is taken for college credit only; (d) paying the specified tuition amount to the institution of higher education within 30 days after the end of the semester, and submitting an itemized report to DPI specifying the amounts paid; (e) establishing a policy governing the timing and method for recovering the pupil's share of tuition, equal to 25% of the actual tuition for the course if the course is taken for college credit only; and (f) waiving the pupil's responsibility for costs if DPI determines that the cost of the course would pose an undue financial burden on the pupil's family.

Require a private school pupil who intends to enroll in an institution of higher education under the program to notify the governing body of the private school he or she attends of that intention no later than March 1 for the fall semester or October 1 for the spring semester. Require the pupil to immediately inform the governing body if the pupil is not admitted to attend the specified course, but is admitted to attend a different course. Require an institution of higher education to notify the governing body within 30 days after the beginning of classes at the institution if it admits a pupil enrolled in the private school. Specify that a private school would receive reimbursement from DPI from the appropriation under the Department of Workforce Development. As for public schools, reimbursements would be prorated if funding were insufficient to fully fund claims. Prohibit the governing body from charging any additional costs or fees to a pupil to attend a course under the program. If a pupil receives a failing grade in a course, or fails to complete the course, require the pupil to reimburse the governing body the amount paid on the pupil's behalf upon the request of the governing body, and specify that such a pupil would be ineligible for further participation in the program. Specify that a pupil attending a private school would be eligible for transportation aid if he or she is taking a course for high school credit. Allow the governing body of a private school to establish a written policy limiting the number of credits for which the school will pay to the equivalent of 18 postsecondary semester credits per pupil. Allow a governing body to enter into an agreement with an institution of higher education to facilitate pupil participation in the program.

Delay implementation of the program until the 2018-19 school year. Require DPI to take whatever steps are necessary to implement the program for the Fall, 2018, semester, including providing information to school boards, private schools, institutions of higher education, and pupils.

43. OPPORTUNITY SCHOOLS PARTNERSHIP PROGRAM

GPR	$75,000

Joint Finance: Provide $75,000 GPR in 2017-18 in a biennial appropriation for a study of school district creation. Require DPI to contract with an entity to conduct a study of the effect of reorganizing a school district that meets the following criteria in the 2015-16 and 2016-17 school years: (a) is assigned to the lowest performance category on the annual accountability reports; and

(b) received intradistrict transfer aid. The study would consider the effect of creating one or more new school districts that consist of one or more villages located within the eligible school district. Require DPI to issue a request for proposal for the study within 30 days after the effective date of the bill.

Specify that the contract must require the entity to evaluate at least all of the following: (a) the estimated general and categorical school aid that the existing school district and new district or districts would be eligible to receive following the reorganization; (b) the impact the reorganization would have on the amount of property taxes paid by residents of the existing school district and the new district or districts; (c) an inventory of school buildings located in the existing school district; and (d) the assets and liabilities of the existing school district. Require that the entity produce a report no later than 120 days after the contract is awarded. Require that the report would be submitted to DPI, and that DPI would distribute the report to the village board of each village located in the existing school district as well as the school board of the eligible school district.

Creation of an OSPP. By November 30, 2017, and each November 30 thereafter, require the State Superintendent to notify the clerk of each village located in an eligible unified district, as well as the school district administrator of the eligible unified district, that the district qualifies for the creation of an Opportunity Schools Partnership Program (OSPP). To qualify as an eligible unified school district, specify that a district must meet the criteria for the creation of an OSPP under current law, as well as the following criteria: (a) contains a city that has a population of more than 75,000; and (b) contains at least two villages. (To qualify for the creation of an OSPP under current law, a district must meet the following criteria: (a) was assigned to the lowest performance category on two school district accountability reports in the most recent consecutive years; (b) has a pupil membership of over 15,000; and (c) received intradistrict transfer aid in the two school years in which the district was assigned the lowest performance category on the school district accountability reports.) Racine Unified School District could qualify as an eligible unified district in Fall, 2017.

Specify that within 120 days after receiving notice that the district qualifies for the creation of an OSPP, an eligible unified school district could demonstrate to the Department of Administration (DOA) that the school board is not, directly or indirectly, delegating its authority to make decisions about providing benefits to its employees. If DOA certifies that the school board of the eligible unified school district is not delegating its authority to make decisions about providing employee benefits, the county executive could not select a commissioner unless the eligible unified school district satisfies both of the following criteria: (a) was assigned to the lowest performance category on the accountability reports published in the three most recent school years; and (b) received intradistrict transfer aid in the three most recent school years. If DOA does not certify that the district is complying with the prohibition, require the county executive to proceed with the process of selecting a commissioner, as under current law.

School District Creation. Within 60 days after receiving notice that the school district qualifies as an eligible unified school district, specify that the village board of each village located within the district could consider a resolution to affirm or deny the village board's intent to create a new school district. If the board adopts a resolution affirming the village's intent to create a new district, require that the board include all of the following information in the resolution: (a) the

territory of the new school district, which must correspond with village boundaries but may incorporate more than one village; (b) the name of the new school district; (c) the type of school district and the grades to be taught by the new school district; and (d) the proposed effective date of the school district creation, either July 1 of the following year or July 1 of the second following year.

Require a village board to adopt a resolution to provide for a referendum to create a new school district if the following criteria are met: (a) the village board did not adopt such a resolution in the previous school year; (b) DOA certified that the district is not delegating decisions about employee benefits, as described above; (c) the district was assigned to the lowest performance category on the accountability reports published in the three most recent school years; and (d) the district received intradistrict transfer aid in the three most recent school years. Require that the resolution would be adopted within 60 days after receiving notice that the school district qualifies as an eligible unified school district. Specify that the board must include the following information in the resolution: (a) the territory of the new school district, which must correspond with village boundaries but may incorporate more than one village; (b) the name of the new school district; (c) the type of school district and the grades to be taught by the new school district; and (d) the proposed effective date of the school district creation, either July 1 of the following year or July 1 of the second following year.

If a village board adopts a resolution affirming its intent to create a new school district or providing for a referendum, require the village board to submit the resolution to the School District Boundary Appeals Board (SDBAB). Upon receipt of the resolution, require SDBAB to hold a public hearing on the proposed reorganization. After the hearing and after consulting with the school board of the eligible unified school district and the village boards of the villages located within the proposed school district, require SDBAB to determine the apportionment of assets and liabilities between the eligible unified school district and the proposed school district according to criteria established in current law for the apportionment of assets and liabilities following the division of territory. Require SDBAB to issue an order by no later than 180 days after the board receives notice of the district's eligibility that includes the territory of the new school district, as described in the resolution adopted by the village board, and the apportionment of assets and liabilities.

Require a binding referendum to be held on a proposed reorganization in the territory of the school district proposed to be created by the reorganization. Require that the referendum be held on the first Tuesday after the first Monday in November following the order issued by SDBAB.

If a majority of the votes cast in the referendum is in favor of the creation of the proposed district, require the village boards of the villages included in the proposed school district to adopt a resolution to designate the following for the proposed district no later than 60 days after the referendum: (a) the number of school board members in the new district; (b) the terms of initial members of the school board; (c) the method of election of school board members. Require the village to submit the resolution to the eligible unified school district. After receiving the resolution, require the school board of the eligible district to make and file an order of reorganization designating that the first election of school board members must occur at the

regularly scheduled spring election immediately following the date on which the order is filed with the board. Specify that the reorganization would take effect on the July 1 described in the resolution adopted by the village board.

Specify that the school district creation process under current law would not apply to a school district created under the process described above.

School District Operations

1. ELIMINATE REQUIRED HOURS OF INSTRUCTION FOR PUBLIC SCHOOLS

Governor: Delete current law requiring school districts to schedule annual direct pupil instruction equal to at least 437 hours for pupils in kindergarten, 1,050 hours for pupils in grades 1 to 6, and 1,137 hours for pupils in grades 7 to 12. Under current law, the required hours of instruction can include recess, time to transfer between classes, Saturday hours, and up to 87.5 of the scheduled hours for outreach activities for pupils in a four-year-old kindergarten program, but cannot include lunch periods or interim sessions.

Additionally, delete a current law requirement that a virtual charter school ensure that its teachers are available to provide direct pupil instruction for at least 437 hours for kindergarten pupils, at least 1,050 hours for pupils in grades 1 to 6 and at least 1,137 hours for pupils in grades 7 to 12, not to include more than 10 hours in any 24 hour period.

Joint Finance: Delete provision as non-fiscal policy.

2. SCHOOL BOARD MEETING REQUIREMENTS

Governor: Delete the following requirements from current law related to school board meetings:

a. hold a regular meeting of the board at least once per month; and

b. for common school districts, hold an annual meeting on the fourth Monday in July at 8 p.m., and for union high school districts hold an annual meeting on the third Monday in July at 8 p.m., subject to modification by the electors at an annual meeting, with meetings instead to be held on a date and hour determined by the school board. Under current law, a vote of the electors at an annual meeting can modify the date of future annual meetings, but school boards are subject to the dates and times specified in the statutes if no modification is made.

Joint Finance: Delete provision as non-fiscal policy.

3. CONTRACT PROVISIONS

Governor: Delete current law requiring school districts to ensure that an employment contract does not exceed two years for a school district administrator, business manager, or school principal and assistants, as well as personnel administrators and supervisors, curriculum administrators, and assistants to administrative personnel who are employed to perform administrative duties only.

Additionally, delete current law requiring school districts to extend the contract of a school district administrator, business manager, or school principal and assistants by two years if written notice of renewal or refusal to renew the contract is not given at least four months prior to the contract's expiration.

Joint Finance: Delete provision as non-fiscal policy.

4. SHARED SERVICES FOR SCHOOL DISTRICTS

Governor: Allow a school board to contract with one or more school boards to perform any of the following functions required under state law: (a) establish a bilingual-bicultural education program; (b) offer instruction in cardiopulmonary resuscitation and cardiocerebral resuscitation, if the school board operates any grade from 7 to 12; (c) provide emergency nursing services; (d) designate an employee of one of the school boards to deal with matters relating to school attendance and truancy; (e) provide guidance and counseling services; (f) establish a technical preparation program in each public high school located in the district; and (g) ensure that gifted and talented pupils enrolled in the district have access to a program for gifted and talented pupils.

Delete current law specifying that a district can contract with other districts or cooperative educational service agencies (CESAs) to employ a certified reading specialist on a cooperative basis only at the discretion of the State Superintendent.

Joint Finance: Delete provision as non-fiscal policy.

5. COMPENSATION FOR STUDENT TEACHERS

Governor: Allow school boards to provide compensation to a student teacher for time spent in a classroom that involves direct interaction with pupils.

Joint Finance: Delete provision as non-fiscal policy.

6. STATEMENT OF INDEBTEDNESS

Governor: Delete current law requiring school districts to furnish a full and complete statement showing the bonded and all other indebtedness of the district, the purposes for which debt was incurred, and all accrued interest remaining unpaid, whenever required by the Secretary

of State.

Joint Finance: Delete provision as non-fiscal policy.

7. RECYCLED MATERIALS AND LIFE CYCLE ESTIMATES

Governor: Exclude school districts from current law requiring local units of government to maximize the purchase of recycled materials, when possible, and specifying the minimum average recycled or covered content of all paper purchased by local units of government (currently equal to a minimum of at least 40%). Additionally, exempt school districts from current law requiring local units of government to award contracts for materials, supplies, or equipment on the basis of life cycle cost estimates when appropriate.

Joint Finance: Delete provision as non-fiscal policy.

8. OVERSIGHT OF CHILD CARE PROGRAMS RUN BY SCHOOL DISTRICTS

Governor/Joint Finance: Specify that the Department of Children and Families could visit and inspect the premises of, inspect the records of, and investigate and prosecute any alleged violations occurring at any child care program established or contracted for by a school board that receives funding under the Wisconsin Shares childcare subsidy.

9. WHOLE GRADE SHARING

Joint Finance: Specify that a school board may not enter into, extend, or renew a whole grade sharing agreement after February 15 of the school year preceding the school year in which the agreement, extension, or renewal takes effect, rather than January 10 as under current law.

Additionally, require the school board to adopt a resolution stating its intention to enter into, extend, or renew a whole grade sharing agreement at least 60 days before doing so, rather than 150 days as under current law.

(As under current law, the school district clerk would be required to publish notice of the adoption of the resolution within 10 days of the school board's adoption of the resolution. A petition signed by at least 20 percent of the electors residing in the school district may be filed with the school board requesting a feasibility study of the agreement within 30 days after publication or posting. If a feasibility study is required, the school board must contract with an organization approved by DPI to conduct the feasibility study, and may not enter into, extend, or renew the whole grade sharing agreement until it receives the results of the study. Additionally, maintain the current law requirement that the school board hold a public hearing in the school district at which the proposed agreement is described and at which any school district elector may comment on the proposed agreement at least 30 days before entering into, extending, or renewing a whole grade sharing agreement.)

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $1,690,800	0.00
FED	613,100	- 2.00
PR	166,400	0.00
Total	- $911,300	- 2.00

Governor/Joint Finance: Provide adjustments to the base budget of -$869,200 GPR, $340,100 FED, and $83,200 PR in 2017-18 and -$821,600 GPR, $273,000 FED, and $83,200 PR in 2018-19 and a reduction of 1.00 FED position in 2017-18 and an additional 1.00 FED position in 2018-19 for: (a) turnover reduction (-$427,900 GPR and -$494,800 FED annually); (b) removal of noncontinuing items from the base (-$76,200 FED and -1.00 FED position in 2017-18 and $144,700 FED and an additional -1.00 FED position in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$823,500 GPR, $843,700 FED, and $69,200 PR annually); (d) overtime ($274,500 GPR, $50,200 FED, and $13,800 PR annually); (e) night and weekend differential pay ($55,500 GPR, $400 FED, and $200 PR annually); and (f) full funding of lease and directed move costs ($52,200 GPR and $16,800 FED in 2017-18 and $99,800 GPR and $18,200 FED in 2018-19).

2. MENTAL HEALTH TRAINING GRANTS

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$1,005,400	1.00	- $400,000	0.00	$605,400	1.00

Governor: Provide $491,300 in 2017-18 and $514,100 in 2018-19 to fund training for school districts and independent charter schools in providing mental health screening and intervention services to pupils.

Of the total, $420,000 annually would establish a mental health training support program under which DPI would provide training on evidence-based strategies related to addressing mental health issues in schools to school district staff and instruction staff of independent charter schools. The State Superintendent would be required to ensure that at least all of the following evidence-based strategies are included in the training: (a) screening, brief intervention, and referral to treatment; (b) trauma sensitive schools training modules; and (c) youth mental health first aid.

The remaining $71,300 in 2017-18 and $94,100 in 2018-19 would fund 1.0 position to administer state mental health programs ($41,000 salary, $16,200 fringe benefits, and $14,100 supplies and services in 2017-18 and $54,700 salary, $21,600 fringe benefits, and $17,800 supplies and services in 2018-19).

Joint Finance: Delete $200,000 annually to reflect funding provided in 2017 Act 31. In addition, modify the provision so that it would amend Act 31 so that Act 31 would reference the

three evidence-based strategies identified in the Governor's provision.

3. FUEL AND UTILITIES REESTIMATE

GPR	- $176,900

Governor/Joint Finance: Delete $91,600 in 2017-18 and $85,300 in 2018-19 to reflect estimated costs for fuel and utilities for the state residential schools. Annual base level funding is $612,000.

4. CREATE A RENEWABLE ENERGY APPROPRIATION

Governor/Joint Finance: Create an appropriation for electric energy derived from renewable sources and provide $14,500 GPR annually. Specify that these funds would be used for the premium cost incurred for the generation or purchase of electric energy derived from renewable sources as defined under current law. Reduce the appropriation for fuel and utilities for the state residential schools by $14,500 GPR annually and prohibit DPI from using funds provided through that appropriation for the premium cost incurred for the generation or purchase of electric energy derived from renewable resources.

5. DEBT SERVICE REESTIMATE

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $11,400	$15,400	$4,000

Governor: Provide $5,400 in 2017-18 and -$16,800 in 2018-19 as a reestimate of debt service payments for the state residential schools. Annual base level funding is $1,062,600.

Joint Finance: Increase funding by $9,900 in 2017-18 and $5,500 in 2018-19 to reflect a reestimate of debt service costs.

6. VERY SPECIAL ARTS

GPR	$23,400

Governor/Joint Finance: Provide $11,700 annually above base level funding of $63,300 for the program for arts activities for children and adults with disabilities. The increase would restore the program to its 2008-09 funding level.

7. PROGRAM REVENUE REESTIMATES

PR	$6,358,400

Governor/Joint Finance: Reestimate program revenue by $3,151,100 in 2017-18 and $3,207,300 in 2018-19. The reestimate includes $151,100 in 2017-18 and $207,300 in 2018-19 in the appropriation for personnel licensure to reflect teacher license fee revenue. The remaining $3,000,000 annually would be included in the appropriation for revenues from other state

agencies to reflect funds transferred from the Department of Workforce Development (DWD) for the career and technical education incentive grants. Under the program, funds are transferred from DWD to DPI to make payments to school districts.

8. FEDERAL REVENUE REESTIMATES

FED	$1,847,200

Governor/Joint Finance: Reestimate federal revenues by $923,600 annually in the appropriation for federal funds - individuals and organizations to reflect projected revenues and expenditures in federal fund sources.

9. ELIMINATE EXPIRATION DATES FOR TEACHING AND ADMINISTRATOR LICENSES [LFB Paper 530]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $1,757,300	- 10.00	$970,300	5.00	- $787,000	- 5.00

Governor: Delete $753,200 and 10.0 positions in 2017-18 and $1,004,100 in 2018-19 from base level funding of $3,698,400 by eliminating expiration dates for teaching and administrator licenses issued by DPI. Specify that any initial teaching license, professional teaching license, master educator license, or administrator's license issued by DPI beginning on the effective date of the bill would have no expiration date. Any initial teaching license, professional teaching license, master educator license, or administrator's license issued by DPI that is valid and current on the effective date of the bill would have no expiration date, and DPI could not require an individual who holds such a license to renew the license. Expiration dates for charter school teaching or administrator licenses would also be eliminated.

Require school boards to conduct a background investigation of each individual who holds a teaching or administrator's license and who is employed by the school board at least once every five years after the initial background check conducted by DPI at the time of the individual's initial application for a license. The investigations would be conducted with the assistance of the Department of Justice beginning on the effective date of the bill. Allow a school board to contract with DPI to conduct the background investigation. (The bill does not specify that Milwaukee Public Schools would be subject to the background investigation requirement.)

Under current law, a license for an initial educator is valid for five years, after which an educator can apply for a professional teaching license, which is valid for five years and can be renewed. An administrator license is also valid for a period of five years. A master educator license is an optional 10-year license that may be issued to educators who successfully complete additional requirements. Charter school teaching licenses are valid for three years and renewable for three year periods, and charter school principal licenses are valid for five years and renewable for five year periods. In general, professional development requirements must be met prior to renewing a license. Additionally, DPI is required to conduct a background check when an

individual renews a teaching or administrator license.

Joint Finance: Modify the funding and position authority in the bill by 5.0 PR positions and $359,700 PR in 2017-18 and $610,600 PR in 2018-19 to reflect DPI estimates of workload reductions under the proposal.

Also modify the Governor's recommendation by continuing to require DPI to conduct background checks on behalf of school districts and independent charter schools, as under current law. Require DPI to conduct a background investigation of each applicant for issuance or renewal of a license or permit, including a license or permit issued to a pupil services professional. Additionally, require DPI to conduct a background investigation at least once every five years of each person who satisfies the following criteria: (a) the person holds a license issued by the State Superintendent that has no expiration date, including a license issued to a pupil services professional; and (b) the person is employed by an educational agency or by an independent charter school.

Specify that a provisional three-year license would be granted for new educators, administrators, and pupil services professionals. Allow DPI to issue a lifetime license if the individual successfully completes six semesters of teaching, administrator, or pupil services experience. Provide that the school board of each school district in which an individual served as a teacher, administrator, or pupil services professional must certify to the Department that the semesters completed by that individual in that school district were completed successfully. Specify that an individual who does not complete six semesters of teaching, administrating, or pupil services experience within the three-year term of a provisional license could apply to renew the provisional license. Specify that there would be no limit to the number of times an individual could renew a provisional license.

Require DPI to invalidate a lifetime license held by an individual who is not actively employed by a school district for five or more consecutive years. Specify that an individual whose lifetime license has been invalidated would be required to apply for and obtain a provisional license, and submit certification of the successful completion of six semesters of experience.

Specify that any individual holding a professional or master teaching license, administrator license, or pupil services license that is valid and current on the effective date of the bill would be a lifetime license with no expiration date. An individual who holds a valid and current initial teaching, administrator, or pupil services license on the effective date of the bill, or who applies for an initial license, would receive a provisional three-year license, as described above.

10. TEACHER DEVELOPMENT PROGRAM

Governor: Create a teacher development grant program, under which a school district could apply to the Department of Workforce Development (DWD) for a grant to design and implement a teacher development program in partnership with a school of education in the University of Wisconsin (UW) System or the flexible option program in the UW System Extension.

Under the program, the district and the partnering entity would be required to design a program to prepare district employees who work closely with pupils and hold a bachelor's degree to successfully complete the requirements for obtaining a professional teaching permit or initial teaching license, including any required standardized examinations. Additionally, the school district would be required to allow employees who are enrolled in the program to satisfy student teaching requirements in a school in the school district, and the partnering entity would be required to prepare and provide intensive coursework for participating school district employees.

Require DWD to consult with DPI to confirm that a teacher development program awarded a grant by DWD meets the requirements described above. Allow DPI to issue an initial teaching license to an individual who completes a teacher development program under the grant program.

Joint Finance: Modify the Governor's recommendation by specifying that a private school or independent charter school could apply for a grant under the program, rather than only a school district as under the bill. Additionally, specify that an eligible program could be developed in partnership with any educator preparation program approved by DPI and headquartered in Wisconsin. Delete the requirement that an individual hold a bachelor's degree to enter a program receiving a grant. Require the school board, governing body of a private school, or charter management organization to permit an individual who does not hold a bachelor's degree to enroll in a teacher development program developed and implemented under the grant program.

11. TEACHING LICENSE BASED ON RECIPROCITY

Governor/Joint Finance: Delete current law requiring that an individual has received an offer of employment from a school in Wisconsin to be eligible for a teaching or administrator license based on reciprocity.

Under current law, an individual is eligible for a teaching or administrator license based on reciprocity if he or she meets the following requirements: (a) currently holds the equivalent license granted by the proper authority of another state and is in good standing with the proper authority of another state; (b) taught or worked as an administrator under the license granted by another state for at least one year; and (c) has received an offer of employment from a school located in Wisconsin.

12. FACULTY TEACHING IN PUBLIC HIGH SCHOOLS

Governor: Allow a faculty member of an institution of higher education to teach in a public high school, including a charter school operating only high school grades, without a license or permit from DPI. Define "institution of higher education" as one of the following: (a) an institution or college campus within the University of Wisconsin System; (b) a technical college within the Wisconsin Technical College System; or (c) any private, nonprofit postsecondary institution that is a member of the Wisconsin Association of Independent Colleges and Universities. To be eligible, the faculty member must possess a bachelor's degree and be in

good standing with the institution of higher education at which he or she is a member of the faculty.

Joint Finance: Additionally, specify that the faculty member would be required to complete a background check and that the results of the background check must show that the faculty member is eligible for a teaching license under current law.

13. ALTERNATIVE TEACHER PREPARATION PROGRAM

Joint Finance: Require DPI to grant an initial teaching license to an individual who meets the following requirements: (a) possesses a bachelor's degree; (b) has successfully completed an alternative teacher certification program operated by an alternative preparation program provider that is a non-profit organization under section 501(c)(3) of the internal revenue code, that operates in at least five states and has been in operation for at least ten years, and that requires the candidate to pass a subject area exam and the pedagogy exam known as the Professional Teaching Knowledge exam to receive a certificate under the program; and (c) successfully completes a background check. Specify that this license would authorize an individual to teach the subject and educational levels for which the individual successfully completed this program.

14. SUBSTITUTE PERMIT FOR INDIVIDUAL WITH ASSOCIATE'S DEGREE

Joint Finance: Require the State Superintendent to grant a substitute teacher permit to an individual who meets the following requirements: (a) successfully completes substitute teacher training; (b) has an associate's degree; and (c) successfully completes a background check.

15. ONLINE TEACHER RECIPROCITY

Joint Finance: Specify that an individual may teach an online course in a subject and level in a public school, including a charter school, without a license or permit from DPI if that individual holds a valid license or permit to teach the subject and level in the state from which the online course is provided. Specify that an individual who holds a license or permit to teach a subject and level in the state from which the online course is provided would be considered appropriately licensed to teach that subject and level in a virtual charter school.

Require each school board to ensure that an individual who provides instruction in a subject and level through an online course offered from another state to pupils enrolled in a school in the school district holds a valid license or permit to teach the subject and level in the state from which the online course is provided.

16. TEACHER LICENSURE RULEMAKING PROCESS

Joint Finance: Require DPI to promulgate rules to revise Chapter 34 of the state administrative code, which contains provisions related to teacher licensure. In promulgating rules, require DPI to simplify the teacher licensure process, to the extent practicable, by doing at

least all of the following: (a) simplify the grade levels licensees are authorized to teach; (b) create broad field subject licenses; (c) allow school districts to increase the number of teachers by offering internships and residency opportunities; (d) create a permit that authorizes an individual who is enrolled in a teacher preparatory program to teach in public schools as part of an internship, residency program, or other equivalent training program; (e) simplify licensure reciprocity for individuals who hold a license in another state; and (f) expand pathways for individuals who hold a license issued by DPI to obtain additional licenses to fill positions in geographic areas or subject areas that are in need of educational personnel. Specify that the rules must not decrease the quality standards for obtaining a license to teach from the Department. Require DPI to submit the rules in proposed form to the Legislative Council staff, as required under current law rulemaking procedures, no later than January 1, 2018.

17. JUNIOR RESERVE OFFICER'S TRAINING CORPS TEACHING LICENSE

Joint Finance: Require DPI to grant a license to an individual to provide instruction to pupils enrolled in a Junior Reserve Officer Training Corps (JROTC) program offered in the high school grades if the individual satisfies the following criteria: (a) possesses a bachelor's degree; (b) successfully completed a JROTC instructor certification program; and (c) fulfills current law requirements related to criminal convictions and background checks for educators. Specify that the license under this provision would authorize the individual to teach the courses for which the individual successfully completed the JROTC instructor certification process.

18. NEWSLINE FOR THE BLIND

SEG	$52,200

Governor/Joint Finance: Provide $16,900 in 2017-18 and $35,300 in 2018-19 for the program that provides access to newspapers for the blind. Base level funding is equal to $111,500, and is included in the appropriation for BadgerLink (base level funding is $2,902,200 annually). The segregated funding for the program is provided from the state universal service fund, which receives its revenue through assessments on annual gross operating revenues from intrastate telecommunications providers.

19. LIBRARY SERVICE CONTRACTS

SEG	$10,300

Governor/Joint Finance: Provide $3,200 in 2017-18 and $7,100 in 2018-19 above base level funding of $1,167,200 to fully fund the estimated costs of library service contracts. Contracts are currently maintained with the Milwaukee Public Library, the University of Wisconsin-Madison, Cooperative Children's Book Center, and the Wisconsin Talking Book and Braille Library (formerly known as the Wisconsin Regional Library for the Blind and Physically Handicapped). The segregated funding for the program is provided from the state universal service fund, which receives its revenue through assessments on annual gross operating revenues from intrastate telecommunications providers.

20. ACADEMIC AND CAREER PLANNING INSTRUCTION

Governor/Joint Finance: Require the State Superintendent to work with the Department of Children and Families (DCF) to develop success sequence-related instruction and materials to be incorporated into academic and career planning services. Define "success sequence" as the idea that economic success is more likely if an individual follows three norms: (a) graduating from high school; (b) maintaining a full-time job or having a partner who does; and (c) having children while married and after age 21, if the decision is made to become parents.

Require that every school board incorporate the success sequence information in its academic and career planning services beginning in the 2019-20 school year. Require DCF to approve any instruction and materials related to the success sequence before they are provided to pupils. Under another provision of the bill, DCF would be provided with $50,000 in 2017-18 for the development of academic and career planning materials.

Under current law, DPI is required to ensure that every school board provides academic and career planning services to pupils enrolled in grades six through 12 beginning in the 2017-18 school year.

21. SCHOOL AND SCHOOL DISTRICT ACCOUNTABILITY REPORTS

Governor/Joint Finance: Require the school and school district accountability reports published annually by DPI to include the following information for school districts and for each high school in the district: (a) the number and percentage of pupils participating in the early college credit program; (b) the number and percentage of pupils participating in a youth apprenticeship; (c) the number of community service hours provided by pupils; (d) the number of advanced placement courses offered and the number of advanced placement credits earned by pupils; and (e) the number of pupils earning industry-recognized credentials through a technical education program established by a school board.

22. STUDY ON ABSENTEEISM AND PUBLIC ASSISTANCE

Governor/Joint Finance: Require DPI to collaborate with other agencies to prepare a report on the population overlap of families that receive public benefits and children who are absent from school for 10 percent or more of the school year. The other agencies involved in the report would include the Departments of Children and Families, Health Services, and Workforce Development, and any other relevant programs or agencies the departments identify as appropriate. Require the report to be submitted on or before December 30, 2018, to the Governor and appropriate standing committees of the Legislature.

23. WISCONSIN READING CORPS

GPR	$1,000,000

Joint Finance: Provide $300,000 in 2017-18 and $700,000 in 2018-19 on a one-time basis for the Wisconsin Reading Corps to provide one-on-one tutoring. Require matching private funds equal to $250,000 in each year. Specify that no funds may be encumbered from the

appropriation after June 30, 2019.

24. COLLEGE POSSIBLE, INC.

GPR	$1,000,000

Joint Finance: Provide $500,000 annually for College Possible, Inc. to work with college and high school pupils in Milwaukee. Require the State Superintendent to award a grant to the organization annually. Require that the grant amount is determined on a matching basis, under which College Possible, Inc. provides matching funds in an amount equal to 20% of the grant amount.

25. INFORMATION TECHNOLOGY EDUCATION

GPR	$1,750,000

Joint Finance: Provide $875,000 GPR in 2017-18 and 2018-19 for a grant to an entity to provide information technology education opportunities to public school pupils in grades 6-12, technical college students, and patrons of public libraries.

Require that the funding be awarded through a competitive request-for-proposal process. Require that the selected provider has successfully offered an information technology instructional program in schools in this state and will ensure that the instructional program will be operated in 225 sites, including 16 public libraries. Also the instructional program to include the following components: (a) a research-based curriculum emphasizing the development of information technology skills; (b) online access to the curriculum; (c) instructional software for use in the classroom and at a pupil's home; (d) a curriculum that aligns with the coding and other techniques included on the computer science Advanced Placement exam and grants a certificate upon successful completion and passage of the Advanced Placement exam; (e) certifications of skills and competencies in a broad range of information technology-related skill areas, including applications used most often in business; (f) professional development and co-teaching for teachers and administrators including teachers providing instruction in the information technology program; (g) deployment and program support, including integration of the program with current curriculum standards; and (h) opportunities for pupils completing the program to earn college credit.

Require that DPI give preference to an entity that demonstrates that it has successfully provided high-quality information technology instructional programming and educational opportunities to pupils enrolled in or attending schools in Wisconsin.

Prohibit DWD from awarding a career and technical education grant to a school district if the industry-recognized certification program completed by the pupil as a condition of the grant was completed through the information technology grant program.

26. LIFESAVING SKILLS INSTRUCTION IN VIRTUAL SCHOOLS

Joint Finance: Specify that a virtual school would not be required to provide any statutorily-required lifesaving skills instruction in a manner that requires the pupils receiving the instruction and the instructional staff providing the instruction to be together in the same

geographic location. Specify that a virtual school could provide all of the required lifesaving skill instruction through means of the internet.

Under current law, each school board, charter school operator, and private school governing body operating any grade from 7 to 12 is required to offer instruction in cardiopulmonary resuscitation (CPR) and cardiocerebral resuscitation (CCR) in any health education course offered to pupils enrolled in those grades. The instruction must incorporate the psychomotor skills necessary to perform CPR and CCR.

27. PUBLIC LIBRARY SYSTEM AID [LFB Paper 531]

SEG	$1,500,000

Joint Finance: Provide one-time funding equal to $500,000 in 2017-18 and $1,000,000 in 2018-19 as a result of a corresponding decrease in TEACH funding under the Department of Administration.

Additionally, delete current law requiring DPI to include in its biennial budget submission a request for public library system aid equal to 13% of the prior year operating expenditures from local and county sources.

28. CIVICS ASSESSMENT REQUIREMENT FOR HIGH SCHOOL GRADUATION

Joint Finance: Increase the score that an individual must achieve on a civics assessment in order to graduate from high school to 65 points.

Under current law, a school board, independent charter school operator, and private choice school cannot grant a high school diploma and the State Superintendent cannot grant a declaration of equivalency of high school graduation to an individual unless he or she takes, during the high school grades, a civics assessment comprised of 100 questions that may be asked of an individual during the process of applying for U.S. citizenship by the United States Citizenship and Immigration Services and correctly answers at least 60 points out of 100 on the assessment.

29. DELETE TEACH FOR AMERICA GRANT

GPR	- $1,000,000

Joint Finance: Delete $500,000 annually for grants to Teach for America.

Instead, provide $500,000 annually for a new grant program under the Department of Workforce Development. Under the program, grants would be awarded to a non-profit organization that operates a program to recruit and prepare individuals to teach in public or private schools located in low-income or urban school districts in Wisconsin. (See entry under "Department of Workforce Development.")

30. ELECTRONIC NOTIFICATION OF TRUANCY

Joint Finance: Allow electronic communication to be used to give a truancy notice to a

pupil's parent or guardian. Specify that unless the parent or guardian has refused to receive electronic communication, the school attendance officer must attempt to give notice by electronic communication, or personal contact or telephone call as under current law, prior to giving notice by first class mail.

Under current law, a school attendance officer is required to notify the parent or guardian of a child who has been truant using personal contact, telephone call, or first class mail. The officer must attempt to contact the parent or guardian using personal contact or a telephone call prior to using first class mail.

PUBLIC SERVICE COMMISSION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
FED	$4,688,400	$5,367,800	$5,367,800	$0	0.0%	$679,400	14.5%
PR	34,229,200	38,343,700	38,953,900	610,200	1.6	4,724,700	13.8
SEG	16,039,200	27,029,800	27,029,800	0	0.0	10,990,600	68.5
TOTAL	$54,956,800	$70,741,300	$71,351,500	$610,200	0.9%	$16,394,700	29.8%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
FED	10.25	10.25	10.25	0.00	0.00
PR	138.00	138.00	139.00	1.00	1.00
SEG	4.00	4.00	4.00	0.00	0.00
TOTAL	152.25	152.25	153.25	1.00	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

FED	$679,400
PR	- 1,651,000
SEG	- 9,400
Total	- $981,000

Governor/Joint Finance: Provide standard budget adjustments totaling $339,600 FED in 2017-18 and $339,800 FED in 2018-19, -$829,900 PR in 2017-18 and -$821,100 PR in 2018-19, and -$4,700 SEG annually. Adjustments are for: (a) turnover reduction (-$261,000 PR annually); (b) full funding of continuing position salaries and fringe benefits ($331,400 FED, -$577,800 PR, and -$4,700 SEG annually); and (c) full funding of lease and directed move costs ($8,200 FED and $8,900 PR in 2017-18 and $8,400 FED and $17,700 PR in 2018-19).

2. BROADBAND EXPANSION GRANTS [LFB Paper 535]

PR	- $450,000
SEG	11,000,000
Total	$10,550,000
SEG-REV	$5,000,000

Governor: Modify the broadband expansion grant program as follows.

Transfers to Broadband Expansion Grant Program. Require the transfer of the unencumbered balance from the following universal service fund (USF) appropriations to the PSC's broadband expansion grant program appropriation on June 30 of each year: (a) universal telecommunications service (PSC); (b) digital learning collaborative (Department of Public Instruction - DPI); (c) periodical and reference information databases and Newsline for the Blind (DPI); (d) aid to public library systems (DPI); (e) library service contracts (DPI); (f) telecommunications services (University of Wisconsin System); and (g) telecommunications access for educational agencies (Department of Administration - DOA), as modified by the bill, except this transfer would occur on June 30 of each odd-numbered year. Modify the PSC's USF appropriation to authorize funds to be expended for making broadband expansion grants and for performing the duties related to the administration of the broadband expansion grant program. These provisions would take effect on the effective date of the bill. [The USF appropriations are funded through PSC assessments on companies providing retail intrastate voice telecommunications services.]

Funding Level for Broadband Expansion Grant Appropriation. Modify the PSC appropriation for broadband expansion grants to accept the transfers, as noted above, and transfer $6,000,000 SEG to the appropriation from the universal service fund in 2017-18. Also in 2017-18, transfer $5,000,000 FED from DOA's federal E-rate appropriation to the broadband expansion grant appropriation. Delete the current law provisions limiting any year's expenditures to the amounts in the schedule and limiting the amount of grants in any fiscal year to $1,500,000. Within the appropriation, transfer budget authority of $1,500,000 SEG from 2018-19 to 2017-18, and further increase budget authority by $11,000,000 in 2017-18 to reflect the transfers noted above. As a result of these changes, $14,000,000 SEG would be available for broadband expansion grants in 2017-18, as opposed to $1,500,000 under current law. The appropriation schedule in the bill reports $0 for 2018-19. However, because the appropriation is a continuing appropriation, any unspent amounts from 2017-18 could be used to fund grants in 2018-19. Further, any unencumbered balances in the various USF appropriations as of June 30, 2018, would be transferred to the broadband expansion grant appropriation and be available for expenditure in 2018-19; the administration estimates these transfers at perhaps $1.5 million to $2 million.

Changes to Broadband Expansion Grant Program. In 2017-18, authorize the PSC to allocate an amount that it determines for making broadband expansion grants to telecommunications utilities receiving A-CAM or phase II support, both as defined below, and to evaluate applications and award such grants on an expedited basis, without regard to the current law criteria for evaluating applications and rewarding grants. Define A-CAM support to mean support for the deployment of voice and broadband-capable networks from the federal Connect America Fund that is made to telecommunications utilities regulated as rate-of-return carriers by the Federal Communications Commission (FCC) and that is based on the FCC's Alternative Connect America Cost Model. Define phase II support to mean the FCC second phase of support

for rural broadband deployment from the federal Connect America Fund that is made to telecommunications utilities regulated as price cap carriers by the FCC. Modify the current law provision authorizing contributions to the USF to be used to make broadband expansion grants to also authorize contributions to be used to carry out the Commission's duties related to the grant program, effective July 1, 2018.

Funding for State Broadband Office. Change the funding source for the contracted services in the state broadband office by reducing the PSC's utility regulation appropriation by $225,000 PR annually. Changes to the PSC's USF and broadband expansion grant appropriations, described above, would permit the contract expenditures to be funded through those appropriations, although neither appropriation is specifically increased to reflect the contract expenditures. Other administrative functions of the state broadband office would continue to be funded from the PSC's utility regulation appropriation.

Prohibit DNR and DOT from Charging Certain Fees. Prohibit DNR from requiring any appraisal or fee to secure an easement, if the Department has granted an easement for the construction of broadband infrastructure in underserved areas, as designated under current law provisions related to PSC broadband expansion grants. Prohibit the Department of Transportation from charging any fee for the initial issuance of any permit necessary to construct broadband infrastructure along, across, or within the limits of a highway, if the Department has consented to the construction of broadband infrastructure in underserved areas, as designated under current law provisions related to PSC broadband expansion grants. These provisions would take effect on the effective date of the bill.

Joint Finance: Approve the Governor's recommendations with the following modifications.

Under "Transfers to Broadband Expansion Grant Program," modify the Governor's proposal, which would amend the PSC's USF appropriation to authorize funds to be expended for performing the duties related to the administration of the broadband expansion grant program, to instead be expended for administering the broadband grant program. This provision would take effect on the effective date of the bill.

Under "Funding Level for Broadband Expansion Grant Program," modify current law provisions regarding the calculation of contributions to the USF to: (a) require each state agency receiving USF revenues to report to the PSC within 30 days of the close of the fiscal year an estimate of the amount of unexpended and unencumbered funds in the agency's USF appropriation, except require DOA to provide the estimate in each odd-numbered year; and (b) require the PSC to reduce the amount of revenues to be raised through USF contributions for broadband expansion grants in the subsequent year by the amount of the estimated unexpended and unencumbered funds. In calculating contribution levels for telecommunications providers, require the PSC to ensure that a minimum annual funding level is available for making broadband expansion grants both through transfers from the various USF appropriations and from current year contributions. Create an appropriation to expend the contributions received under this mechanism for broadband expansion grants. Set the minimum annual funding level for broadband expansion grants at $2,000,000.

Under "Changes to Broadband Expansion Grant Program," delete the Governor's proposal to authorize the PSC to allocate an amount that it determines for making broadband expansion grants to telecommunications utilities receiving A-CAM or Connect America Fund Phase II support and to evaluate applications and award such grants on an expedited basis, without regard to the current law criteria for evaluating applications and rewarding grants. Adopt the following changes to the broadband expansion grant eligibility criteria, as proposed in 2017 Senate Bill 49 and 2017 Assembly Bill 123. First, define economic development (an eligibility criteria under current law) as development designed to promote job growth or retention, expand the property tax base, or improve the overall economic vitality of a municipality or a region. Second, delete the criteria that would give priority to projects that affect areas with no broadband service providers and instead create a criteria that would give priority to unserved areas. Require the PSC to designate areas of the state as unserved areas. Define unserved area as an area of the state not served by an Internet service provider offering Internet service that is either fixed wireless service or wired service and that is provided at speeds of at least 20% of the upload and download speeds for advanced telecommunications capability as designated by the Federal Communications Commission. Define fixed wireless service (by way of cross reference to a current law provision) as a telecommunications service that provides radio communication between fixed points, except it does not include mobile wireless service or telecommunications services transmitted through the use of satellites. Third, create an additional eligibility criteria that would give priority to projects that will not result in delaying the provision of broadband service to areas neighboring areas to be served by the proposed project. Fourth, require the PSC to consider the impacts of proposed projects on the ability of individuals to access health care services from home and the cost of those services, and the impacts of proposed projects on the ability of students to access educational opportunities from home, and the degree to which projects would duplicate existing broadband infrastructure. Authorize the PSC to designate a time period within which the applicant or another person would be allowed to provide information pertaining to the duplication of infrastructure.

Under "Prohibit DNR and DOT from Charging Certain Fees," modify the current law provision that authorizes state agencies and other state entities owning real estate to grant easements for public utility service by specifying that the provision extends to telecommunications service, including fiber, and to utility services that are underground. In addition, modify the current law provision that authorizes certain entities transacting business in the state to construct and operate public utility property along state and local highways with the consent of the appropriate state or local officials to include lines, wires, or fiber for telecommunications service, including the transmission of voice, video, or data, and including service under the limits of the highway. These provisions would take effect on the effective date of the bill.

3. INTERVENOR COMPENSATION [LFB Paper 536]

PR	$742,600

Governor/Joint Finance: Increase the authorization for the intervenor compensation appropriation by $371,300 annually. The intervenor compensation program provides financial assistance to organizations and individuals who choose to become an intervenor for a Commission proceeding. When organizations or individuals have been granted intervenor status,

they may submit testimony and exhibits at hearings, which become part of the record considered by the Commission in making decisions. Typically, intervenors use the compensation to pay for expert witnesses. In 2015 Wisconsin Act 55, a $300,000 annual grant for nonstock, nonprofit corporations with a history of advocating on behalf of residential ratepayers for affordable rates was repealed. The Governor item-vetoed a second provision in the enrolled bill that would have reduced the compensation rate for consumer groups and consumer representatives from 100% of the cost of participating in a PSC hearing to 50% of that cost. However, the item veto could not restore the $371,300 in funding authority related to the vetoed provision. This provision restores the related funding.

4. ELIMINATE STRAY VOLTAGE PROGRAM [LFB Paper 537]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $610,200	- 1.00	$610,200	1.00	$0	0.00

Governor: Repeal provisions authorizing the stray voltage program, effective upon enactment of the bill. Delete 1.00 position and decrease funding by $305,100 annually. Under the program, the PSC and the Department of Agriculture, Trade and Consumer Protection (DATCP) jointly investigate the causes of stray voltage on individual farms, recommend to farmers solutions to stray voltage problems, and evaluate the effectiveness of on-site technical assistance. The program is funded by assessments on certain electric utilities and electric cooperatives.

Joint Finance: Delete provision. Also, 1.2 PR positions and associated funding would be restored in DATCP. [See "Agriculture, Trade and Consumer Protection."]

5. TRANSFER TELECOMMUNICATIONS RELAY SERVICE FROM DOA TO THE PSC

	Funding	Positions
PR	$5,758,100	1.00

Governor/Joint Finance: Transfer 1.00 position, funding of $2,879,000 in 2017-18 and $2,879,100 in 2018-19, and statutory responsibility for administering the telecommunications relay service from DOA to the PSC. The telecommunications relay service provides third-party assistance to persons with hearing loss or special challenges in using voice telecommunications. The service is available in Wisconsin by dialing 711. Currently, funding for the program is provided by a PSC assessment on telecommunications utilities. [See "Administration -- Transfers."]

6. LARGE-SCALE EMERGENCY RESPONSE EXERCISE

PR	$325,000

Governor/Joint Finance: Provide $325,000 on a one-time basis in 2017-18 to be transferred to the Department of Military Affairs (DMA) to support an emergency response exercise known as Operation Dark Sky. Operation Dark Sky is a large-scale, multi-state, multi-disciplinary domestic operations exercise that DMA intends to execute in May, 2018. The

exercise will focus on responding to a wide-scale disruption of electrical power and conventional communication systems caused by a cyberattack. According to DMA, the majority of the transferred funding will be utilized to reimburse local emergency responders participating in the exercise for food, transportation, and lodging costs.

Under the bill, funding would be transferred from the PSC's utility regulation appropriation to DMA's program services continuing PR appropriation. Program revenue for the PSC's appropriation is generated from fees the Commission assesses on public utilities, power districts, and sewerage systems. [See "Military Affairs."]

7. ENERGY EFFICIENCY AND RENEWABLE RESOURCE PROGRAMS [LFB Paper 538]

Governor: Increase the programs required to be included under the statewide energy efficiency and renewable resource programs, also known as Focus on Energy, to include incentives for projects for improving efficiency at elementary, secondary, and postsecondary schools. Require the PSC to ensure that the amount spent annually on such incentives is at least $10 million more than the amount spent on such incentives in 2016-17 and that public elementary and secondary schools are given priority in the spending.

Joint Finance: Delete provision.

8. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management in DOA as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from the PSC to DOA, the bill allows that on July 1, 2018, all positions in the PSC relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions were transferred to DOA, DOA indicates that the employees would remain housed at the PSC, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

9. PUBLIC UTILITY DEFINITION EXCLUSIONS

Joint Finance: Amend the definition of "public utility" under s. 196.01 (5)(b) of the statutes to specify that the definition of "public utility" excludes, among other entities, a state agency, as defined in s. 20.001 (1) of the statutes, that may own, operate, manage or control all or any part of a plant or equipment for the production, transmission, delivery or furnishing of water either directly or indirectly for the public. Specify the provision takes effect on the first day of the 13th month beginning after the effective date of the bill.

The provision, in combination with awards preferences the bill would create during the 2017-19 biennium for federal Community Development Block Grant funding under DOA, is intended to accomplish a transfer of water and sewer services for a limited number of properties in the Town of Oshkosh (Winnebago County). Currently, water and sewer services for the properties are provided by systems maintained by the Department of Health Services for the Winnebago Mental Health Institute. The combined provisions are intended to transfer DHS-provided water and sewer services to other means of service. [See "Administration -- General Agency Provisions."]

10. REPEAL OBSOLETE PROVISIONS RELATED TO THE WIRELESS 911 GRANT PROGRAM

Joint Finance: Repeal provisions related to the wireless 911 grant program, which was sunset in 2009 after being administered by the PSC since 2003.

REVENUE

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$220,303,000	$217,854,900	$266,211,500	$48,356,600	22.2%	$45,908,500	20.8%
PR	43,142,400	40,958,000	40,958,000	0	0.0	- 2,184,400	- 5.1
SEG	160,717,600	168,893,600	113,905,400	- 54,988,200	- 32.6	- 46,812,200	- 29.1
TOTAL	$424,163,000	$427,706,500	$421,074,900	- $6,631,600	- 1.6%	- $3,088,100	- 0.7%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	968.53	953.33	953.08	- 0.25	- 15.45
PR	129.05	136.25	136.50	0.25	7.45
SEG	104.70	92.45	92.45	0.00	- 12.25
TOTAL	1,202.28	1,182.03	1,182.03	0.00	- 20.25

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $4,762,700	- 35.00
PR	- 196,700	- 2.00
SEG	- 530,100	- 1.00
Total	- $5,489,500	- 38.00

Governor/Joint Finance: Provide adjustments to the base budget for: (a) turnover reduction (-$1,642,100 GPR and -$128,700 SEG annually); (b) removal of noncontinuing elements from the base (-$1,743,300 GPR and -$90,300 PR and -35.00 GPR and -2.00 PR positions in 2017-18 and -$2,264,500 GPR, -$90,300 PR, and -$49,100 SEG and -35.00 GPR, -2.00 PR, and -1.00 SEG positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits ($1,155,600 GPR, -$127,800 PR, and -$135,900 SEG annually); (d) reclassifications and semiautomatic pay progression ($2,200 GPR, $43,200 PR, and $13,500 SEG in 2017-18 and $2,200 GPR, $106,300 PR, and $25,000 SEG in

2018-19); (e) full funding of lease and directed moves costs ($49,200 GPR, $39,200 PR, and -$3,600 SEG in 2017-18 and $164,500 GPR, $50,800 PR, and $13,300 SEG in 2018-19); and (f) minor transfers within the same alpha appropriation.

According to the Department of Revenue (DOR), 33.0 of the GPR positions that would be removed under standard budget adjustments are project positions that were provided under 2013 Wisconsin Act 20 and hired to increase enforcement of state tax laws based on a backlog of federal audit reports. Once the backlog of federal audit reports was completed, those positions were reassigned to other auditing and tax enforcement activities. Under the January, 2017, revenue forecast, it was estimated that expiration of these project positions would reduce state tax revenues by $18,750,000 in 2017-18 and $25,000,000 in 2018-19. The Governor has recommended additional project positions to expand auditing activity (see "Tax Administration").

Additionally, DOR noted that removal of the two expiring PR project positions would reduce the amount of unclaimed property returned to owners by an estimated $5 million to $10 million, annually. Under Article X, Section 2 of the Wisconsin Constitution, the clear proceeds of all fines and forfeitures (including unclaimed and escheated property) are deposited in the Common School Fund. Therefore, the expected decrease in unclaimed property being returned to its owners would result in a corresponding increase in revenue to the Common School Fund, likely beginning in fiscal year 2018-19. It should be noted that these two positions were first authorized under the 2005-07 biennial budget bill and have been extended or otherwise reauthorized under each subsequent budget bill. The Governor has recommended reauthorizing these two positions (described in the following entry).

2. EXTEND UNCLAIMED PROPERTY PROGRAM PERMANENT PROJECT POSITIONS [LFB Paper 540]

	Funding	Positions
PR	$180,600	2.00

Governor/Joint Finance: Provide $90,300 annually associated with 2.0 permanent project positions for the unclaimed property program and extend the positions two years, from an end date of June 30, 2017, to an end date of June 30, 2019. Funding for the positions is from unclaimed property program revenue.

3. MINOR TRANSFERS BETWEEN APPROPRIATIONS

PR	- $42,000
SEG	42,000
Total	$0

Governor/Joint Finance: Delete $21,000 PR and provide $21,000 SEG annually to reflect: (a) adjustments to align from which appropriations funding is expended for DOR's tax processing system; (b) the alignment of 1.75 GPR business mailing unit positions and associated funding from the Division of Income, Sales, and Excise Tax (ISE) to the Enterprise Service Division; (c) the alignment of 3.0 GPR resolution officer positions from ISE to the Office of General Council; and (d) reallocated funding from PR to SEG to align with rental costs in the appropriations.

4. POSITION AND EXPENDITURE REDUCTION [LFB Paper 541]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $2,134,800	- 9.25	$356,600	0.00	- $1,778,200	- 9.25
PR	- 2,811,600	0.00	0	0.00	- 2,811,600	0.00
Total	- $4,946,400	- 9.25	$356,600	0.00	- $4,589,800	- 9.25

Governor: Delete 9.25 GPR positions and associated funding of $1,067,400 GPR annually for permanent position salary and fringe benefits. According to the administration, these positions are currently vacant information technology positions and elimination of these positions is not anticipated to impact current auditing efforts or associated revenues. Delete expenditure authority of $1,405,800 PR annually (comprised of $702,100 from supplies and services, $442,000 from permanent property, and $261,700 from unallotted reserve). The administration indicates that the reduction in PR expenditure authority would more accurately reflect its current level of expenditures.

Joint Finance: Increase funding for fringe benefits in DOR's collection of taxes -- general program operations GPR appropriation by $100,500 annually. Increase funding for fringe benefits in DOR's administrative services and space rental -- general program operations GPR appropriation by $77,800 annually. The increased funding more accurately reflects the amount of fringe benefit associated with the 9.25 GPR positions that the Governor recommended for deletion.

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
GPR	- 9.95	- 0.25	- 10.20
PR	- 0.80	0.25	- 0.55
SEG	- 1.25	0.00	- 1.25
Total	- 12.00	0.00	- 12.00

Governor: Delete 12.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) administrative services and space rental -- general program operations (-9.95 GPR positions); (b) collection of taxes -- administration of resort tax (-0.25 PR positions); (c) administrative services and space rental -- internal services (-0.55 PR positions); and (d) lottery -- general program operations (-1.25 SEG positions). Funding associated with the positions ($866,000 GPR, $78,300 PR, and $98,500 SEG) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those

positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DOR but would become DOA employees rather than employees of DOR.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Restore 0.25 PR positions that would have been deleted and transferred to DOA in 2018-19 from DOR's collection of taxes -- administration of resort tax appropriation. Instead, delete 0.25 GPR positions from DOR's collection of taxes -- general program operations appropriation and transfer that position authority to DOA. Funding associated with the 0.25 positions of $22,700 GPR would be reallocated to supplies and services to pay shared agency charges assessed by DOA, rather than $22,700 PR. [See "Administration -- Transfers."]

6. PROJECT POSITION FOR LOCAL GOVERNMENT DASHBOARD ENHANCEMENT

	Funding	Positions
GPR	$146,500	1.00

Governor/Joint Finance: Provide $62,800 in 2017-18 and $83,700 in 2018-19 and 1.0 project position annually to DOR's state and local finance operations appropriation. The position would be a four-year project position beginning on October 1, 2017, and expiring on September 30, 2021. According to the administration, the position would create a template and process to allow local government financial data posted on DOR's website to be viewed and compared by the public. DOR would have discretion on the design and content of the local dashboard.

7. LAPSE TO GENERAL FUND

GPR-Lapse	$215,100

Joint Finance: Require DOR to lapse $134,500 GPR in 2017-18 and $80,600 GPR in 2018-19 from its administrative services and space rental -- general program operations appropriation to fund the suspension of the public utility per capita limitation for certain municipalities. [See Shared Revenue and Tax Relief -- Direct Aid Payments]

Tax Administration

1. EXPAND AUDITING ACTIVITY [LFB Paper 545]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$4,302,900	38.00	$0	0.00	$4,302,900	38.00
GPR-Tax	$64,000,000		- $8,000,000		$56,000,000	

Governor: Provide $1,844,100 in 2017-18 and $2,458,800 in 2018-19 and 38.00 project positions annually to DOR's collection of taxes -- general program operations appropriation to increase auditing activity and to improve tax collections. The administration estimates that the additional auditing activity generated by these project positions would result in increased state tax collections of $32,000,000 annually, beginning in 2017-18. The project positions would be authorized from October 1, 2017, through September 30, 2021.

Under 2015 Act 55 (2015-17 biennial budget bill), DOR was provided 102.00 FTE positions to increase auditing activity. According to the administration, increased auditing activity generated by these positions has increased the workload for other areas of the Department. The administration states that the additional positions would be provided to the Division of Income, Sales, and Excise Tax as follows:

a. 18.0 project revenue agent and supervisor positions in the Division's Audit Bureau to identify taxes owed through the identification of W-2 form discrepancies, unreported shares of pass-through entity income or deductions, unpaid sales taxes on private vehicle sales, and Wisconsin tax liability changes resulting from federal audit reports; and

b. 20.0 project revenue agent and supervisor positions in the Division's Compliance Bureau to collect additional tax revenues that have already been identified by the Audit Bureau as owed to the state that become delinquent.

Joint Finance: Adopt the Governor's recommendation, but reestimate increased state tax revenues at $24.0 million in 2017-18 and $32.0 million in 2018-19 to reflect the October 1, 2017 start date for the new positions. The estimate for 2017-18 is $8.0 million lower than the amount estimated by the Governor.

2. EXPAND STATEWIDE DEBT COLLECTION [LFB Paper 546]

	Funding	Positions
GPR-REV	$750,000	
PR	$895,100	8.00

Governor/Joint Finance: Provide $383,600 in 2017-18 and $511,500 in 2018-19 and 8.0 project positions (7.0 debt collector agents and 1.0 supervisor) annually to DOR's collection of taxes -- debt collection

appropriation to improve the collection of debts owed to state agencies and local governments. The project positions would be authorized from October 1, 2017, through September 30, 2021. The administration estimates that the additional project positions would increase debts collected by DOR by an estimated $7.0 million over the biennium. Amounts deposited in the general fund are estimated by the administration to be $750,000 higher in 2018-19 as a result of the additional positions.

DOR administers a statewide debt collection program for the purpose of collecting debts owed to state agencies, the Internal Revenue Service (IRS), and municipalities. The Department may enter into agreements with state agencies, the IRS, and municipalities, and charge a fee, for the collection of unpaid fines, forfeitures, costs, fees, surcharges, or restitution payments on behalf of those entities. Fees generated from those agreements are deposited as program revenue in DOR's collection of taxes -- debt collection appropriation. At the end of each fiscal year, the unencumbered balance in that appropriation account lapses to the general fund.

3. EXCEPTION FROM STATE DEBT COLLECTION PROGRAM

Governor: Make the following changes to laws governing state agency debt agreements under DOR's state debt collection program.

Under current law, a state agency and DOR must enter into a written agreement to have DOR collect any amount owed to the state agency that is more than 90 days past due, unless: (a) negotiations between the agency and debtor are actively ongoing; (b) the debt is the subject of legal action or administrative proceedings; or (c) the agency determines that the debtor is adhering to an acceptable payment arrangement. The bill would provide a fourth exception from this requirement if the agency receives written notice from the Secretary of the Department of Administration or the DOR Secretary identifying specific debts to be excluded from the agreement.

Current law requires that agreements between state agencies and DOR must be completed no later than July 1, 2010, except that an agreement may allow a delay or phase-in of referrals. The bill would delete this obsolete provision.

Joint Finance: Delete provision as a non-fiscal policy item.

4. DELETE AMBULATORY SURGICAL CENTER ASSESSMENT APPROPRIATION [LFB Paper 326]

PR	- $209,800

Governor/Joint Finance: Repeal DOR's collection of taxes -- ambulatory surgical center (ASC) assessment appropriation and delete associated funding of $104,900, annually. Under current law, 0.5% of all moneys received under the ASC assessment may be used by DOR to administer the assessment, and DOR must transfer at least 99.5% of the assessment to the medical assistance trust fund for the purpose of making ASC access payments. Under a separate provision of the bill, the Governor recommends eliminating the ASC assessment program and associated ASC access payments. [See "Health Services -- Medicaid Services."]

5. INCOME AND FRANCHISE TAX FILING REQUIREMENTS

GPR-Tax	$6,000,000

Governor/Joint Finance: Make the following changes to reporting and filing requirements under the income and franchise tax statutes.

Electronic Filing Requirement. Under current law, if a person is required to file 50 or more wage statements or 50 or more of any one type of information return, that person must file the statements or the returns electronically, by means prescribed by DOR. The bill would lower the threshold for requiring electronic filing of such documents from 50 or more to 10 or more. This provision would first apply to a statement or return required to be filed in 2018.

Reporting Nonwage Payments. Under current law, Wisconsin residents and other persons carrying on activities within this state must report to DOR if they pay an individual for services performed in Wisconsin at least $600 in nonwage remuneration during a year. The report is due by February 28 of the following year, and must disclose the name of the payor, the name and address of the recipient, and the total amount paid. The bill would move the filing deadline to January 31. This provision would first apply to payments made on January 1, 2017.

Currently, if an employer applies for an extension for filing a statement of nonwage payments and shows good cause, DOR may grant a 60-day extension. The bill would reduce the permissible extension period to 30 days. This provision would first apply to an extension applied for on the effective date of the bill.

Information Returns for Rent and Royalty Payments. Under current law, persons other than corporations deducting rent or royalties in determining taxable income must file a report that shows the amounts and the name and address of all natural persons who are state residents and to whom royalties of $600 or more were paid during the taxable year and to whom rent of $600 or more was paid during the taxable year for property having a situs in Wisconsin. Such information must be filed on or before February 28 of the year following the year in which the payments were made. The bill would move the filing deadline to January 31.

Corporations doing business in Wisconsin must file any information relative to payments made within the preceding calendar year of rents and royalties to all natural persons subject to state income/franchise taxes on or before March 15 under current law. Under the bill, such information returns would have to be filed on or before January 31.

These provisions would first apply to payments made on January 1, 2017.

Filing Requirement for Wages that are Exempt from Withholding. Under the bill, employers that pay wages during a year to an employee (a resident individual who performs or performed services for an employer anywhere or a nonresident individual who performs or performed such services within this state) from which the employer is not required to deduct and withhold state withholding taxes would have to furnish an annual written wage statement to the employee. The statement would be due by January 31 of the year following the year when the wages were paid, unless the employee's employment was terminated before the end of the year. In that case, the statement would be due when the last payment of wages is made.

The statement would have to include: (a) the name of the employer and the employer's Wisconsin income tax identification number, if any; (b) the name of the employee and the employee's social security number, if any; and (c) the total amount of wages the employer paid in the calendar year to the employee. The employer would have to provide two legible copies of the statement to the employee. The employee would have to furnish one copy to DOR along with his or her tax return. In addition, each employer would have to file a copy of the statement with DOR by January 31 of the year following the year when the wages were paid.

These provisions would first apply to payments made on January 1, 2017.

Extensions for Information Returns. Under current law, if an employer applies for an extension for filing an information return with DOR and shows good cause, DOR may grant an extension of: (a) 60 days for filing a rent and royalty statement; (b) 30 days for filing a wage statement; or (c) 60 days for filing a statement of nonwage payments. Under the bill, the potential extension period for all three types of statements would be set at 30 days. A 30-day extension would also apply to the annual wage statements described in the preceding section. These provisions would first apply to an extension applied for on the effective date of the bill.

Fiscal Effect. According to the administration, it is estimated that these provisions would increase individual income tax collections by $3,000,000 annually, beginning in 2017-18.

6. OPTIONAL ELECTRONIC NOTIFICATION FROM DOR

Governor: Specify that DOR has the power and authority to serve notice in any of the following ways, unless otherwise provided by law: (a) by serving notice as a circuit court summons is served; (b) by certified or registered mail; (c) by regular mail, if the intended recipient admits receipt or there is satisfactory evidence of receipt; or (d) by electronic transmission if, before the person receives the electronic transmission, the intended recipient consents to receiving such notices electronically. Any notice transmitted by electronic transmission would be considered to be received by the intended recipient on the date that the Department electronically transmits the information to the person or electronically notifies the person that the information is available to be accessed by the person. DOR records of electronic transmission would constitute appropriate and sufficient proof of delivery and be admissible in any action or proceeding. If the intended recipient had appointed another person or entity to act on the intended recipient's behalf as its agent under a power of attorney, then notice served upon the agent would constitute notice served upon the intended recipient.

The bill would modify a number of current law notification requirements under the income/franchise tax, sales and use tax, tobacco products tax, fuel tax, administration of DOR, and the unclaimed property program so that the reporting provisions described above would apply. Currently, DOR may be required to notify a taxpayer by mail, certified mail, registered mail, regular mail, personal service, circuit court summons, or delivery by a DOR employee, depending on the specific statutory notification requirement.

Joint Finance: Delete provision as a non-fiscal policy item.

7. MODIFY TAX RETURN FILING DATES FOR CORPORATIONS AND PARTNERSHIPS

Governor: Make the following changes to the dates on which partnerships and corporations must file income/franchise tax returns.

Under current law, a partnership must furnish to DOR a true and accurate statement (generally a tax return), on or before the 15th day of the fourth month following the close of its fiscal year in such manner and form as required by the Department. A corporation filing under the income/franchise tax must furnish a true and accurate statement, except for taxes on unrelated business income, on or before the 15th day of the third month following the close of its fiscal year, in such manner and form as required by DOR. Under the bill, both partnerships and corporations would have to furnish that statement, instead, on or before the date on which they are required to file for federal income tax purposes, not including any extension, in the manner and form required by DOR.

For corporate filers subject to state income/franchise tax on unrelated business income that must file for federal income tax purposes, the corporation is required to furnish to DOR a true and accurate statement on or before the date on which it is required to file for federal income tax purposes. The bill would specify that such a statement must be furnished on or before the date on which the corporation is required to file for federal income tax purposes, not including any extension.

The bill would modify the date on which corporate income/franchise tax returns become delinquent to reflect the changes to the required filing date, as described above.

Under current law, taxpayers are required to make estimated corporate income/franchise tax payments in four installments on or before the 15th day of each of the third month, sixth month, ninth month, and twelfth month of the corporation's taxable year. The bill would change the first installment due date from the third month to the fourth month of the taxable year, except that a taxpayer whose taxable year begins in April would have to continue to pay the installment in the third month of the taxable year.

Current law requires that each pass-through entity subject to withholding taxes from its nonresident owners must file an annual return that indicates the withholding amount paid to Wisconsin during the entity's taxable year. The entity must file the return with DOR no later than the: (a) 15th day of the third month following the close of the taxable year for tax-option corporations (S corporations); and (b) 15th day of the fourth month following the close of the taxable year for partnerships, limited liability companies, estates, and trusts. Under the bill, all types of pass-through entities would have to file the return with DOR on or before the date on which the pass-through entity is required to file for federal income tax purposes, not including any extension. The bill would also exempt a pass-through entity from interest on underpayments of estimated withholding taxes for nonresident members if the DOR Secretary determines that because of casualty, disaster, or other unusual circumstances, it is not equitable to impose interest.

The bill would modify the date through which interest would accrue for the underpayment

of estimated corporate installment payments to reflect the date corporations would be required to file tax returns under the bill.

These provisions would first apply to taxable years beginning on January 1, 2017. The administration does not expect these provisions to have a fiscal effect.

Joint Finance: Delete provision as a non-fiscal policy item.

Lottery Administration

1. LOTTERY SALES PROJECTIONS [LFB Paper 550]

Governor: Project sales of $629.4 million in 2017-18 and $632.4 million 2018-19. Projected lottery sales provide the basis for estimating the lottery and gaming property tax credit in the next biennium. In addition, the projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The following table shows these projections, as well as 2015-16 actual lottery sales and the 2016-17 estimated sales projected in October, 2016, for the purpose of certifying the amount available for the 2016(17) lottery property tax credit. The Governor's 2017-19 projected sales are based on sales models utilized by DOR to estimate both lotto (on-line) and instant ticket games.

Lottery Sales Projections -- Governor
($ in Millions)

Game Type	Actual 2015-16	2016-17	2017-18	Percent Change from 2016-17	2018-19	Percent Change from 2017-18
Scratch	$378.8	$384.4	$391.6	1.9%	$393.4	0.5%
Pull-tab	1.1	1.1	1.1	0.0	1.1	0.0
Lotto	247.2	231.9	236.7	2.1	237.9	0.5
Total	$627.2	$617.4	$629.4	1.9%	$632.4	0.0%

*Projected sales include increased sales anticipated by Lottery associated with increased product information funding.

Joint Finance: Reestimate 2016-17 lottery sales to $597.3 million to reflect recent sales experience. Reestimate 2017-18 sales to $605.8 million and 2018-19 sales to $614.3 million.

Lottery Sales Projections -- Joint Finance
($ in Millions)

Game	2016-17	2017-18	% Change From 2016-17	2018-19	% Change From 2017-18
Scratch	$382.8	$388.2	1.4%	$393.6	1.4%
Pull-tab	1.0	1.0	0.0	1.0	0.0
Lotto	213.5	216.5	1.4	219.5	1.4
Total	$597.3	$605.7	1.4%	$614.1	1.4%

2. LOTTERY SUM SUFFICIENT ADJUSTMENTS [LFB Paper 550]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$9,462,100	- $2,988,200	$6,473,900

Governor: Provide $4,587,900 in 2017-18 and $4,874,200 in 2018-19 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide an increase of $3,249,400 in 2017-18 and $3,458,300 in 2018-19 to adjust base-level funding ($40,810,700) for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2017-19 biennium. Projected sales include increased sales anticipated by Lottery associated with increased product information funding. [See Item #3]

Basic retailer compensation rates under current law are 5.5% for lotto ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at $6.3 million in 2017-18 and 2018-19, under the bill). The Department's lottery sales projections of $629.4 million in 2017-18 and $632.6 million 2018-19 result in the increases to retailer compensation funding.

Vendor Fees. Provide an increase of $1,338,500 in 2017-18 and $1,415,900 in 2018-19 to adjust base-level funding for vendor fees to reflect projected lottery sales in the 2017-19 biennium. Projected sales include increased sales anticipated by Lottery associated with increased product information funding. Base-level funding for vendor fees is $14,879,700.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both lotto and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales. Under the bill, vendor fees total 2.58% of lottery ticket sales in both 2017-18 and 2018-19.

Joint Finance: Reduce funding by $1,803,900 in 2017-18 and $1,184,300 in 2018-19 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees to

adjust for the sales projection and decision on lottery advertising funding, as follows:

Retailer Compensation. Delete $1,294,300 in 2017-18 and $841,600 in 2018-19 to adjust funding for retailer compensation.

Vendor Fees. Delete $509,600 in 2017-18 and $342,700 in 2018-19.

3. FUNDING FOR LOTTERY ADVERTISING [LFB Paper 551]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$6,000,000	- $4,000,000	$2,000,000

Governor: Provide $3,000,000 annually to be used on current and additional informational activities to maintain and increase overall ticket sales. Lottery estimates a 1:4 return ratio in 2017-18 and a 1:5 return ratio on sales in 2018-19. Lottery would allocate 60% of the advertising money to instant games and 40% to lotto games. Lottery's sales estimate, fund condition and property tax relief estimates incorporate these estimated increases in sales.

Joint Finance: Provide $1,000,000 annually for the lottery's general program operations to increase funding for advertising (a $2,000,000 annual reduction to the bill).

4. STATE OPERATIONS ADJUSTMENTS

	Funding	Positions
SEG	- $6,798,000	- 10.00

Governor/Joint Finance: Delete $3,399,000 and 10.0 positions annually to reflect functions now performed through private vendors. Under a new contract starting May, 2017, with the vendor, the vendor will be responsible for: warehousing tickets as well as packaging and shipping tickets to retailers (-$161,400 annually and -4.0 positions); telemarketing and some customer service (-$363,600 annually and -6.0 positions); and a portion of ticket printing (-$2,874,000 annually).

5. GPR FUNDING FOR RETAILER COMPENSATION

GPR	$48,000,000
SEG	- 48,000,000
Total	$0

Joint Finance: Create an annual GPR appropriation entitled "Retailer compensation." Provide $8,000,000 GPR in 2017-18 and $40,000,000 GPR in 2018-19. Reduce SEG funding for retailer compensation by a corresponding amount.

6. LOTTERY FUND CONDITION STATEMENT [LFB Paper 550]

Governor: The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amount appropriated for the lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. The following

fund condition statement provides information on operating revenues, appropriated amounts for expenditures, estimates of interest earnings and gaming-related revenue, and the amounts available for tax relief credits under the bill. The bill would appropriate $167,690,500 in 2017-18 and $169,347,300 in 2018-19 for both the lottery and gaming tax credit and the late lottery and gaming credit.

	Projected 2017-18	Projected 2018-19
Fiscal Year Opening Balance	$12,350,300	$12,590,700
Operating Revenues		
Total Ticket Sale	$629,452,700	$632,458,100
Retailer Fees and Miscellaneous	83,200	154,900
Gross Revenues	$629,535,900	$632,613,000
Expenditures		
Prizes	$380,129,500	$381,932,900
Retailer Compensation	44,060,100	44,269,000
Vendor Fees	16,218,200	16,295,600
General Program Operations	21,407,500	21,375,300
Gaming Law Enforcement	389,500	389,500
Lottery Credit Administration	267,900	272,700
Program Reserves	264,100	475,800
Total Expenditures	$462,736,800	$465,010,800
Net Proceeds	$166,799,100	$167,602,200
Interest Earnings	$1,131,800	$1,806,700
Total Available for Tax Relief *	$180,281,200	$181,999,600
Appropriations For Tax Relief		
Lottery and Gaming Credit	$167,432,900	$169,089,700
Late Lottery and Gaming Credit Applications	257,600	257,600
Total Appropriations for Tax Relief	$167,690,500	$169,347,300
Gross Closing Balance	$12,590,700	$12,652,300
Reserve (2% of Gross Revenues)	$12,590,700	$12,652,300
Net Closing Balance	$0	$0

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

Joint Finance: The following fund condition statement provides information on operating revenues, appropriated amounts for expenditures, estimates of interest earnings and gaming-related revenue, and the amounts available for tax relief credits under the bill. Reestimate the lottery and gaming credit by -$2,792,100 SEG in 2017-18 and $36,270,600 SEG in 2018-19 to reflect 2016-17 sales, increased advertising funding and GPR funding of a portion of retailer compensation.

	Projected 2017-18	Projected 2018-19
Fiscal Year Opening Balance	$6,677,500	$12,195,100
Operating Revenues		
Total Ticket Sales	$609,675,900	$619,157,100
Retailer Fees and Miscellaneous	83,200	154,900
Gross Revenues	$609,759,100	$619,312,000
Expenditures		
Prizes	$369,630,800	$375,372,700
Retailer Compensation	34,765,800	3,427,400
Retailer Compensation (GPR)	8,000,000	40,000,000
Vendor Fees	15,708,600	15,952,900
General Program Operations	19,407,500	19,375,300
Gaming Law Enforcement	389,500	389,500
Lottery Credit Administration	267,900	272,700
Program Reserves	264,100	475,800
Total Expenditures	$448,434,200	$455,266,300
Total Expenditures (Less GPR)	$440,434,200	$415,266,300
Net Proceeds	$169,324,900	$204,045,700
Interest Earnings	$1,091,100	$1,763,400
Total Available for Tax Relief *	$177,093,500	$218,004,200
Appropriations for Tax Relief		
Lottery and Gaming Credit	$164,640,800	$205,360,300
Late Lottery and Gaming Credit Applications	257,600	257,600
Total Appropriations for Tax Relief	$164,898,400	$205,617,900
Gross Closing Balance	$12,195,100	$12,386,300
Reserve (2% of Gross Revenues)	$12,195,100	$12,386,300
Net Closing Balance	$0	$0

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

SAFETY AND PROFESSIONAL SERVICES

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
FED	$959,600	$949,200	$949,200	$0	0.0%	- $10,400	- 1.1%
PR	101,859,800	106,993,700	106,540,000	- 453,700	- 0.4	4,680,200	4.6
TOTAL	$102,819,400	$107,942,900	$107,489,200	- $453,700	- 0.4%	$4,669,800	4.5%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	Joint Finance Change to: 2016-17 Base
FED	1.70	1.70	1.70	0.00	0.00
PR	245.44	243.94	234.44	- 9.50	- 11.00
TOTAL	247.14	245.64	236.14	- 9.50	- 11.00

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

PR	$487,300
FED	- 10,400
Total	$476,900

Governor/Joint Finance: Provide $175,400 ($180,600 PR and -$5,200 FED) in 2017-18 and $301,500 ($306,700 PR and -$5,200 FED) in 2018-19 to fund the following standard budget adjustments: (a) turnover reduction (-$326,400 PR annually); (b) removal of non-continuing elements from the base (-$727,500 PR annually); (c) full funding of continuing position salaries and fringe benefits ($1,169,100 PR and -$5,200 FED annually); (d) full funding of lease and directed moves costs ($65,400 PR in 2017-18 and $191,500 PR in 2018-19); and (e) minor transfers within the same appropriation (convert 1.0 FED position for the Division of Industry Services from the unclassified service to the classified service to correct an error in the state budget system).

2. INCREASE TURNOVER REDUCTION RATE

PR	- $366,800

Governor/Joint Finance: Reduce funding by $183,400 annually by increasing the Department's annual turnover reduction rate from 3% to 4.7% (4.2% for the professional regulation and administrative services appropriation and 5.3% for the safety and building operations appropriation).

The administration's technical budget instructions direct agencies to reduce base funding for permanent position salaries by 3% budgeted in appropriations with more than 50.0 full-time equivalent (FTE) positions. This reduction is based on the expectation that, during the biennium, some positions will become vacant, reducing salary costs. The 3% funding reduction (-$140,200 for professional regulation and administrative services and -$186,200 for safety and building operations) is summarized as a standard budget adjustment.

This item would increase the turnover reduction rate by an additional 1.7 percentage points, which would further reduce annual funding for permanent position salaries in these two appropriations by $75,300 and $108,100 respectively.

3. STATE OPERATIONS REDUCTIONS

	Funding	Positions
PR	- $616,600	- 2.50

Governor/Joint Finance: Reduce funding by $308,300 annually, and delete 2.5 positions, beginning in 2017-18, by making the following changes to operations of the Department of Safety and Professional Services (DSPS).

Continuing Education Audits. Authorize the Department, examining and affiliated credentialing boards attached to the Department, and independent examining boards to require a credential holder to submit proof of completion of continuing education programs or courses to DSPS, only if a complaint is made against the credential holder, except as otherwise permitted in Chapters 440 through 480 of the statutes. Currently, DSPS staff audit credential holders to ensure that they have met continuing education requirements. Under this item, DSPS would no longer conduct these audits. Reduce funding for professional regulation and administrative services by $144,600 annually, and delete 1.0 position, beginning in 2017-18.

Renewal Notifications. Change the method DSPS uses to notify individuals of their need to renew their credentials so that credential holders would no longer receive renewal notifications by mail, and instead receive them through an email-based system. Reduce annual funding for professional regulation and administrative services and the Division of Industry Services by $37,500 and $18,700, respectively, to reflect the administration's estimates of cost savings of this item.

Online License Verification. Establish an online license verification system for all non-trades professions regulated by the Department. Under this item, DSPS would authorize out-of-state licensing entities to access electronic records for reciprocal licensing. Currently, DSPS prints and mails hard copies of Wisconsin licenses to out-of-state licensing entities. Reduce funding for professional regulation and administrative services by $48,800 annually, and delete

1.0 position, beginning in 2017-18.

Pharmacy Inspections. Contract for pharmacy inspections, rather than conducting these inspections with DSPS staff. Reduce funding for professional regulation and administrative services by $31,300 annually, and delete 0.5 position, beginning in 2017-18.

Position Conversion. Convert 6.0 positions to lower classifications. Currently, the Department has 6.0 consumer protection investigator-advanced positions, which are filled. As the positions become vacant, DSPS would recruit these positions at a lower classification. Reduce funding for professional regulation and administrative services by $27,400 annually.

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $524,400	- 8.00	$0	- 1.00	- $524,400	- 9.00

Governor: Delete $262,200 annually and 4.0 vacant positions, beginning in 2017-18, associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Funding and position authority would be deleted from the following appropriations: (a) professional regulation general program operations (-$53,400 and -1.0 position) and (b) safety and building administrative services (-$208,800 and -3.0 positions). The administration indicates that these vacant positions would become employees in the Division of Personnel Management in DOA.

In addition, delete 4.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to DOA for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) professional regulation general program operations (-3.0 positions) and (b) safety and building administrative services (-1.0 position). Funding associated with these positions ($358,600 annually) would not be reduced, but rather reallocated to the DSPS supplies and services budget to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

With regards to the positions transferred to DOA in 2018-19, the administration indicates that, although the positions would be DOA employees, the individuals holding those positions would continue to be housed at DSPS.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Modify the Governor's recommendation by deleting one additional position in 2018-19 associated with human resource services and payroll and benefit services from the Department's professional regulation general program operations appropriation. Transfer position authority to DOA. Retain funding associated with this additional position ($69,500 PR annually) but reallocate to the DSPS supplies and services budget to pay shared agency services charges assessed by DOA.

5. TRANSFER VACANT POSITION FOR STATE CONTROLLER'S OFFICE STAFFING [LFB Paper 116]

	Funding	Positions
PR	- $95,600	- 1.00

Governor/Joint Finance: Transfer 1.0 vacant position, beginning in 2017-18, to DOA to reflect workload changes resulting from the implementation of the enterprise resource planning system, commonly known as STAR (State Transforming Agency Resources). Delete $47,800 annually from the Division of Industry Services administrative services appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

6. PRINTING, MAILING, AND PUBLISHING ELECTRONIC DISTRIBUTION OPTION

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	- $8,400	$8,400	$0

Governor: Reduce funding for supplies and services by $4,200 annually to reflect the administration's estimate of cost savings DSPS would realize due to a provision in the bill that would authorize DSPS, for certain documents, to satisfy: (a) mailing requirements by using email, rather than the U.S. mail; (b) publishing requirements by using the DSPS website, rather than a printed newspaper; and (c) printing requirements by making documents available to the public on the DSPS website.

Allow the DOA Secretary to waive, in whole or in part, any statutory requirement for a state agency to mail, publish, or print any document if the DOA Secretary determines that the waiver would reduce spending, while keeping information accessible to the public and protecting public health and welfare. [See "Administration -- General Agency Provisions."]

Joint Finance: Delete provision as a non-fiscal policy item. Restore $4,200 annually.

7. INFORMATION TECHNOLOGY PROJECTS [LFB Paper 555]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$4,400,000	- $4,400,000	$0

Governor: Provide $2,200,000 annually in one-time funding to support information technology improvement projects in the 2017-19 biennium. All of the funding would be provided from the Division of Industry Services operations appropriation, which receives revenues from building plan reviews, inspections and credentials for buildings and trades professions. The administration indicates the funds would be used to replace the inspection and plan review information technology systems.

Joint Finance: Modify the Governor's recommendation to transfer the $2,200,000 provided in each of 2017-18 and 2018-19 from DSPS to the Joint Committee on Finance program revenue supplemental appropriation. The funds could be released by the Committee under the current law provision that would allow DSPS to submit a request for the funds under s. 13.10 of the statutes. [See "Program Supplements."]

8. BUDGETING SUBPROGRAMS

Governor/Joint Finance: Eliminate the use of budgeting subprograms in the program for regulation of industry, buildings and safety. In the 2013-15 biennial budget, functions in a separate subprogram for environmental regulatory services were transferred to the Department of Natural Resources (petroleum environmental cleanup fund award program) and the Department of Agriculture, Trade and Consumer Protection (petroleum inspection and regulation of tanks). The budget system would reflect the deletion of the sole remaining subprogram in DSPS beginning in 2017-18.

9. ELIMINATE RENTAL UNIT ENERGY EFFICIENCY PROGRAM [LFB Paper 556]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $47,600	- 0.50	$0	0.00	- $47,600	- 0.50
PR-REV	- $242,000		- $78,000		- $320,000	

Governor: Delete $23,800 annually with 0.5 position, and repeal the rental unit energy efficiency program, commonly known as the rental weatherization program. The program currently requires rental dwelling units to comply with rental weatherization standards promulgated by DSPS in administrative code before the ownership of the rental unit is transferred. The administration estimates elimination of the program would result in a decrease

of $121,000 annually in program fee revenues currently received for inspection and certification of rental units under program requirements. Include the following provisions:

a. Eliminate requirements for DSPS to: (1) promulgate and administer a code of minimum energy efficiency standards for rental dwelling units; (2) establish requirements for rental units to be inspected and certified as meeting the standards; (3) certify inspectors who inspect rental units subject to the rule; (4) establish, by rule, a maximum fee schedule for inspection and certification of rental units by inspectors not employed by the Department; (5) provide training and information to inspectors; (6) review the rules at least once every five years and determine whether the rules should be amended to require use of new energy conservation technologies; (7) issue special orders when necessary to secure compliance with the program; and (8) hear petitions regarding the enforcement of rules and special orders.

b. Eliminate the requirement that no owner may transfer ownership of a rental unit unless an inspector has inspected the unit and has issued a certificate stating that the unit satisfies applicable energy efficiency standards under the DSPS rules.

c. Eliminate the requirement that DSPS, or an inspector employed by the local government in which the rental unit is located, may issue a waiver to the energy efficiency standards if the unit is scheduled for demolition within two years.

d. Eliminate the requirement that the person to whom a rental property is being transferred (transferee) may present a stipulation, signed by the transferee and DSPS or the local government in which the rental unit is located, stating that the owner of the rental unit will bring the rental unit into compliance with the energy efficiency standards no later than one year after the first transfer of the rental unit after the standards go into effect.

e. Eliminate the authority for an owner of a rental unit to request that an inspector inspect the owner's rental unit to determine whether to issue a certificate of compliance.

f. Eliminate the requirement that a Register of Deeds may not accept for recording any deed or other document of transfer of real estate for a rental unit unless the deed or document is accompanied by a certificate of compliance, waiver, or stipulation.

g. Eliminate the requirement that DSPS shall submit an annual report, before March 1, to the Legislature regarding the impact of the requirements of the program.

h. Eliminate the requirement that no city or village may enforce a code of minimum energy efficiency standards for rental units unless the requirements of the local code are at least as strict as the state code.

i. Eliminate citations and associated forfeitures for the program, including for: (1) inspectors who falsify a certificate issued under the program; (2) new owners of property who falsely state that the property being transferred does not include a rental unit; and (3) persons who fail to comply with the waiver or stipulation provisions.

j. Eliminate the requirement that any real estate foreclosure proceedings for a rental dwelling unit must include any certificate, waiver, or stipulation required under the current energy efficiency program.

k. Specify that the provisions would be effective on the first day of the fourth month after the effective date of the budget. This includes the following actions that happen on or after the effective date of the provision: (1) transfers of a rental unit; (2) real estate transfer return forms submitted for recording; (3) actions to recover a forfeiture; and (4) foreclosure sales.

L. Specify that all DSPS orders issued before the effective date of the provision would remain in effect until their specified expiration date or until modified or rescinded by DSPS. Authorize DSPS to issue special orders after the effective date of the provision for violations of the program that occur before the effective date. Authorize DSPS to, after the effective date of the provision, enforce special orders, hear petitions, hold hearings, and issue subpoenas related to violations that occurred before the effective date. Authorize DSPS and local governments to enforce stipulations entered into before the effective date, by using the citation authority authorized under the current program.

Joint Finance: Reestimate the revenue decrease to $160,000 annually from program fees, instead of $121,000 annually under the bill. In addition, delete the authority for DSPS or local governments to enforce violations, stipulations, and orders that occurred before the effective date of the program repeal.

10. CONVERT FUNDING FOR PRIVATE ONSITE WASTEWATER TREATMENT SYSTEM GRANT PROGRAM FROM ONGOING TO ONE-TIME [LFB Paper 557]

Governor: Convert funding for the private onsite wastewater treatment system (POWTS) replacement or rehabilitation grant program from ongoing to one-time financing in the 2017-19 biennium. The program provides financial assistance to owners of a principal residence occupied at least 51% of the year by the owner, and to small commercial establishments meeting certain income and eligibility criteria, to cover a portion of the cost of repairing or replacing failing POWTS. A POWTS is a sewage treatment and disposal system serving a single structure with a septic tank and soil absorption field located on the same parcel as the structure.

Maintain the current funding of $840,000 PR for the program in each of 2017-18 and 2018-19. The program is funded from program revenue from the safety and buildings (Division of Industry Services) operations appropriation. The appropriation receives program revenue from sanitary permits and private onsite wastewater treatment system plan review fees, and fees received from other building permit, plan review, inspection, and credentialing activities.

The provision would maintain the statutory language for the appropriation and program. However, with the conversion of the funding to one-time financing, there would be no base funding for the grant program for the 2019-21 biennium. The administration indicates its intent is to provide no ongoing funding for grants after 2018-19 in the existing appropriation, but allow counties to apply for a loan in an existing loan program, which they can access in years in which funding in the grant appropriation is not sufficient to fund 100% of the eligible grant amount. The loan program was created in 1999 Act 9 with a total of $1,500,000 from the environmental improvement fund, and has never been used by counties. The environmental improvement fund primarily provides loans to municipalities to upgrade or replace wastewater treatment plants.

Joint Finance: Maintain current funding for the POWTS grant program as ongoing, instead of converting it to one-time as under the bill. Repeal the POWTS grant program on June 30, 2021. The last year of funding for the grant program would be 2020-21. Repeal the POWTS loan program on the effective date of the bill.

11. INDUSTRY SERVICES POSITIONS [LFB Paper 555]

	Funding	Positions
PR	- $1,086,000	- 9.00

Joint Finance: Delete $543,000 PR annually with 9.0 PR vacant positions in the Division of Industry Services safety and buildings general operations appropriation.

12. COMPUTER SOFTWARE FOR ENERGY CODE

PR	$37,500

Joint Finance: Provide $25,000 in 2017-18 and $12,500 in 2018-19, on a one-time basis, for the Division of Industry Services safety and buildings general operations appropriation to develop and maintain computer software available to the public regarding energy efficiency requirements of the uniform dwelling code. Include language in the one- and two-family dwelling sections of Chapter 101 of the statutes to direct DSPS to develop and maintain computer software available to the public that provides the information, tools, and calculations required for a person to determine whether plans for the construction of, addition to, or alteration of a dwelling comply with the energy efficiency requirements of the uniform dwelling code promulgated by DSPS.

13. FIRE DUES REESTIMATE [LFB Paper 558]

PR	$5,020,000

Joint Finance: Reestimate the fire dues distribution to local governments that maintain eligible fire departments by $2,400,000 in 2017-18 and $2,620,000 in 2018-19. Fire dues payments are estimated at $20,310,000 in 2017-18 and $20,530,000 in 2018-19.

14. PRIMITIVE CABIN BUILDING CODE EXEMPTION

Joint Finance: Exempt primitive cabins from the state one- and two-family dwelling code, electrical wiring code, and plumbing code. Define "primitive cabin" as a structure that satisfies all of the following: (a) the structure is used as a sleeping place and not as a home or residence; (b) the structure is used principally for recreational activity; (c) excluding a basement, the structure does not exceed two stories in height; and (d) the structure was constructed before the effective date of the bill. Specify that a primitive cabin would not be included in the definition of "dwelling" or "dwelling unit" under the one- and two-family dwelling code. Authorize the owner of a primitive cabin to alter or replace the structure on or after the effective date of the bill if the structure continues to meet the other definitions of primitive cabin. Prohibit cities, villages, towns, and counties from exercising jurisdiction over the construction or inspection of primitive cabins.

Currently, DSPS administers state building codes, including the one- and two-family dwelling code, electrical wiring code, and plumbing code. The statutes authorize cities, villages,

towns, and counties to enact ordinances to administer the one- and two-family dwelling code.

15. NOT-FOR-PROFIT WILDLIFE REHABILITATION FACILITY BUILDING CODE EXEMPTION

Joint Finance: Exempt from the definitions of place of employment and public building, for purposes of state commercial building code requirements, a not-for-profit facility with the primary purpose of housing or rehabilitating abandoned, injured, or sick wildlife. Currently, places of employment and public buildings are generally subject to state building code requirements.

16. POSSESSION, USE, AND TRANSPORTATION OF FIREWORKS AND FIREWORKS MANUFACTURER FEE

PR-REV	$200

Joint Finance: Make the following changes to regulations for the possession, use, and transportation of fireworks:

a. Provide that a person transporting fireworks must hold a permit from a municipality if the person remains in that municipality for 72 hours or more, instead of 12 hours under current law.

b. Provide that no user's permit is required from the city, village, or town in which the possession or use is to occur, for the possession of fireworks by a person who is not a resident of Wisconsin if the person does not use the fireworks in this state. There is no provision in current law related to this item.

c. Specify that a fireworks use permit issued by a city, village, or town to a group of individuals confers the privileges under the permit to each member of the group.

d. Specify that a fireworks use permit issued by a city, village, or town shall specify the dates (instead of date, currently) and location of permitted use.

Increase the fireworks manufacturers credential fee to $100, beginning with license applications or renewals received by DSPS on the bill's effective date, instead of $70 currently payable for a four-year credential term. DSPS licenses and inspects manufacturers of fireworks, and administrative rules assess a $70 credential fee to fireworks manufacturers for a four-year term. The provision would statutorily increase the credential fee from $70 to $100. The $30 fee increase would generate additional program revenue of approximately $120 annually for 16 manufacturers ($480 over the four-year term of the credential).

Regulation of Professions

1. CREATE OCCUPATIONAL LICENSE REVIEW COUNCIL

Governor: Create an Occupational License Review Council in DSPS. Define "occupational license" as: (a) a license, permit, certification, registration, or other approval granted under DSPS statutes related to building safety, plumbing, fire protection, fireworks, and professional occupations, including the occupations regulated by the boards attached to DSPS; and (b) a license, permit, certification, registration, or other approval not included under (a) if granted to a person by the state in order that the person may engage in a profession, occupation, or trade in Wisconsin, or in order that the person may use one or more titles in association with his or her profession, occupation, or trade.

Specify that the Council would consist of the following 13 members: (a) eight members appointed by the Governor, to serve at the pleasure of the Governor; (b) one majority party member and one minority party member from each house of the Legislature, appointed in the same manner as members of standing committees in the Legislature; and (c) the Secretary of DSPS, or his or her designee, to serve as chair of the Council. The DSPS Secretary or designee would serve as a nonvoting member, except that he or she could vote in the case of a tie.

Require the Council to submit a report no later than December 31, 2018, to the Governor, Chief of the Legislative Reference Bureau, and the Chief Clerks of the Assembly and Senate for distribution to the Legislature. Require the Council, in preparing the report, to take into account the estimated impact of its recommendations on state revenues and expenditures.

Require that the Council's report include recommendations for the elimination of occupational licenses based on all of the following: (a) an evaluation of whether the unregulated practice of the profession, occupation, or trade can clearly harm or endanger the health, safety, or welfare of the public, and whether the potential for the harm is recognizable and not remote or speculative; (b) an evaluation of whether the public reasonably benefits from the occupational license requirement; (c) an evaluation of whether the public can be effectively protected by any means other than requiring an occupational license; (d) an analysis of whether licensure requirements for the regulated profession, occupation, or trade exist in other states; (e) an estimate of the number of individuals or entities that are affected by the occupational license requirement; (f) an estimate of the total financial burden imposed on individuals or entities as a result of the occupational licensure requirement, including education or training costs, examination fees, private credential fees, occupational license fees imposed by the state, and other costs individuals or entities incur in order to obtain the required occupational license; and (g) any statement or analysis provided by the agency or board administering the occupational license. In addition, require that the report include the Council's recommendations for the reduction or elimination of continuing education requirements for occupational licenses not recommended for elimination.

Require the Legislative Reference Bureau to prepare a bill that includes all of the Council's recommendations.

Require the Legislature's Joint Committee on Legislative Organization to introduce the bill without change in each house of the Legislature. Require the Legislature to put the bill on the calendar or to refer it to the appropriate scheduling committee of each house, except authorize the Joint Committee on Legislative Organization to submit the bill or a suitable portion of the bill to an appropriate legislative committee for advisory recommendations. Prohibit the Legislature from amending the bill. Require the Legislature to take final action on the bill no later than June 30, 2019. Exempt the bill from the requirement that introduced bills that appropriate money, provide revenue or relate to taxation must be referred to the Joint Committee on Finance before passage. Maintain the current law requirement under s. 16.47(2) of the statutes that, before passing a bill prior to passage of the budget bill (in this situation, in the spring of 2019), the bill would require a statement of emergency if it would increase costs or reduce revenues by more than $10,000 annually.

Repeal the Council, the requirement for the Council to submit a report, and the requirement for the Legislature to introduce and take final action on the bill, on July 1, 2019.

Joint Finance: Delete provision as a non-fiscal policy item.

2. OCCUPATIONAL LICENSE STUDY

Joint Finance: Direct DSPS to study occupational licenses and submit a report of the Department’s findings to the Governor and Legislature. Include the following provisions:

Define "occupational license" as: (a) a license, permit, certification, registration, or other approval granted under DSPS statutes related to building safety, plumbing, fire protection, fireworks, and professional occupations, including the occupations regulated by the boards attached to DSPS; and (b) a license, permit, certification, registration, or other approval not included under (a) if granted to a person by the state in order that the person may engage in a profession, occupation, or trade in Wisconsin, or in order that the person may use one or more titles in association with his or her profession, occupation, or trade.

Require DSPS to submit a report no later than December 31, 2018, to the Governor, and to the Chief Clerks of the Assembly and Senate for distribution to the appropriate standing committees of the Legislature.

Require that the Department's report include recommendations for the elimination of occupational licenses based on all of the following: (a) an evaluation of whether the unregulated practice of the profession, occupation, or trade can clearly harm or endanger the health, safety, or welfare of the public, and whether the potential for the harm is recognizable and not remote or speculative; (b) an evaluation of whether the public reasonably benefits from the occupational license requirement; (c) an evaluation of whether the public can be effectively protected by any means other than requiring an occupational license; (d) an analysis of whether licensure requirements for the regulated profession, occupation, or trade exist in other states; (e) an estimate of the number of individuals or entities that are affected by the occupational license requirement; (f) an estimate of the total financial burden imposed on individuals or entities as a result of the occupational licensure requirement, including education or training costs,

examination fees, private credential fees, occupational license fees imposed by the state, and other costs individuals or entities incur in order to obtain the required occupational license; (g) any statement or analysis provided by the agency or board administering the occupational license; and (h) an evaluation of the tangible or intangible barriers people may face in obtaining an occupational license.

3. REGULATION OF LICENSED HEALTH PROFESSIONALS -- BOARDS AND COUNCILS

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $50,800	- 0.50	$50,800	0.50	$0	0.00

Governor: Reduce funding by $25,400 annually and delete 0.50 position, beginning in 2017-18, to reflect cost and staff time savings of consolidating and eliminating boards and councils that assist in the regulation of certain healthcare occupations. Modify statutory references to reflect changes to the composition and status of these boards and councils, as follows.

Hearing and Speech Examining Board. Eliminate the Sign Language Interpreter Council and transfer its duties to the Hearing and Speech Examining Board (HSEB). Transfer all rules and orders, pending matters, and contracts, as they pertain to the licensing and regulation of sign language interpreters from the Department and the Council to the HSEB. Specify that all contracts entered into by the Council would remain in effect and be transferred to HSEB. Require HSEB to carry out any obligations under a contract until the contract is modified or rescinded, to the extent allowed under the contract. Provide that all rules and orders developed by the Council would remain in effect until their specified expiration dates or until amended or repealed by HSEB, and that any matter pending with the Council would be transferred to HSEB, with all submitted materials or actions taken by the Council with respect to the pending matters treated as though the action was taken by, or materials submitted to, HSEB.

Modify the composition of 10-member HSEB to: (a) add two sign language interpreters; (b) add one public member; and (c) require that two of the three public members be individuals who are deaf or hard of hearing. With these changes, the HSEB would have three hearing instrument specialists, one otolaryngologist (an ear, throat and nose specialist), two audiologists, two speech-language pathologists, two sign language interpreters, and three public members (of which two members would be deaf or hard of hearing), for a total of 13 board members. Specify that the terms for the newly-appointed sign language interpreters would be staggered to expire on July 1, 2020, and July 1, 2021. Authorize the Governor to provisionally appoint new members of the HSEB, who would remain as members until withdrawn by the Governor or acted upon by the Senate. If confirmed by the Senate, the member would continue for the remainder of the unexpired term, until a successor is chosen and qualifies.

Medical Examining Board. Repeal the following: (a) the Radiography Examining Board,

which regulates the practice of radiographers and limited x-ray machine operators; (b) the Podiatry Affiliated Credentialing Board, which licenses, establishes continuing education requirements and takes disciplinary action against podiatrists; and (c) the Optometry Examining Board, which regulates the practice of optometrists.

Transfer the functions, assets and liabilities, tangible personal property, contracts, rules and orders, and pending matters of these three boards to the Medical Examining Board (MEB). Provide that all contracts entered into by any of the three boards would remain in effect and be transferred to the MEB. Require MEB to carry out any obligations under a contract until the contract is modified or rescinded, to the extent allowed under the contract. Provide that all rules and orders developed by any of the three boards would remain in effect until their specified expiration dates or until amended or repealed by MEB. Specify that any matter pending with any of the three boards would be transferred to MEB, with all submitted materials or actions taken by the boards with respect to the pending matters treated as though the action was taken by or materials submitted to the MEB.

Medical Assistants Council. Eliminate the following statutory advisory councils: (a) the Perfusionists Examining Council, which advises MEB on the regulation of perfusionists (medical technicians who operate heart-lung machines that propel oxygenated blood to a patient's tissue while a surgeon operates on the patient's heart); (b) the Council on Physician Assistants, which advises MEB and the UW Board of Regents regarding licensing, practice standards, and education and training for physician assistants; (c) the Council on Anesthesiologist Assistants, which advises MEB regarding the practice of anesthesiologists assistants; and (d) the Respiratory Care Practitioners Examining Council, which advises MEB regarding the practice of respiratory care practitioners.

Create the Medical Assistants Council (MAC) and transfer the functions and duties of these four Councils to MAC. Provide that Council membership would be staggered for three-year terms and composed of members from each of the professions regulated by the MAC, as shown below:

Council Members	Initial Term Expiration
2 Anesthesiologist Assistants	July 1, 2018, and July 1, 2020
2 Respiratory Care Practitioners	July 1, 2018, and July 1, 2019
2 Perfusionists	July 1, 2019, and July 1, 2020
2 Physician Assistants	July 1, 2019, and July 1, 2020
1 Member of the Public	July 1, 2018
1 Physician*	

*Appointed by the Chair of the MEB; all other members are appointed by the MEB.

Provide that the Governor may provisionally appoint new members of MAC, who would remain as members until withdrawn by the Governor or acted upon by the Senate. If confirmed by the Senate, each member would continue for the remainder of the unexpired term, until a successor is chosen and qualifies.

Medical Therapy Examining Board. Repeal the following: (a) the Physical Therapy Examining Board, which regulates physical therapists and physical therapist assistants; (b) the Occupational Therapists Affiliated Credentialing Board, which licenses, sets examination requirements, continuing education requirements, standards of practice and professional conduct, defines the scope of practice, and takes disciplinary action against occupational therapists and occupational therapist assistants; (c) the Athletic Trainers Affiliated Credentialing Board, which licenses, develops forms for recording practice protocols, establishes liability insurance minimums, and promulgates rules regarding defibrillator proficiency for athletic trainers; and (d) the Massage Therapy and Bodywork Therapy Affiliated Credentialing Board, which licenses, sets examination requirements, training program requirements, and standards of practice and professional conduct for massage and bodywork therapists.

Create a Medical Therapy Examining Board (MTEB), which would assume the functions, rules and orders, pending matters, contracts, and tangible personal property of the four boards. Provide that all contracts entered into by any of the four Boards would remain in effect and would be transferred to the MTEB. Require MTEB to carry out any obligations under a contract until the contract is modified or rescinded, to the extent allowed under the contract. Specify that all rules and orders developed by any of the four boards would remain in effect until their specified expiration dates, or until amended or repealed by the MTEB. Provide that any matter pending with any of the four boards would be transferred to the MTEB, with all submitted materials or actions taken by the boards with respect to the pending matters treated as though the action was taken by or materials submitted to the MTEB.

Board membership would be staggered for four-year terms and composed of members from each of the professions regulated by the MTEB as follows:

Board Members	Initial Term Expiration
2 Physical Therapists	July 1, 2020, and July 1, 2022
2 Occupation Therapists	July 1, 2021, and July 1, 2022
2 Athletic Trainers	July 1, 2021, and July 1, 2022
2 Massage or Bodywork Therapists	July 1, 2020, and July 1, 2021
1 Member of the Public	July 1, 2020

Provide that the Governor may provisionally appoint new members of the MTEB, which would remain as members until withdrawn by the Governor or acted upon by the Senate. If confirmed by the Senate, the member would continue for the remainder of the unexpired term, until a successor is chosen and qualifies.

Massage and Bodywork Training -- Approved Schools. A separate provision of the bill would eliminate the Educational Approval Board (EAB) and transfer its functions and responsibilities to the Department, effective January 1, 2018. The bill would require the Department to approve schools from which massage and bodywork therapists may complete their educational requirements for licensure, effective January 1, 2018 (the date EAB functions would be transferred to DSPS).

Joint Finance: Delete provision as a non-fiscal policy item. Restore $25,400 annually and

0.50 position, beginning in 2017-18.

4. ELIMINATE CERTAIN BOARDS AND COUNCILS

Governor: Eliminate the following boards and councils. Transfer certain associated responsibilities to DSPS or other councils, as described below.

Examining Board of Professional Geologists, Hydrologists, and Soil Scientists. Transfer its duties to the Department. DSPS, rather than the Board, would regulate and license each of the three professions. Transfer any assets and liabilities, tangible personal property, records, contracts, pending matters, promulgated rules, and issued orders from the Board to DSPS.

Building Inspector Review Board. Transfer its powers and duties to the Uniform Dwelling Code Council. The Uniform Dwelling Code Council, rather than the Building Inspector Review Board, would have the authority to: (a) receive and review complaints regarding possible incompetent, negligent, or unethical conduct by building inspectors; (b) revoke a building inspector's certification in such cases; and (c) modify or reverse erroneous decisions of a building inspector. Transfer any pending matters or issued orders from the Board to the Uniform Dwelling Code Council.

Contractor Certification Council. Transfer its duties to the Uniform Dwelling Code Council. The Uniform Dwelling Code Council, rather than the Contractor Certification Council, would: (a) advise DSPS on rules for certifying the financial responsibility of building contractors; (b) recommend courses that meet continuing education requirements; and (c) advise DSPS on the development of course examinations for contractor certification requirements. Transfer any tangible personal property, records, and contracts entered into by the Council to the Uniform Dwelling Code Council.

Manufactured Housing Code Council. Transfer its duties to the Uniform Dwelling Code Council. The Uniform Dwelling Code Council, rather than the Manufactured Housing Code Council, would: (a) recommend a statewide manufactured housing code for promulgation by DSPS; and (b) review rules and make recommendations to DSPS related to licensure of manufacturers of manufactured homes, manufactured home dealers, manufactured home salespersons, and installers, and with regard to consumer protection applicable to consumers of manufactured homes. Transfer any tangible personal property, records, and contracts entered into by the Council to the Uniform Dwelling Code Council.

Plumbers Council. The Council's duties would not be transferred to another entity. Currently, the Council advises DSPS on rules related to qualifications, examination, licensing, or registration of various plumbing occupations. Transfer any tangible personal property, records, and contracts entered into by the Council to DSPS.

Automatic Fire Sprinkler System Contractors and Journeymen Council. The Council's duties would not be transferred to another entity. Currently the Council advises DSPS on rules related to qualifications, examination, licensing, or registration of automatic fire sprinkler system fitters and automatic fire sprinkler contractors. Transfer any tangible personal property, records,

and contracts entered into by the Council to DSPS.

In addition, repeal the authority for DSPS to appoint advisory committees on matters related to the regulation of: (a) behavior analysts; (b) midwives; and (c) barbers, barbering managers, and barbering establishments.

Joint Finance: Delete provision as a non-fiscal policy item.

5. MEETING REQUIREMENTS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	- $7,600	$7,600	$0

Governor: Delete $2,500 in 2017-18 and $5,100 in 2018-19 from the industry, safety and buildings operation appropriation related to costs of meetings of advisory councils to building and trades professions. Maintain the current level of funding for meetings of independent examining boards, affiliated credentialing boards or councils related to non-trades professions. Eliminate the requirement for annual or semiannual meetings for examining boards, affiliated credentialing boards, and other boards and advisory councils attached to, or under, DSPS. This would include boards and advisory councils related to regulation of non-trades professions and regulation of building and trades professions. However, maintain the current requirement that the Medical Examining Board meet 12 times per year. Maintain the current law requirement that boards not attached to DSPS meet at least annually.

Require that the boards and councils in DSPS meet on the call of the chairperson or a majority of the members of the board or council. Maintain the current law requirement that the Auctioneer Board, Cemetery Board, and Real Estate Appraisers Board shall also meet on the call of the Secretary of DSPS or his or her designee within the Department, but repeal requirements that the Auctioneer Board and Cemetery Board each are to meet at least four times per year. Require that a council in DSPS could also meet on the call of the Secretary of DSPS, but not on the call of his or her designee within the Department.

Currently, the required frequency for meetings varies, from annually, to at least twice per year, to every three months, or four times per year (which could vary from every three months).

Eliminate the requirement that the Examining Board of Architects, Landscape Architects, Professional Engineers, Designers, and Professional Land Surveyors elect its own officers.

Joint Finance: Delete provision as a non-fiscal policy item. Restore $2,500 in 2017-18 and $5,100 in 2018-19.

6. ADMINISTRATIVE FORFEITURES

Governor: Authorize DSPS and all of its examining and credentialing boards to assess an administrative forfeiture of up to $1,000 against any credential holder who commits a violation

that is grounds for professional discipline if that violation presents a serious risk to the public health or safety. Permit DSPS to assess the forfeiture either in addition to, or in lieu of, any disciplinary action with respect to an occupational license. Specify that each day of continued violation constitutes a separate offense. Direct DSPS to promulgate rules specifying the procedures governing the assessment of forfeitures. Require DSPS to remit all forfeiture revenue it collects to the DOA Secretary for deposit in the common school fund.

Limit the authority of DSPS and the Cosmetology Examining Board to assess an administrative forfeiture against a credential holder who commits a violation that is grounds for professional discipline to violations that present a serious risk to the public health or safety. Currently, these credential holders may be required to pay an administrative forfeiture for any violation that is grounds for professional discipline.

Specify that these provisions would first apply to violations that occur on the bill's general effective date.

Under current law, some, but not all, DSPS credential holders may be required to pay forfeitures if they commit a violation that is grounds for professional discipline. These provisions are intended to standardize statutory provisions relating to these assessment provisions among credential holders.

Joint Finance: Delete provision as a non-fiscal policy item.

7. APPRENTICESHIP EXAMINATION EXEMPTION [LFB Paper 560]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR-REV	- $49,800	$49,800	$0

Governor: Exempt individuals who complete specified apprenticeship programs for the following trades profession licenses from the requirement to pass an examination: (a) journeyman electrician; (b) journeyman plumber; (c) journeyman automatic fire sprinkler system fitter; and (d) automatic fire sprinkler contractor. Maintain the current requirement that a journeyman electrician apprenticeship program must have a duration of at least three years and be approved by the U.S. Department of Labor or the state Department of Workforce Development. Maintain the current requirement that, after the expiration of an apprenticeship term, no apprentice may engage in the business of plumbing either as an apprentice or as a journeyman plumber unless the apprentice secures a journeyman plumber's license. Eliminate temporary permits for a journeyman plumber.

Exempt individuals who complete certain cosmetologist or barber apprenticeship programs from the requirement to pass an examination. Maintain the current requirement that cosmetologist and barber apprentices must receive a certain amount of training through an accredited apprenticeship program.

The administration estimates the provision would result in a program revenue fee decrease

of $24,900 annually, including: (a) $14,700 in the industry, safety and buildings operation appropriation; and (b) $10,200 in the professional regulation and administrative services appropriation.

The exemptions would go into effect on the general effective date of the bill.

Joint Finance: Delete provision.

8. JOURNEYMAN PLUMBER'S EXAMINATION

Joint Finance: Require DSPS to allow a person to take a journeyman plumber's examination if the person meets all of the following conditions: (a) the person completed a plumbing apprenticeship in this state or under the laws of any other state; (b) the person passed a journeyman plumber's examination in any other state; and (c) the person has practiced for at least five years under a journeyman plumber's license or equivalent license issued by another state having licensure provisions governing plumbers that DSPS determines are substantially similar to the requirements of this state, and the person has not been the subject of any disciplinary actions related to that license or any other equivalent license.

9. PRESCRIPTION DRUG MONITORING PROGRAM [LFB Paper 561]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	$1,036,600	- $92,000	$944,600

Governor: Provide $518,300 annually and 5.0 positions, beginning in 2017-18, to increase support for the Wisconsin enhanced prescription drug monitoring program (PDMP).

The program assists health care professionals in making prescribing and dispensing decisions by providing them with information about controlled substance prescriptions dispensed in the state. The primary purpose of the PDMP is to improve patient care and safety, and to reduce the abuse and diversion of prescription drugs, while ensuring patients with a legitimate medical need for the drugs are not adversely affected.

Under the program, dispensers of monitored drugs (pharmacies and practitioners who dispense monitored prescription drugs) are required to submit specified information to the program within seven days of dispensing the drug. (Beginning April 1, 2017, dispensers must submit this information by the end of the business day following the day a drug is dispensed). These data are standardized, cleansed, and made available to authorized users, such as prescribers, pharmacists, regulatory boards, and law enforcement agencies. Monitored drugs include state and federally controlled substances in Schedule II, III, IV, or V that require a prescription order to be lawfully dispensed. Beginning no sooner than April 1, 2017, but after DSPS determines that the program is capable of electronically transmitting records to practitioners, practitioners will be required to check the PDMP before issuing a prescription

order for a monitored substance, with limited exceptions.

The PDMP staff is funded by DSPS program revenue, with the development and deployment of the PDMP database funded by various federal grants.

Joint Finance: Reduce funding in the bill by $92,000 PR in 2017-18 to budget the 5.0 new positions for nine months, rather than 12 months, in 2017-18.

In addition, modify provisions relating to the use of the PDMP by permitting a practitioner's agent, in accordance with applicable standards of practice, to conduct a review of a PDMP record on behalf of a practitioner. Finally, specify that the Controlled Substances Board may only refer a pharmacist, pharmacy, or practitioner to the appropriate law enforcement agency for investigation and possible prosecution when the Board has determined that a criminal violation may have occurred.

10. PROCEDURE FOR ADDRESSING CHEMICALLY DEPENDENT CREDENTIAL HOLDERS

	Funding	Positions
PR	- $139,000	- 0.50

Governor/Joint Finance: Require DSPS to promulgate rules specifying a procedure for addressing allegations that a credential holder has practiced while impaired by alcohol or other drugs, or that a credential holder's ability to practice is impaired by alcohol or other drugs, and for assisting a credential holder who requests to participate in the procedure. Direct DSPS, in promulgating rules, to seek to facilitate early identification of chemically dependent credential holders and encourage their rehabilitation. Provide that the rules may be used by DSPS, the Real Estate Appraisers Board, and all examining boards and affiliated credentialing boards attached to DSPS. Authorize DSPS to contract with another entity to administer the procedure specified by the rules.

Prior to the effective date of the permanent rule, permit the Department to promulgate the rule as an emergency rule for a period of 150 days from the date of publication in the official state newspaper, subject to one 60-day extension. If DSPS promulgates emergency rules, require DSPS to promulgate the rules no later than the 60th day after the bill's general effective date. Exempt DSPS from the requirement that the agency provide evidence that promulgating the rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare.

Reduce funding for the Department's general program operations budget for professional regulation and administrative services (-$46,400 annually and -0.5 position, beginning in 2017-18) and for the general program operations that funds activities of the Medical Examining Board, and the prescription drug monitoring program (-$23,100 annually).

DSPS currently has a permanent rule that establishes its professional assistance procedures (SPS 7). These provisions would include in the statutes the Department's current practice.

11. TRANSFER FUNCTIONS OF THE EDUCATIONAL APPROVAL BOARD [LFB Paper 677]

	Funding	Positions
PR	$1,066,800	6.50

Governor: Provide $352,700 in 2017-18 and $714,100 in 2018-19 and 6.5 PR positions in 2018-19 to reflect the transfer of current staff and program responsibilities of the Educational Approval Board (EAB) to DSPS, effective January 1, 2018. Renumber current appropriations and statutory sections to reflect this transfer.

EAB approves and supervises for-profit colleges, out-of-state nonprofit colleges and universities, and some in-state, nonprofit institutions, as well as solicitors that recruit students on behalf of an institution. Schools and solicitors representing schools reapply annually for approval from the Board. Additionally, the Board investigates student complaints, maintains student records following the closure of a school, and maintains a student protection fund comprised of fees collected from schools.

Although EAB is an independent unit of state government governed by a seven-member Board, funding for the Board's 6.5 staff positions is currently budgeted under the Wisconsin Technical College System. EAB is funded through program revenue derived from fees paid by regulated schools. Ninety percent of fees collected from schools, including fees from the issuance of solicitor's permits or schools applying for initial EAB approval or applying to renew their approval, are credited to an appropriation for the general operation of EAB. The remaining 10% of collected fees is, by statute, transferred to the general fund. Additional revenue is collected from fees paid by individuals requesting a copy of a student record maintained by EAB. The fee is based on the administrative cost of taking possession of, preserving, and providing the copy of the record, and all revenue from these fees is maintained in an appropriation for the preservation of student records.

The bill would eliminate the EAB, and transfer all current functions and responsibilities of the Board to DSPS. This includes all assets, liabilities, and tangible property. All contracts entered into by the EAB would remain in effect and would be transferred to DSPS. All rules promulgated and orders issued by the EAB would remain in effect. No provisions are included in the bill for the transfer of incumbent EAB personnel.

For additional information on this item, see "Wisconsin Technical College System."

Joint Finance: Modify the provision as follows.

First, rather than eliminating the Board on January 1, 2018 and transferring its functions and responsibilities to DSPS on that date, attach the Board to DSPS, for limited budgeting, program coordination and related management functions, for the period January 1, 2018 through June 30, 2018. Eliminate the Board on July 1, 2018, at which time DSPS would assume the functions of the Board.

Second, specify that all EAB staff positions, and the incumbents holding these positions, are transferred to DSPS, effective January 1, 2018. [See "Wisconsin Technical College System."]

SECRETARY OF STATE

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
PR	$536,800	$531,400	$531,400	$0	0.0%	- $5,400	- 1.0%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
PR	2.00	2.00	2.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	$4,600

Governor/Joint Finance: Provide an adjustment of $2,300 annually to the Secretary of State's (SOS) program fees appropriation for full funding of continuing position salaries and fringe benefits (a reduction of $3,200 for fringe benefits and an increase of $5,500 for permanent position salaries in each year).

2. REDUCE FUNDING FOR SUPPLIES AND SERVICES

PR	- $10,000

Governor/Joint Finance: Reduce funding for supplies and services by $5,000 annually based on actual expenditures in 2015-16.

3. GPR-REV REESTIMATE [LFB Paper 565]

GPR-REV	$7,400

Joint Finance: Reestimate general fund revenue at $144,900 in 2017-18 and $138,500 in 2018-19 to more accurately reflect the estimated year-end lapse from the SOS, which would be $15,800 higher in 2017-18 and $5,000 higher in 2018-19 than the Governor's estimates under the bill. However, the estimated lapse amount would be reduced by $13,400 in 2016-17, which

decreases the estimated opening balance for the biennium. As a result, the reestimate would increase the projected ending balance for the biennium by $7,400. Under current law, any unencumbered balance at the close of a fiscal year exceeding 10% of that year's expenditures from the SOS's program fees appropriation lapses to the general fund.

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source

	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
Direct Aid Payments							
Expenditure Restraint	$116,291,400	$116,291,400	$117,457,400	$1,166,000	1.0%	$1,166,000	1.0%
County and Municipal Aid	1,383,751,400	1,382,401,600	1,391,463,600	9,062,000	0.7	7,712,200	0.6
Public Utility Distribution	148,200,000	148,604,900	148,915,100	310,200	0.2	715,100	0.5
State Aid; Tax Exempt Property	177,400,000	183,346,600	188,930,000	5,583,400	3.0	11,530,000	6.5
Interest Payments on Overassessments of Manufacturing Property	40,000	20,000	20,000	0	0.0	-20,000	-50.0
Payments for Municipal Services	37,168,400	37,168,400	37,168,400	0	0.0	0	0.0
Personal Property Tax Exemption	0	0	74,400,000	74,400,000	N.A.	74,400,000	N.A.
Property Tax Credits							
Homestead Tax Credit	202,400,000	180,360,000	179,300,000	-1,060,000	-0.6	-23,100,000	-11.4
Pre-2010 Farmland Preservation Credit	2,056,000	1,600,000	1,100,000	-500,000	-31.3	-956,000	-46.5
Farmland Preservation Per-Acre Credit	37,500,000	35,900,000	37,650,000	1,750,000	4.9	150,000	0.4
School Levy Tax Credit	1,706,000,000	1,793,000,000	1,793,000,000	0	0.0	87,000,000	5.1
First Dollar Credit	300,000,000	300,000,000	298,863,500	-1,136,500	-0.4	-1,136,500	-0.4
Other Credits							
Claim of Right Credit	454,000	382,000	382,000	0	0.0	-72,000	-15.9
Jobs Tax Credit	28,200,000	22,950,000	33,000,000	10,050,000	43.8	4,800,000	17.0
Business Development Credit	8,500,000	46,250,000	46,250,000	0	0.0	37,750,000	444.1
Enterprise Zone Jobs Credit	117,200,000	74,500,000	80,600,000	6,100,000	8.2	-36,600,000	-31.2
Refundable Research Credit	0	0	2,100,000	2,100,000	N.A	2,100,000	N.A
Veterans and Surviving Spouses Property Tax Credit	59,600,000	60,260,000	60,260,000	0	0.0	660,000	1.1
Cigarette and Tobacco Products Tax Refunds	73,600,000	68,884,300	68,884,300	0	0.0	-4,715,700	-6.4
Earned Income Tax Credit	67,800,000	74,640,000	65,100,000	-9,540,000	-12.8	-2,700,000	-4.0
Young Adult Employment Assistance Tax Credit	0	724,400	0	-724,400	-100.0	0	N.A.
Other Property Tax Relief							
Elimination of State Forestry Property Tax (Transfer to Conservation Fund)	0	180,454,900	180,903,600	448,700	0.2	180,903,600	N.A.
GPR Total	$4,466,161,200	$4,707,738,500	$4,805,747,900	$98,009,400	2.1%	$339,586,700	7.6%
Other Credits							
Earned Income Tax Credit; Temporary Assistance for Needy Families	139,400,000	152,400,000	139,400,000	-13,000,000	-8.5	0	0.0
PR Total	$139,400,000	$152,400,000	$139,400,000	-$13,000,000	-8.5%	$0	0.0%
Direct Aid Payments							
County and Municipal Aid; Police and Fire Protection Fund	$104,400,000	$103,800,000	$96,688,000	-$7,112,000	-6.9%	-$7,712,000	-7.4%
Property Tax Credits							
Lottery and Gaming Credit	323,062,800	336,522,600	370,001,100	33,478,500	9.9	46,938,300	14.5
Lottery and Gaming Credit; Late Applications	334,200	515,200	515,200	0	0.0	181,000	54.2
SEG Total	$427,797,000	$440,837,800	$467,204,300	$26,366,500	6.0%	$39,407,300	9.2%
TOTAL	$5,033,358,200	$5,300,976,300	$5,412,352,200	$111,375,900	2.1%	$378,994,000	7.5%

Direct Aid Payments

Budget Change Items

1. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES [LFB Paper 566]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$5,946,600	$5,583,400	$11,530,000

Governor: Increase estimated payments by $2,312,200 in 2017-18 and $3,634,400 in 2018-19 to reflect projected changes in tax rates and the value of exempt computers, cash registers, and fax machines. With these adjustments, base level funding of $88,700,000 would increase to $91,012,200 in 2017-18 and $93,334,400 in 2018-19.

Joint Finance: Sunset the current law formula for calculating aid payments after the payments for the 2016(17) property tax year are made in July, 2017. Specify that in July, 2018, each taxing jurisdiction, as defined under current law, will receive an aid payment equal to the payment it received in July, 2017, multiplied by 1.0147. Specify that in 2019 only, each taxing jurisdiction that received an aid payment in 2018 would receive an aid payment equal to that previous payment increased by the change in the inflation rate. Each year thereafter, those same taxing jurisdictions would receive an amount equal to the 2019 aid payment amount. For the 2019 inflation adjustment, define the change in the inflation rate as the percentage equal to the average annual change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor, for the 12-months ending on September 30 of the year before the year of the payment, but not less than zero. Specify that any payment made to a municipality on behalf of a tax increment district created by the municipality will continue to be made to the municipality after the tax increment district is terminated. Repeal the current law provision that requires owners of exempt computers, cash registers, and fax machines to annually file a return with the local assessor or the Department of Revenue (DOR) that reports the value of the exempt property. Repeal related provisions regarding penalties on individuals who fail to file returns, DOR's calculation of manufacturing values, and DOR's resolution of disputes related to the taxability of property. Modify current law provisions related to the equalized value of technical college districts and school districts to refer to the value of computers used for the aid determination in July, 2017. Increase estimated payments by $3,257,800 in 2017-18 and $2,325,600 in 2018-19. Total aid payments are estimated at $94,270,000 in 2017-18 and $95,660,000 in 2018-19.

2. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATE [LFB Paper 567]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$404,900	$95,100	$500,000

Governor: Decrease estimated payments by $187,100 in 2017-18 and increase estimated payments by $592,000 in 2018-19 from the sum sufficient public utility distribution account to reflect estimated payment amounts. With these adjustments, base level funding of $74,100,000 would decrease to $73,912,900 in 2017-18 and increase to $74,692,000 in 2018-19.

Joint Finance: Decrease estimated payments by $12,900 in 2017-18 and increase estimated aid payments by $108,000 in 2018-19. Total payments are estimated at $73,900,000 in 2017-18 and $74,800,000 in 2018-19.

3. SUSPEND PUBLIC UTILITY PER CAPITA LIMITATION FOR CERTAIN MUNICIPALITIES

GPR	$215,100

Joint Finance: Modify the per capita payment limitation under the public utility aid distribution so that it does not apply to a municipality whose payment was first limited by the provision after 2010. Sunset this exclusion so that it does not apply to distributions after 2022. Increase the estimated sum sufficient public utility aid appropriation by $134,500 in 2017-18 and $80,600 in 2018-19. Require DOR to lapse $134,500 in 2017-18 and $80,600 in 2018-19 from its general program operations appropriation under its administrative services and space rental program (See "Revenue").

4. MILWAUKEE COUNTY SHARED REVENUE PAYMENT -- VOLKSWAGEN SETTLEMENT OFFSET [LFB Paper 568]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $1,950,000	$1,950,000	$0

Governor: Authorize the Secretary of the Department of Administration to reduce Milwaukee County's county and municipal aid payment by $1,950,000 each year beginning with the calendar 2018 payment (the 2018-19 payment) if the County receives a distribution from the state's Volkswagen settlement funds as required under this bill. Specify that the annual payment reduction would end with the calendar 2027 county and municipal aid payment, which would result in a total reduction of $19,500,000 over the 10-year period. The administration indicates this reduction is intended to offset state payments made to Milwaukee County from Volkswagen settlement funds received by the state. Under a separate bill provision, DOA would be required to distribute a total of $26,000,000 in settlement funds to Milwaukee County for the payment of all costs incurred by the County to replace county-owned vehicles (see "Miscellaneous Appropriations" and "Department of Transportation -- Local Transportation Aids"). Specify that

in any year in which the amount of its county and municipal aid payment is less than $1,950,000, DOA could reduce Milwaukee County's county and municipal aid payment and its public utility aid payment so that the total amount of the reduction is maintained at $1,950,000.

Under the bill provisions, Milwaukee County would receive the full $1,950,000 reduction to its county and municipal aid payment beginning in 2018-19 regardless of the timing and actual amount of a settlement distribution to the County.

Joint Finance: Delete the $1,950,000 reduction to Milwaukee County's county and municipal aid payment associated with the deletion of the transit capital grant to be provided specifically to the county. Instead, create a statewide transit capital assistance grant program. Specify that any county or municipality with an urban mass transit system that receives a Volkswagen settlement distribution under the statewide program would receive a reduction to its county and municipal aid payment equal to the following amounts, over 10 consecutive years: (a) for Tiers A-1 and A-2 urban mass transit systems serving a population exceeding 200,000, 75% of the total amount of grants received; (b) for a Tier B urban mass transit system serving a population of at least 50,000, 20% of the total amount of grants received; and (c) for a Tier C urban mass transit system serving a population of less than 50,000, 10% of the total amount of grants received. Specify that the county and municipal aid reductions would only occur once grant funds are distributed to the local government. If in any year the county and municipal aid reduction for a county or municipality exceeds the grant distribution for the county or municipality, require that the excess amount of the reduction be applied to the county or municipality's utility aid payment. Because the individual recipients and grant amounts under the newly created program are not known, no reduction to the county and municipal aid appropriation in the biennium is estimated.

5. VILLAGE OF MAINE -- EXPENDITURE RESTRAINT PAYMENT

GPR	$583,000

Joint Finance: Increase funding for the expenditure restraint payment program by $583,000 in 2018-19, and each year thereafter through 2022-23 (five years), to make a payment to the Village of Maine (Marathon County). Specify that the payment would be in addition to any formula amount received under the program and would not be included in the total funding amount distributed to all municipalities under the formula.

6. CITY OF JANESVILLE -- EXPENDITURE RESTRAINT PAYMENT

GPR	$583,000

Joint Finance: Increase funding for the expenditure restraint payment program by $583,000 in 2018-19, and each year thereafter through 2022-23 (five years), to make a payment to the City of Janesville (Rock County). Specify that the payment would be in addition to any formula amount received under the program and would not be included in the total funding amount distributed to all municipalities under the formula.

7. COUNTY AND MUNICIPAL AID PROGRAM -- POLICE AND FIRE PROTECTION REVENUE REESTIMATE

GPR	$600,200
SEG	- 600,000
Total	$200

Governor/Joint Finance: Increase funding by $300,100 GPR in 2017-18 and $300,100 GPR in 2018-19 and decrease funding by $300,000 SEG in 2017-18 and $300,000 SEG in 2018-19 in the appropriations for the county and municipal aid program. The SEG adjustment reflects the estimated reductions in revenue collected in the police and fire protection fund, which is the source for a portion of county and municipal aid program payments. Payments from the police and fire protection fund would be estimated at $51,900,000 in 2017-18 and $51,900,000 in 2018-19. The GPR increases reflect a corresponding adjustment to the sum sufficient appropriation to offset the police and fire protection fund (SEG) revenue reestimate. With these adjustments, total GPR payments for the county and municipal aid program would be $692,175,800 annually.

The total statutory aid distribution from all sources (including $5,000,000 annually from the medical assistance program) would remain unchanged at $753,075,700 annually, but the appropriations would underfund this distribution by $3,999,900 annually. This reduction is reflected in the adjusted base and is due to 2015 Act 60 (Bucks Arena), which reduced the county and municipal aid distribution to Milwaukee County by $4,000,000 each year from 2016 through 2035. This reduction is intended to offset a portion of the state's contribution to the Wisconsin Center District toward construction of the new sports and entertainment arena in Milwaukee.

8. COUNTY AND MUNICIPAL AID -- WISCONSIN INTER-OPERABILITY SYSTEM FOR COMMUNICATIONS (WISCOM) AND A STATEWIDE 911 SYSTEM

GPR	$7,112,000
SEG	- 7,112,000
Total	$0

Joint Finance: Reduce SEG funding from the police and fire protection fund for the county and municipal aid program by $199,400 in 2017-18 and $6,912,600 in 2018-19 to reflect SEG funding being provided to two newly-created appropriations to fund the Interoperability Council and the Next Generation 911 system. Make a corresponding increase in GPR funding for the county and municipal aid program of $199,400 in 2017-18 and $6,912,600 in 2018-19 to reflect the reduction in SEG funding. Under current law, the police and fire SEG appropriation for the county and municipal aid program offsets a portion of the GPR costs for the program. (See "Military Affairs.")

9. INTEREST PAYMENTS ON OVERASSESSMENT OF MANUFACTURING PROPERTY -- SUM SUFFICIENT REESTIMATE

GPR	- $20,000

Governor/Joint Finance: Decrease estimated payments by $10,000 annually from the sum sufficient appropriation for interest payments on overassessments of manufacturing property. With this adjustment, base level funding of $20,000 would decrease to $10,000 in 2017-18 and 2018-19. When municipalities refund property taxes resulting from overassessments of manufacturing property, as determined by the Tax Appeals Commission, the

state pays 20% of the interest cost of the refund and the municipality pays the remaining 80%.

Property Tax Credits

1. SCHOOL LEVY CREDIT INCREASE [LRB Paper 570]

GPR	$87,000,000

Governor/Joint Finance: Increase the distribution amount for the school levy tax credit by $87,000,000, from $853,000,000 to $940,000,000, beginning with property taxes levied in December 2017, and payable in 2018. The increased credit would be paid on the fourth Monday of July, 2018 (2018-19), consistent with the payment of the existing credit under current law.

2. LOTTERY AND GAMING CREDIT REESTIMATE [LRB Paper 550]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$13,459,800	$33,478,500	$46,938,300

Governor: Provide increases of $5,901,500 in 2017-18 and $7,558,300 in 2018-19 to the sum sufficient appropriation to reflect estimates of lottery proceeds available for distribution. With these adjustments, estimated total funding for the credit would increase from an adjusted base level of $161,531,400 to $167,432,900 in 2017-18 and $169,089,700 in 2018-19. The cost of the credit for 2016-17 is estimated at $185,339,947.

Joint Finance: Decrease funding for the credit by $2,792,100 SEG in 2017-18 and increase funding for the credit by $36,270,600 SEG in 2018-19. These adjustments represent (a) decreases $10,491,700 in 2017-18 and $2,682,900 in 2018-19 due to a reestimate of the lottery fund condition statement, (b) decreases of $300,400 in 2017-18 and $1,046,500 in 2018-19 due to the Committee's modification to the Governor's recommendation to increase funding for advertising, and (c) an increase of $8,000,000 GPR in 2017-18 and $40,000,000 GPR in 2018-19 to reflect the Committee's decision to partially fund retailer compensation payments from the general fund. [See "Revenue -- Lottery Administration" for fiscal effect of retailer compensation funding changes.] With these modifications, funding for the credit would equal an estimated $164,640,800 SEG in 2017-18 and $205,360,300 SEG in 2018-19.

3. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS

SEG	$181,000

Governor/Joint Finance: Increase funding by $90,500 annually for the sum sufficient appropriation to reflect estimates of the amount of credits to be paid to persons who apply for the credit after tax bills have been issued. As a result, tax credit distributions for late applications would increase from an adjusted base level of $167,100 to $257,600 annually.

4. FIRST DOLLAR CREDIT REESTIMATE [LFB Paper 576]

GPR	- $1,136,500

Joint Finance: Decrease funding by $1,136,500 in 2017-18 to reflect the $148,863,500 actual amount of property tax year 2016(17) credits to be distributed in July, 2017, based on the $6,700 credit base established by the Department of Revenue and the number of eligible parcels on which the credit will be claimed. Funding for the credit in 2018-19 would remain at the base level of $150,000,000.

5. HOMESTEAD TAX CREDIT -- CURRENT LAW CREDIT REESTIMATE [LFB Paper 571]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $11,400,000	- $1,500,000	- $12,900,000

Governor: Decrease funding by $5,200,000 in 2017-18 and $6,200,000 in 2018-19 for the sum sufficient appropriation to reflect anticipated costs of the current law credit in the biennium. With these adjustments, estimated total funding for the current law credit would decrease from an adjusted base level of $101,200,000 to $96,000,000 in 2017-18 and $95,000,000 in 2018-19. The cost of the credit for 2016-17 is estimated at $96,000,000.

Joint Finance: Decrease funding by $1,000,000 in 2017-18 and $500,000 in 2018-19 to reestimate the sum sufficient appropriation at $95,000,000 in 2017-18 and $94,500,000 in 2018-19 to reflect a projected decline in the current law credit and anticipated changes in income, property taxes, and program participants.

6. HOMESTEAD TAX CREDIT MODIFICATIONS -- LIMIT THE CREDIT TO THOSE 62 OR OLDER, DISABLED, OR WITH EARNED INCOME [LFB Paper 572]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $12,200,000	$5,200,000	- $7,000,000

Governor: Modify the homestead tax credit for claims filed for tax year 2018 and thereafter by limiting the credit to claimants who are 62 years of age or older, claimants whose spouse is 62 or older, those with disabilities, and those who have earned income. All other claimants eligible under current law would no longer be eligible for the credit after tax year 2017. This would reduce the estimated cost of the credit by $12,200,000 in 2018-19.

Under current law, to qualify for the credit, a claimant must be at least 18 years or older, must own or rent his or her residence, and must have household income under the maximum income level of $24,680, regardless of whether it is earned income or not. (A downward

adjustment of $500 is made to the household income level for each dependent that lives with the claimant.) Also, current claimants do not need to have a tax liability or income (household income or earned income) in order to receive the credit. The current law income threshold is $8,060 and the maximum property taxes or rent constituting property taxes is $1,460. Rent constituting property taxes is 25% of rent if payment for heat is not included in rent and 20% of rent if payment for heat is included.

Claimants 62 Years or Older or Disabled. Specify that for eligible claimants 62 years of age or older, claimants whose spouse is 62 or older, and for those who are disabled, the homestead tax credit would continue to be calculated as the credit is calculated under current law. Define "disabled" as an individual who is unable to engage in any substantial gainful employment due to a medically determinable physical or mental impairment which has lasted or is expected to last for a continuous period of at least 12 months. To receive the credit, disabled claimants would be required to provide proof that his or her disability is in effect for the taxable year. To prove disability, require a claimant to submit one of the following with his or her homestead credit claim: (a) a statement from the Veteran's Administration certifying the claimant is receiving a disability benefit due to 100% disability; (b) documentation from the Social Security Administration stating the date the disability began; or (c) a statement from a licensed physician stating the beginning date of the disability and whether the disability is permanent or temporary.

For these claimants, the current law maximum property tax or rent amount of $1,460 would continue to apply. However, under a separate provision, the two remaining formula factors (the income threshold of $8,060 and the maximum income level) would be indexed annually beginning in calendar year 2018. [See next item titled, "Homestead Tax Credit -- Indexing of Credit for Claimants 62 Years or Older or Disabled" for a description of the proposed indexing.]

Claimants with Earned Income. Non-disabled claimants under the age of 62 would be eligible for a modified credit if the claimant has earned income in the year to which the claim relates. These claimants would receive a credit equal to the lesser amount calculated under two separate formulas, one of which is the current law credit formula and the other would be a formula based on the claimant's earned income. "Earned income" is not defined under the bill, but would likely be interpreted under the general tax definition, which largely includes income from wages, salaries, tips, and net business earnings from self-employment. For these claimants, the current law maximum income level of $24,680, maximum property taxes or rent of $1,460, and maximum credit of $1,168 would continue to apply.

Household Income Below $8,060. For eligible claimants with household income below the current law income threshold of $8,060, the claimant would receive the lesser of the current law credit or a credit equal to 16% of the claimant's earned income in that tax year. For example, a claimant with a household income of $7,500, earned income of $7,200, and property taxes or rent of $1,460 would receive a credit equal to the lesser of the following amounts, up to a maximum credit of $1,168:

Proposed Credit

Homestead tax credit = 16% x earned income

Homestead tax credit = 16% x $7,200 = $1,152

or

Current Law Credit

Homestead tax credit = 80% x property taxes or rent

Homestead tax credit = 80% x $1,460 = $1,168

Household Income In Excess of $8,060, but Below $24,680. For eligible claimants with household income above the income threshold of $8,060 (up to $24,680), the claimant would receive the lesser of the current law credit or a credit equal to 80% of the amount by which 20% of the claimant's earned income in that tax year exceeds 8.785% of the claimant's household income in excess of $8,060. For example, a claimant with a household income of $20,000, earned income of $15,000, and property taxes or rent of $1,460 would receive a credit equal to the lesser of the following amounts, up to a maximum credit of $1,168:

Proposed Credit

Homestead tax credit = 80% x [(20% x earned income) - 8.785%
x (household income - $8,060)]

Homestead tax credit = 80% x [(20% x $15,000) - 8.785% x ($20,000 - $8,060)] = $1,561
($1,561 is greater than the maximum credit amount of $1,168, so the credit = $1,168)

or

Current Law Credit

Homestead tax credit = 80% x [property taxes or rent - 8.785%
x (household income - $8,060)]

Homestead tax credit = 80% x [$1,460 - 8.785% x ($20,000 - $8,060)] = $329

Under the proposed formula, a claimant with earned income greater than or equal to $7,300 would receive a credit amount equal to the current law credit. Claimants with earned income below $7,300 would receive a credit based on the new earned income-based formula, which would result in a decrease in their credit compared to their credit under current law. Those decreases would be larger as earned income declines from $7,300. Using tax year 2014 data, approximately 11,400 claimants received a credit in that year but did not have earned income. Under the provisions of the bill, such claimants would no longer be eligible for the credit. Removing the eligibility of these individuals, in addition to a decrease in the credit amount for those with earned income below $7,300, would result in a total credit reduction of $12.2 million in 2018-19.

Joint Finance: Delete the Governor's modified formula for non-disabled claimants under the age of 62 with earned income. The current law credit would be maintained for claimants aged 62 or older, whose spouse is 62 or older, those with disabilities, and those with earned income, beginning with claims filed for tax year 2018. Non-disabled claimants under the age of 62 with no earned income would be ineligible for the homestead credit after tax year 2017. Increase the estimated cost of the credit by $5,200,000 in 2018-19 to reflect this modification to the Governor's recommendation.

7. HOMESTEAD TAX CREDIT -- INDEXING OF CREDIT FOR CLAIMANTS 62 OR OLDER OR DISABLED [LFB Paper 573]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$2,500,000	- $2,500,000	$0

Governor: Beginning with tax year 2018, annually index the following current law homestead tax credit formula factors for claimants 62 or older, whose spouse is 62 or older, or those who are disabled: (a) the maximum household income amount from the current level of $24,680; and (b) the maximum income threshold amount from the current level of $8,060. Specify that the two formula factors would be indexed each year by the percentage change between the 12-month average of the Consumer Price Index (CPI), as determined by the federal Department of Labor, for all urban consumers, U.S. city average, for the months of August through July, of the prior year, over the same 12-month average of the CPI for August, 2015, through July, 2016. Allow that the adjustments would only occur if the percentage change in the CPI is a positive number.

Under the indexed formula, the revised maximum household income amount would be rounded to the nearest multiple of $10, or if the revised amount is a multiple of $5, the amount would be increased to the next higher multiple of $10. The Department of Revenue (DOR) would be required to annually adjust the slope (or rate) at which eligible property taxes are reduced for incomes above the income threshold so that the credit equals zero at the new maximum income amount. DOR would also be required to annually incorporate the changes into the state income tax forms and instructions.

The homestead credit would not be indexed for those with earned income who are under 62 and not disabled, and who receive a credit under a modified formula. [See earlier item titled, "Homestead Tax Credit Modifications -- Limit the Credit to Those 62 or Older, Disabled, or With Earned Income."]

Based on the provisions in the bill, the indexed credit formula would first affect the cost of the homestead tax credit in 2018-19. DOR's estimated change in the 12-month average CPI for the period of August, 2016, through July, 2017, over the same 12-month average for the period of August, 2015, through July, 2016, would be 1.02%, which would increase the estimated cost of the credit by $2,500,000 in 2018-19.

Joint Finance: Delete provision.

8. HOMESTEAD TAX CREDIT -- INCLUSION OF CERTAIN DISQUALIFIED LOSSES IN HOUSEHOLD INCOME [LFB Paper 574]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $940,000	- $2,260,000	- $3,200,000

Governor: For a disqualified loss, include the amount of the loss in excess of $15,000 in the calculation of household income for the purposes of calculating the homestead tax credit. For claimants with losses in excess of $15,000, this modification would have the effect of increasing their household income and reducing their credit. Define "disqualified loss" as the sum of the following, exclusive of net gains from the sale or exchange of capital or business assets and exclusive of net profits: (a) net loss from sole proprietorships; (b) net capital loss; (c) net loss from sales of business property, excluding loss from involuntary conversions; (d) net loss from rental real estate, royalties, partnerships, tax-option S corporations, trusts, estates, and real estate mortgage investment conduits; and (e) net farm loss. This provision would not apply to a homestead tax credit claimant who is a farmer whose primary income is from farming and whose farming generates less than $250,000 in gross receipts in the year to which the claim relates.

Under the bill, this provision would take effect beginning with tax year 2018. However, DOA indicates that it intended the provision to take effect in tax year 2017. Consistent with this intent, the budget includes a homestead tax credit expenditure reduction of $470,000 in 2017-18. However, corrective language would be needed to accomplish DOA's intent, and without such language, GPR expenditures would be increased by $470,000 in 2017-18.

Joint Finance: Require homestead credit claimants to report total disqualified losses in the calculation of household income under the homestead credit for claims filed for tax year 2017 and thereafter. Under this modification, claimants would be required to report the total amount of any disqualified loss as an "add back" to household income under the credit, rather than only the amount of disqualified losses in excess of $15,000, which could reduce or eliminate their credit. Reduce the estimated cost of the credit by $1,130,000 annually to reflect this modification.

9. FARMLAND PRESERVATION CREDIT REESTIMATE [LFB Paper 575]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $2,056,000	$1,250,000	- $806,000

Governor: Delete $188,000 in 2017-18 and $268,000 in 2018-19 to reestimate the sum-sufficient appropriation for the refundable pre-2010 farmland preservation tax credit, which

applies to claimants with an active farmland preservation agreement signed prior to July 1, 2009.

Further, delete $850,000 in 2017-18 and $750,000 in 2018-19 to reestimate the sum-sufficient appropriation for the refundable per-acre farmland preservation tax credit, which applies to tax years after 2009. Credits of $5, $7.50, or $10 per acre may be claimed for each acre of farmland under certain land use designations.

Joint Finance: Delete an additional $215,000 in 2017-18 and $285,000 in 2018-19 to reestimate the pre-2010 farmland preservation tax credit. The pre-2010 credit is budgeted at $625,000 in 2017-18 and $475,000 in 2018-19.

Provide an additional $800,000 in 2017-18 and $950,000 in 2018-19 to reestimate the per-acre farmland preservation tax credit. The per-acre credit is budgeted at $18,700,000 in 2017-18 and $18,950,000 in 2018-19.

10. DIRECT PAYMENT OF PROPERTY TAX CREDITS TO MUNICIPALITIES

Governor/Joint Finance: Modify the current law process whereby a municipality with total school levy, lottery and gaming, and first dollar property tax credits of at least $3,000,000 may request DOA to distribute the credits directly to the municipality rather than to the county. Beginning in 2018, specify that a municipality may adopt an ordinance to receive the distribution directly and require that the municipality provide a copy of the ordinance to DOA and DOR. Require DOA to distribute the property tax credit amounts to the municipality for the year in which the municipality enacts the ordinance and in all subsequent years. Specify that this practice would remain in effect until the municipality notifies DOA and DOR that it has repealed the ordinance or until the total amounts of the annual property tax credits to be distributed to the municipality are less than $3,000,000.

Under current law, DOA distributes property tax credit payments to counties, unless the governing body of a municipality annually approves, and notifies DOA, that the distribution be made directly to the municipality in each year that the total amount of the credit is at least $3,000,000. This proposal would eliminate the requirement for municipalities that receive total credits of at least $3,000,000 to annually notify DOA of their approval to receive the property tax credit directly.

Property Taxation

1. SUNSET STATE FORESTRY MILL TAX [LFB Paper 465]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$180,454,900	$448,700	$180,903,600

Governor: Sunset the state forestry mill tax effective with property tax assessments as of January 1, 2017 (property taxes levied in 2017, for payment in 2018) and require an amount to be transferred annually from the general fund to the conservation fund equal to the amount calculated by multiplying the assessed value of all taxable property in the state, as determined by DOR, by a rate of 0.1697 mills (0.01697%). Create a GPR sum sufficient appropriation to make the transfer to the conservation fund, estimated at $88,759,300 in 2017-18 and $91,695,600 in 2018-19. Delete cross references and amend references in other current law provisions to reflect the forestry mill tax sunset and the GPR transfer. For tax bills issued in 2017, require DOR to prescribe a form for property tax bills that indicates the state no longer imposes the tax, and require the form to indicate the amount of state forestry mill tax paid by the taxpayer in the previous year.

For 2016(17), the state forestry mill tax levy equaled $85.7 million, 0.8% of the estimated $10,774.0 million in total property taxes levied statewide. For a median-valued home of $155,657, the state tax equaled $26.41 in 2016(17). This represents 0.9% of the home's estimated net tax bill, assuming the home is taxed at the statewide average tax rate. Additional information on this provision, as it relates to the Department of Natural Resources, is included under the "Forestry, Parks, and Recreation" section for that Department.

Joint Finance: Approve the Governor's recommendation to sunset the forestry mill tax beginning with the January 1, 2017, property tax assessments, and instead transfer, from the general fund to the forestry account of the conservation fund, an amount equal to 0.1697 mill for each dollar of assessed valuation of property in the state. Increase the estimated transfer by $500,300 in 2017-18 and decrease the transfer by $51,600 in 2018-19. The 2017-18 increase reflects more recent estimates of the amount of forestry mill tax that would have otherwise been generated in that year. The 2018-19 decrease reflects the net effect of more recent estimates the forestry mill tax (a $528,500 increase) and the effect that the exemption of personal property tax for machinery, tools, and patterns (excluding such items considered manufacturing property) would have on the forestry mill tax estimate (a $580,100 decrease). The transfer would be estimated at $89,259,600 in 2017-18 and $91,644,000 in 2018-19. In addition, clarify that no state forestry mill tax shall be levied beginning with the January 1, 2017, property tax assessments [the 2017(18) property tax year].

2. LEVY LIMIT ADJUSTMENT FOR DEBT SERVICE ON DEBT ISSUED BEFORE 2005 [LFB Paper 585]

Governor/Joint Finance: Delete the current law provision that allows counties and municipalities to refrain from decreasing their allowable levies by the amount that their debt service on debt issued before July 1, 2005 decreases between the prior year and the current year. Under a provision included in the 2011-13 biennial budget, if the amount of debt service in the preceding year on debt originally issued before July 1, 2005, is more than the amount of debt service needed in the current year for such debt, the allowable levy under the levy limit is decreased by the difference between the two amounts. However, the same provision exempts a county or municipality from having to decrease its allowable levy if it does not claim a separate adjustment under which it carries forward unused levy authority from a prior year. The bill

would delete this exemption from the required reduction and require counties and municipalities to reduce their levies by the amount of the reduction in annual debt service associated with this type of debt. The proposed modification to the levy limit program would first apply to amounts levied in December, 2017.

3. PERSONAL PROPERTY TAX EXEMPTION -- MACHINERY, PATTERNS, AND TOOLS

GPR	$74,400,000

Joint Finance: Exempt machinery, tools, and patterns, not including such items considered manufacturing property under current law, from the property tax effective with property assessed as of January 1, 2018 [the 2018(19) property tax levy]. Create a state aid program administered by DOR to make payments to each local taxing jurisdiction, including tax increment districts, that imposed property taxes on machinery, tools, and patterns that was not manufacturing property in 2017(18). Estimate total payments at $74,400,000 annually, beginning in 2018-19.

For purposes of the exemption, define machinery as a structure or assemblage of parts that transmits force, motion, or energy from one part to another in a predetermined way by electrical, mechanical, or chemical means, and specify that machinery does not include a building. Authorize taxing jurisdictions to include the value of personal property located in the jurisdiction as of the January 1, 2017, assessment for purposes of complying with debt limitations applicable to the jurisdiction.

For purposes of the aid payment, set each jurisdiction's payment equal to the amount of property taxes levied in the 2017(18) property tax year by that jurisdiction on personal property assessed as non-manufacturing machinery, tools, and patterns as of January 1, 2017. Discontinue payments to tax increment districts in the year after the district closes. Require each municipality to report to DOR the amount of property taxes it imposed on non-manufacturing machinery, tools, and patterns in 2017 on behalf of itself and other local taxing jurisdictions. Authorize DOR to require local taxing jurisdictions to report any other information it considers necessary to administer the aid payment in the time and manner determined by DOR. In 2019, require the Department of Administration (DOA), upon certification from DOR, to make payments to local taxing jurisdictions on or before the first Monday in May. Create a sum sufficient appropriation to make the aid payments. Payments would remain at the initial payment amount in future years, except total payments would decrease somewhat as tax increment districts that receive payments are closed.

Include the state aid payment in the calculation of county and municipal levy limits, school revenue limits, and technical college district revenue limits. Modify current law provisions related to school finance to include references to the aid payment in the definitions of net cost and state aid.

4. LEVY LIMIT ADJUSTMENT FOR COVERED SERVICES

Joint Finance: Modify the negative levy limit adjustment for covered services so that it would not apply to the production, storage, transmission, sale and delivery, or furnishing of water

for public fire protection purposes, beginning with taxes levied for the 2017(18) property tax year. DOR administers the levy limit program and has determined that the covered service adjustment extends to public fire protection charges, authorized under current law provisions and set by the Public Service Commission (PSC). Those charges pertain to a water utility's costs to maintain infrastructure and operating capacity that is necessary for the municipality's fire department to fight fires, but in excess of the capacity needed to provide water service to ordinary consumers. State law allows the water utility to recover those costs by either charging the municipality directly, including a charge in the bills of its customers, or using a combination of the two procedures. The costs are recovered through a public fire protection fee. When the PSC conducts a rate case for a water utility, it calculates a new public fire protection fee. When the PSC imposes a higher fee, a negative adjustment under the covered service provision of the levy limit law may be triggered depending on how the water utility collects the fee. This provision would override the adjustment in such cases.

5. PROPERTY TAX EXEMPTION FOR BIBLE CAMPS

Joint Finance: Modify the property tax exemption for bible camps by increasing the acreage limitation from 30 to 40 acres, effective with property assessed as of January 1, 2018.

6. PROPERTY TAX EXEMPTION FOR MARQUETTE UNIVERSITY

Joint Finance: Expand from 80 to 150 acres the existing property tax exemption for the grounds of an incorporated college or university that satisfies all of the following criteria: (a) it is a nonprofit organization; (b) it was founded prior to January 1, 1900; and (c) its total annual undergraduate enrollment is at least 5,000 students, not including students receiving online instruction only. Specify that this provision would first apply to the property tax assessments as of January 1, 2018 (2018(19) property tax year). Under current law, college or university grounds that total 80 acres or less are not subject to property taxation. This provision increases the exemption limitation from 80 acres or less to 150 acres or less for Marquette University in Milwaukee.

7. PROPERTY TAX EXEMPTION FOR PROPERTY OF CHURCHES AND RELIGIOUS ASSOCIATIONS

Joint Finance: Modify the current property tax exemption for property owned and used by churches and religious associations to specify that the exemption includes property necessary for the location and convenience of a building that the church or religious association intends to construct to replace a building destroyed by fire, natural disaster, or criminal act, regardless of whether preconstruction planning or construction has begun. Specify that this modified exemption would apply only for the first 25 years after the year in which the building is destroyed. Extend the provision to property assessments as of January 1, 2018, and thereafter.

8. MUNICIPAL LEVY LIMIT REFERENDA

Joint Finance: Require the language of a municipal levy limit referendum to include language identifying the specific purpose for which the additional funds levied would be used. This provision would first apply to a resolution to exceed the levy limit that is adopted on the effective date of the bill.

9. PREVENTING BID ASSESSMENTS ON CITY OF MILWAUKEE RESIDENTIAL PROPERTIES

Joint Finance: Specify that if a first class city (Milwaukee) specially assesses a mixed-use property located in a business improvement district (BID), that is real property and is partly tax-exempt or residential, or both, the special assessment may be imposed only on the percentage of the real property that is not tax-exempt or residential. This provision would apply to a special assessment that is imposed on the effective the date of the bill.

10. VILLAGE OF KIMBERLY TAX INCREMENTAL FINANCING DISTRICT

Joint Finance: Authorize the Village of Kimberly to adopt a resolution requesting the Department of Revenue (DOR) to redetermine the tax incremental base of tax incremental financing (TIF) District 6, which was created on September 12, 2016, despite that TIF district having been in a decrement situation for fewer than two consecutive years.

Local Revenue Options

1. SALES TAX HOLIDAY AND LOCAL GOVERNMENT OPTIONAL SALES-RELATED TAXES [LRB Paper 310]

Governor: Extend the state sales and use tax holiday for certain school supply items to apply to those jurisdictions that have adopted a county sales and use tax, professional baseball district tax, and premier resort area taxes.

Specify that the effective date of the provision would be May 1, 2017, unless the date of the bill's publication is after that date, in which case the effective date would be January 1, 2018. Sunset the sales and use tax holiday after 2018. For more detailed information on the sales tax holiday and the products affected see "General Fund Taxes -- Sales and Use Taxes."

Currently, 63 counties collect the county sales and use tax (effective April 1, 2017, Kewaunee County will be the 64th county to impose the tax) and five counties in southeast Wisconsin collect the professional baseball park district tax. In a fiscal estimate attached to a similar school supply sales tax holiday bill, 2015 AB 781, DOR estimated that local (county and baseball district) sales tax revenues make up approximately 7.2% of state sales tax revenue.

Using this percentage, the estimated sales and use tax revenue decrease for counties and the baseball district could range from $750,000 to $800,000 annually.

Currently, six local governments impose the premier resort area tax (City of Bayfield, City of Eagle River, Village of Lake Delton, City of Rhinelander, Village of Stockholm, and the City of Wisconsin Dells). Certain tourism-related retailers subject to the premier resort tax would have sales of merchandise that would be subject to the sales tax holiday. DOR, under 2015 AB 781, did not provide an estimate of the fiscal impact on premier resort area revenues.

Joint Finance: Delete provision.

2. LODGING MARKETPLACE SALES AND ROOM TAX COLLECTIONS

Joint Finance: Expand the applicability of the local room tax so that a municipality may impose the tax on lodging marketplaces and owners of short-term rentals.

Lodging Marketplace Tax Collections. Require a lodging marketplace to register with the Department of Revenue (DOR), on forms prepared by the Department, for a license to collect taxes imposed by the state related to a short-term rental and to collect room taxes imposed by a municipality. Require a lodging marketplace, after applying for and receiving a license, to do all of the following if a short-term rental is rented through the lodging marketplace; (a) collect sales and use taxes from the occupant and forward such amounts to DOR, (b) if the rental property is located in a municipality that imposes a room tax, collect the room tax from the occupant and forward it to the municipality, and (c) notify the owner of the rental property that the lodging marketplace has collected and forwarded to DOR the sales and room taxes described in (a) and (b). Specify that a municipality would not be allowed to impose and collect a room tax from the owner of a short-term rental if the municipality collects the room tax on the residential dwelling from a lodging marketplace. These provisions would first apply to a lodging marketplace that registers with DOR on the effective date of the budget bill.

Prohibit Limits on Residential Dwelling Rentals. Specify that a political subdivision would not be allowed to enact an ordinance that would prohibit the rental of a residential dwelling for seven consecutive days or longer.

Allow a political subdivision to limit the total number of days within any consecutive 365-day period that the dwelling may be rented to no fewer than 180 days, if a residential dwelling is rented for periods of more than six but fewer than 29 consecutive days. Specify that the political subdivision could not specify the period of time during which the residential dwelling may be rented, but the political subdivision may require that the maximum number of allowable rental days within a 365-day period must run consecutively. Require a person who rents the person's residential dwelling to notify the clerk of the political subdivision in writing when the first rental within a 365-day period begins.

Require any person who maintains, manages, or operates a short-term rental, for more than 10 nights each year, to: (a) obtain from the Department of Agriculture, Trade and Consumer Protection a license as a tourist rooming house, as defined in s. 97.01(15k), and (b) obtain from a political

subdivision a license for conducting such activities, if a political subdivision enacts an ordinance requiring such a person to obtain a license.

Specify that if a political subdivision has in effect on the effective date of the bill, an ordinance that is inconsistent with this provision, the ordinance would not apply and could not be enforced. Specify that none of these provisions would limit the authority of a political subdivision to enact an ordinance regulating the rental of a residential dwelling in a manner that is not inconsistent with this provision.

Definitions. Define the following: (a) a "lodging marketplace" to mean an entity that provides a platform through which an unaffiliated third party offers to rent a short-term rental to an occupant and collects the consideration for the rental from the occupant; (b) a "short-term rental" to mean a residential dwelling that is offered for rent for a fee and for fewer than 29 consecutive days; (c) an "occupant" to mean a person who rents a short-term rental through a lodging marketplace; (d) an "owner" to mean the person who owns the residential dwelling that has been rented; (e) a "residential dwelling" to mean any building, structure, or part of the building or structure, that is used or intended to be used as a home, residence, or sleeping place by one person or by two or more persons maintaining a common household, to the exclusion of all others; and (f) a "political subdivision" to mean any city, village, town, or county.

STATE FAIR PARK

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$6,586,000	$5,275,200	$5,594,200	$319,000	6.0%	- $991,800	- 15.1%
PR	41,325,000	44,854,600	41,544,400	- 3,310,200	- 7.4	219,400	0.5
TOTAL	$47,911,000	$50,129,800	$47,138,600	- $2,991,200	- 6.0%	- $772,400	- 1.6%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
PR	48.00	47.00	47.00	0.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	$270,200

Governor/Joint Finance: Provide adjustments to the agency base budget for the following: (a) full funding of salaries and fringe benefits for continuing positions (-$27,000 annually); and (b) overtime costs ($162,100 annually).

2. DEBT SERVICE REESTIMATES [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $1,310,800	$319,000	- $991,800
PR	3,259,400	- 3,310,200	- 50,800
Total	$1,948,600	- $2,991,200	- $1,042,600

Governor: Reestimate principal and interest payments on State Fair Park facilities by -$398,600 GPR in 2017-18 and by -$912,200 GPR in 2018-19. Further, reestimate PR-supported principal and interest payments by $1,639,000 in 2017-18 and by $1,620,400 in 2018-19.

Joint Finance: Provide an additional $162,000 GPR in 2017-18 and $157,000 GPR in 2018-19 and delete $1,663,400 PR in 2017-18 and $1,646,800 PR in 2018-19 to reflect the May, 2017, reestimate of principal and interest payments on State Fair Park facilities.

GPR debt service is associated with bonds issued to fund primarily agricultural and other exhibition facilities at State Fair Park, as well as various land acquisitions, certain infrastructure projects, and the Tommy G. Thompson Youth Center. Total GPR debt service payments for State Fair Park are budgeted at $3.1 million in 2017-18 and $2.5 million in 2018-19. State Fair Park's PR-supported debt service is primarily associated with the Milwaukee Mile racetrack and grandstand, the Wisconsin Exposition Center, and other general facilities improvements. PR-supported debt service is budgeted at $3.7 million each year of the 2017-19 biennium.

3. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Positions
PR	- 1.00

Governor: Delete 1.0 position in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. The position would be deleted from the general operations appropriation. Beginning in 2018-19, funding of $113,300 associated with the position would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, the position (including the incumbent employee holding the position), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that the incumbent transferred to DOA would retain his or her employee rights and status held immediately before the transfer, and provide that if the employee transferred to DOA has attained permanent status, he or she would not be required to serve a probationary period.

The administration indicates that although the position would be transferred to and employed by DOA, the individual holding the position would continue to be located at State Fair Park.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Modify the Governor's recommendation to specify that all proposed and future human resources shared services positions provided by DOA for the State Fair Park Board remain on-site at State Fair Park. Further, reallocate an additional $84,500 to supplies and services in 2018-19, for a total of $197,800, to reflect human resources services provided by limited-term employees that would also be transferred to DOA.

STATE TREASURER

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
PR	$346,600	$227,000	$227,000	$0	0.0%	- $119,600	- 34.5%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
PR	1.00	1.00	1.00	0.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- $19,600

Governor/Joint Finance: Provide adjustments to the base budget totaling -$9,800 annually for full funding of continuing position salary and fringe benefits.

2. STATE OPERATIONS REDUCTION

PR	- $100,000

Governor/Joint Finance: Delete $50,000 annually in supplies and services expenditure authority associated with underspending relative to the budget for the Office of State Treasurer. In 2015-16, supplies and services expenditures for the agency totaled $12,400. Base funding for supplies and services for the State Treasurer is $71,000 annually, from unclaimed property program revenue.

SUPREME COURT

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$31,254,800	$35,370,200	$34,428,600	- $941,600	- 2.7%	$3,173,800	10.2%
FED	1,871,400	1,974,300	1,974,300	0	0.0	102,900	5.5
PR	24,368,000	25,443,000	25,443,000	0	0.0%	1,075,000	4.4
SEG	1,528,200	1,641,600	1,641,600	0	0.0	113,400	7.4
TOTAL	$59,022,400	$64,429,100	$63,487,500	- $941,600	- 1.5%	$4,465,100	7.6%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	115.50	117.50	115.50	- 2.00	0.00
FED	5.00	5.00	5.00	0.00	0.00
PR	96.25	97.25	96.25	- 1.00	0.00
SEG	5.00	5.00	5.00	0.00	0.00
TOTAL	221.75	224.75	221.75	- 3.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$3,173,800
PR	1,075,000
FED	102.900
SEG	113,400
Total	$4,465,100

Governor/Joint Finance: Provide $2,201,500 in 2017-18 and $2,263,600 in 2018-19 for standard budget adjustments as follows: (a) salary and fringe benefits, $1,528,100 GPR, $499,000 PR, $51,600 FED, and $54,700 SEG annually; and (b) full funding of lease and directed moves costs, $40,100 GPR, $26,800 PR, -$200 FED, and $1,400 SEG in 2017-18 and $77,500 GPR, $50,200 PR, -$100 FED, and $2,600 SEG in 2018-19.

2. JUDICIAL COMPENSATION [LFB Paper 590]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$334,000	- $334,000	$0

Governor: Provide $334,000 GPR on a one-time basis in 2018-19 to the Director of State Courts and law library general program operations biennial appropriation to support salary increases for justices of the Supreme Court as well as circuit and appeals court judges. Funding under the bill is intended to support a 2% salary increase for judges on September 30, 2018, as well as another 2% salary increase for judges on May 26, 2019. [The timing and level of the salary increases for judges are similar to the timing and level of salary increases budgeted for general state employees under compensation reserves (see "Budget Management and Compensation Reserves").] Funding under the bill is provided on a one-time basis and would, therefore, not be included in the Supreme Court's base budget for the 2019-21 biennium.

Create a new continuing PR appropriation under the Supreme Court for judicial wage adjustments. Authorize the appropriation to receive money from the Supreme Court or from the Director of State Courts from transfers from other judicial appropriations, as approved in the new process for determining judicial compensation (discussed below). Provide that no moneys may be transferred to this appropriation from sum sufficient appropriations utilized to support: (a) salaries and expenses of the judges, reporters, and assistant reporters of the circuit courts; (b) the functions of the court of appeals; and (c) the functions of the Supreme Court.

Establish a new procedure under which salaries for state justices and judges are recommended to the Joint Committee on Employment Relations (JCOER) and established. Require the Director of State Courts to submit to JCOER recommendations and a proposal for adjusting the compensation and employee benefits for circuit and appeals court judges and justices of the Supreme Court. Require the Director to include all of the following in the proposal to JCOER: (a) a plan for the transfer of moneys from one or more appropriation accounts under subchapter VII of Chapter 20 of the statutes (judicial appropriations) to the new judicial wage adjustments appropriation created under the bill, except that the proposal may not include a plan to transfer funds from the sum sufficient appropriations utilized to support the circuit courts, Court of Appeals, and Supreme Court; (b) an identification of the appropriation from which the transfers under "a" are proposed to be made; (c) a projection of the amounts that will be transferred in each fiscal year; and (d) a projection of the amount the Director will receive in the judicial wage adjustments appropriation created under the bill during the biennium. Require JCOER to review the Director's proposal.

Provide that if JCOER approves one or more of the recommendations in the Director's proposal to transfer funds from judicial appropriations to the judicial wage adjustments appropriation, the Director may make the corresponding transfers between appropriations. Under the bill, separate legislation or approval of the Joint Committee on Finance (JFC) would not be required to authorize the transfer of funds between appropriations if such a transfer is approved by JCOER. Provide that in reviewing the Director's proposal, JCOER must apply certain

procedures required of the review of the state employee compensation plan for general state employees. These procedures include:

• *Legislative Action*. If JCOER approves a provision of the Director's proposal that requires legislative action for implementation, JCOER would be required to introduce a bill or companion bills to be put on the legislative calendar to effectuate such a provision. [Notwithstanding, as identified above, separate legislation or JFC approval would not be required to authorize the Director of State Courts to transfer funds between judicial appropriations if such a transfer is approved by JCOER.] The bill or companion bills introduced by JCOER: (a) would not be required to be referred to the Joint Committee on Finance even if the bill appropriated money; (b) would not be required to be referred to the Joint Survey Committee on Retirement Systems even if the bill related to retirement or pension payments for public officers or employees; and (c) could be passed by either house of the Legislature prior to the budget bill being passed by both houses even if the bill introduced by JCOER increased or decrease state revenues or costs by an annual amount exceeding $10,000. The Joint Committee on Employment Relations would be required to accompany the introduction of such proposed legislation with a message that informs the Legislature of JCOER's concurrence with the matters under consideration and which recommends the passage of such legislation without change.

• *Public Hearing of Proposal*. In reviewing the Director of State Court's plan, JCOER would be required to hold a public hearing on the proposal.

• *Adoption of Plan, Governor's Veto*. The recommendations from the Director of State Court's proposal that are approved by JCOER could be vetoed by the Governor within 10 calendar days of JCOER approval. A vote of six members of JCOER would be required to override such a gubernatorial veto.

Under current law, annual salaries for Supreme Court justices and circuit court and appeals court judges, along with other elected executive and legislative executive and legislative officials, are included in the state employee compensation plan. The state employee compensation plan is established by the administrator of the Division of Personnel Management within the Department of Administration and submitted to JCOER for review and approval. Generally, the compensation plan is established on a biennial basis to coincide with each biennial budget. [See "Legislature."]

Joint Finance: Delete provisions. As a result, current law would be maintained and judicial compensation would continue to be established under the state employee compensation plan. In addition, funding appropriated directly to the Court System for judicial wage adjustments ($334,000) would be deleted.

Instead, increase funding in compensation reserves by $694,400 GPR in 2018-19 in order to support a 2% salary increase for judges and justices on September 30, 2018, as well as another 2% salary increase for judges and justice on May 26, 2019. In addition, direct the Administrator of the Division of Personnel Management in the Department of Administration, in establishing the 2017-19 state employee compensation plan for submission to the Joint Committee on Employment Relations for approval, to consult with the Chief Justice of the Wisconsin Supreme Court on establishing salary levels for judges and justices at a level greater than the equivalent of

two 2% salary increases for judges and justices during the 2017-19 biennium. [See "Legislature" and "Budget Management and Compensation Reserves."]

3. TRANSFER JUDICIAL COMMISSION TO SUPREME COURT [LFB Paper 395]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$607,600	2.00	- $607,600	- 2.00	$0	0.00

Governor: Eliminate the Judicial Commission as a separate entity. Provide $303,500 in 2017-18 and $304,100 in 2018-19 with 2.0 positions annually in the Supreme Court to perform the functions of the Commission. Under current law, the Judicial Commission is an independent agency which investigates and prosecutes any possible misconduct or permanent disability of Wisconsin judges or court commissioners. [See "Judicial Commission."]

Joint Finance: Delete provision.

4. NEW APPROPRIATION AND POSITION RELATED TO ELIMINATION OF JUDICIAL COUNCIL [LFB Paper 400]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
PR	1.00	- 1.00	0.00

Governor: Provide 1.0 PR position associated with elimination of the Judicial Council under the new appropriation created for interagency and intra-agency assistance (see Item #5). Under a separate provision, statutory language, funding, and position authority for the Judicial Council is deleted. According to the Governor's Executive Budget, the "Supreme Court has the authority to create and support such an advisory council if it so chooses." Funding for the current Judicial Council position is currently supported by funding from the Supreme Court's Director of State Courts and State Law Library programs. [See "Judicial Council."]

Transfer all assets, personal property, and contracts associated with the Judicial Council, as determined by the Secretary of the Department of Administration, to the Supreme Court.

Joint Finance: Delete provision.

5. APPROPRIATION CHANGES RELATED TO CONSOLIDATED COURT AUTOMATION PROGRAM REVENUE

Governor/Joint Finance: Modify statutory language to provide that revenue for services

and documents related to the consolidated court automation program (CCAP) be deposited under the Supreme Court's court information systems appropriation, rather than its materials and services appropriation. As a result, modify language under the court information systems appropriation to specify that monies may be used to provide services and sell documents related to CCAP uniform forms, special reports, photocopies, and pamphlets.

Create a new interagency agency and intra-agency assistance appropriation for monies received from a court or transferred from any state agency for services provided to the court or state agency.

Under current law, the Director of State Courts is authorized to establish and charge fees for the provision of services or sale of documents concerning any of the following: uniform court forms, computer-generated special reports of court information, photocopies, and pamphlets. Under this authority, the Director of State Courts charges subscriber fees for access to the Courts' Wisconsin Circuit Court Access Information website. Revenue from these fees and others is deposited into the Supreme Court's program revenue material and services appropriation. The bill's change to deposit the CCAP subscriber fees into its court information system appropriation was included in the Supreme Court's budget request "to simplify internal financial reporting for CCAP." According to the Director of State Court's Office, revenue associated with the CCAP subscriber fees was $131,900 in 2015-16.

6. BUSINESS COURT PILOT PROJECT

Governor: Under a nonstatutory provision, request that the Supreme Court promulgate rules establishing a pilot project to create a specialized business court program for commercial disputes by January 1, 2019.

Joint Finance: Delete provision as a non-fiscal policy item.

TOURISM

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$10,528,200	$10,095,800	$10,337,800	$242,000	2.4%	- $190,400	- 1.8%
FED	1,537,800	1,527,400	1,527,400	0	0.0	- 10,400	- 0.7
PR	19,211,000	19,180,800	19,180,800	0	0.0	- 30,200	- 0.2
SEG	3,207,000	3,207,000	3,207,000	0	0.0	0	0.0
TOTAL	$34,484,000	$34,011,000	$34,253,000	$242,000	0.7%	- $231,000	- 0.7%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	30.00	29.00	29.00	0.00	- 1.00
FED	1.00	1.00	1.00	0.00	0.00
PR	4.00	4.00	4.00	0.00	0.00
TOTAL	35.00	34.00	34.00	0.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $432,400
PR	- 30,200
FED	- 10,400
Total	- $473,000

Governor/Joint Finance: Provide adjustments to the agency base budget for the following: (a) full funding of salaries and fringe benefits for continuing positions (-$241,000 GPR, -$5,200 PR, and -$5,200 FED annually); and (b) full funding of lease and directed moves costs ($1,000 GPR in 2017-18 and $48,600 GPR in 2018-19, and -$9,900 PR annually).

2. FINANCIAL MANAGEMENT POSITION TRANSFER

	Positions
GPR	- 1.00

Governor/Joint Finance: Transfer 1.0 position to the Department of Administration (DOA) Bureau of Financial Management for the provision of budget and accounting services. The provision includes reallocating funding of $50,400 GPR annually in

Tourism general operations from salary and fringe benefits to supplies and services. Increased supplies and services funding would be intended to reimburse DOA for budget and accounting services provided to Tourism. (A corresponding item adds 1.0 position and $52,300 PR annually to DOA, reflecting different fringe benefit rates between the agencies.) Provide that the incumbent employee transferred to DOA would retain his or her employee rights and status held immediately before the transfer, and provide that if the employee transferred to DOA has attained permanent status, he or she would not be required to serve a probationary period.

3. MATCH FEDERAL FUNDING FOR ARTS PROGRAMS

GPR	$59,500

Joint Finance: Provide the Wisconsin Arts Board, which is budgeted under Tourism, one-time supplemental funding of $59,500 in 2017-18 to match federal grant awards received from the National Endowment for the Arts (NEA) for state fiscal years 2016-17 and 2017-18.

The Arts Board is required to match NEA grants with at least an equal amount of state funding from appropriations eligible to constitute the state match. Total match-eligible state funding for 2016-17 was $781,900, with $811,600 necessary to receive the maximum federal grant. In 2017-18, match-eligible state funding under the bill as introduced was to be $757,300, with $787,100 needed to receive the maximum federal grant.

4. ARTS CENTER GRANT

GPR	$100,000

Joint Finance: Provide the Arts Board an additional $100,000 GPR in 2017-18. Require that the funds be used for the purposes of improvement or expansion of an existing arts center, and that the recipient must provide an equal matching amount from public or private sources. Specify that the funds be awarded as a grant to a county that: (a) borders Illinois; (b) has a population between 35,000 and 40,000 as of the 2010 U.S. Census; and (c) has an existing arts center. It is anticipated the only eligible recipient of the grant would be the Monroe Arts Center in Green County.

5. SKI JUMPING IMPROVEMENTS

GPR	$75,000

Joint Finance: Provide $75,000 on a one-time basis in 2017-18 in Tourism's GPR marketing appropriation. Require Tourism to provide the funding as a grant to Vernon County for the purpose of improving structures and property within the county that are used to facilitate a national or international ski jumping competition. Require that any recipient of funding must provide a match of 33% of the grant funds (25% of total cost), and that all funds must be distributed by Vernon County within two years of receipt.

6. CENTER OF WISCONSIN LANDMARK

GPR	$7,500

Joint Finance: Provide $7,500 on a one-time basis in Tourism's GPR marketing appropriation in 2017-18. Require Tourism to provide the funding as a grant to the City of

Pittsville in Wood County for the purpose of providing signage and a landmark for the geographic center of Wisconsin.

7. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

Governor/Joint Finance: Transfer the following functions to the Division of Personnel Management in DOA as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, may be transferred to DOA. Provide that any incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

Although the bill does not transfer any positions from Tourism to DOA, the bill allows that on July 1, 2018, all positions in Tourism relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions were transferred to DOA, DOA indicates that the employees would remain housed at Tourism, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

TRANSPORTATION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$218,884,400	$243,229,900	$246,907,800	$3,677,900	1.5%	$28,023,400	12.8%
FED	1,656,888,000	1,763,098,700	1,776,898,700	13,800,000	0.8	120,010,700	7.2
PR	12,094,800	21,249,800	21,249,800	0	0.0	9,155,000	75.7
SEG	3,290,780,600	3,477,598,600	3,606,972,200	129,373,600	3.7	316,191,600	9.6
SEG-L	215,901,200	229,035,600	230,651,200	1,615,600	0.7	14,750,000	6.8
SEG-S	210,975,600	230,650,900	189,389,200	- 41,261,700	- 17.9	- 21,586,400	- 10.2
TOTAL	$5,605,524,600	$5,964,863,500	$6,072,068,900	$107,205,400	1.8%	$466,544,300	8.3%
BR		$500,000,000	$402,400,000*	- $97,600,000	- 19.5%		

*Includes bonding in August 2017 Engrossed SS AB 1/SB 1 (Foxconn bill), which would authorize $252.4 million in GPR-supported bonding for the I-94 North-South corridor project in the southeast Wisconsin freeway megaproject program, contingent on Joint Finance approval.

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	0.00	0.00	3.00	3.00	3.00
FED	828.12	822.82	822.82	0.00	- 5.30
PR	19.00	19.00	19.00	0.00	0.00
SEG	2,645.67	2,592.79	2,395.29	- 197.50	- 250.38
SEG-S	5.00	5.00	5.00	0.00	0.00
TOTAL	3,497.79	3,439.61	3,245.11	- 194.50	- 252.68

Budget Change Items

Transportation Finance

FUND CONDITION STATEMENT [LFB Paper 595]

The following table shows the 2017-19 transportation fund condition statement under the provisions of the bill as modified by the Joint Committee on Finance. The "General Fund Transfer" amounts are the annual statutory transfers that will be made from the general fund to

the transportation fund based on estimated general fund tax revenues under the bill. Appropriations to the Department of Transportation (DOT) represent the bulk of the appropriations from the transportation fund. However, appropriations are also made for the following purposes, which are shown in the table, in total, as "Other Agency Appropriations": (a) to the Department of Revenue for the administration of the motor fuel tax, the air carrier and railroad property taxes, and the rental vehicle fee; (b) to the conservation fund to reflect estimated motor fuel taxes paid by users of motorboats, snowmobiles, all-terrain vehicles, and utility-terrain vehicles; (c) railroad terminal tax distributions, which are payments made to local governments where railroad terminal property is located; and (d) payment of reissued checks related to DOT.

	2017-18	2018-19
Unappropriated Balance, July 1	$145,388,800	$78,094,500
Revenues		
Motor Fuel Tax	$1,046,004,800	$1,046,358,600
Vehicle Registration Fees	713,714,500	720,052,700
Less Revenue Bond Debt Service	-224,919,000	-223,693,900
General Fund Transfers	40,244,700	41,797,100
Petroleum Inspection Fund Transfers	30,258,500	30,258,500
Driver's License Fees	39,722,400	39,747,300
Miscellaneous Motor Vehicle Fees	29,649,400	29,818,000
Aeronautical Fees and Taxes	8,024,800	8,036,400
Railroad Property Taxes	43,850,200	43,944,700
Miscellaneous Departmental Revenues	20,820,500	20,067,000
Investment Earnings	1,000,000	1,000,000
Total Annual Revenues	$1,748,370,800	$1,757,386,400
Total Available	$1,893,759,600	$1,835,480,900
Appropriations and Reserves		
DOT Appropriations	$1,804,333,000	$1,801,842,800
Other Agency Appropriations	25,986,400	26,048,000
Less Estimated Lapses	-3,500,000	-3,500,000
Less Required Lapses	-16,300,000	-13,700,000
Compensation and Other Reserves	5,145,700	10,137,000
Net Appropriations and Reserves	$1,815,665,100	$1,820,827,800
Unappropriated Balance, June 30	$78,094,500	$14,653,100

1. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS

Governor: Under the bill, revenue from the general fund and the petroleum inspection fund would be used to support transportation programs. To reflect estimated changes in general fund tax collections included in the bill, current law general fund transfers have been adjusted by $474,600 (1.2%) in 2017-18 and by $1,974,200 (5.0%) in 2018-19 compared to the base year

transfer of $39,458,300. The table below shows these provisions, separated by ongoing, current law transfers and proposed changes.

Joint Finance: Adjust the current law GPR-transfer amount by an additional $261,800 in 2017-18 and by an additional $164,600 in 2018-19, such that the total amounts of the current law GPR-transfer provision would be $40,194,700 in 2017-18 and $41,597,100 in 2018-19.

	2017-18	2018-19	Biennial Total
Current Law*			
General Fund			
0.25% Transfer of General Fund Taxes	$40,194,700	$41,597,100	$81,791,800
Petroleum Inspection Fund			
Ongoing Appropriation Transfer	6,258,500	6,258,500	12,517,000
Subtotal, Current Law Transfers	$46,453,200	$47,855,600	$94,308,800
Bill Changes*			
General Fund			
Dyed Diesel Transfer	$50,000	$200,000	$250,000
Petroleum Inspection Fund			
One-time Transfers	24,000,000	24,000,000	48,000,000
Subtotal, Bill Changes	$24,050,000	$24,200,000	$48,250,000
Total			
General Fund	$40,244,00	$41,797,100	$82,041,800
Petroleum Inspection Fund	30,258,500	30,258,500	60,517,000
Both Funds	$70,503,200	$72,055,600	$142,558,800

*Excludes debt service amounts on general fund-supported bonds issued for transportation purposes and other GPR appropriations for transportation purposes.

2. TRANSFER OF PETROLEUM INSPECTION FUND REVENUE [LFB Paper 596]

SEG-Transfer $48,000,000

Governor/Joint Finance: Transfer $24,000,000 annually during the 2017-19 biennium from petroleum inspection fund (PIF) to the transportation fund. This transfer would be in addition to the existing ongoing transfer of $6,258,500 annually from PIF to the transportation fund. As a result, the total estimated PIF revenues provided to the transportation fund would be $30,258,500 annually compared to a total of $27,258,500 annually in the 2015-17 biennium in ongoing ($6,258,500) and one-time ($21,000,000) transfers.

Require the Secretary of the Department of Administration (DOA), beginning on June 30, 2020, and on June 30 of each subsequent fiscal year, to transfer the unencumbered balance of PIF to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by PIF during the fiscal year in which the transfer is made.

The petroleum inspection fund was originally established to fund the petroleum environmental cleanup fund award (PECFA) program, which was created in response to federal

legislation requiring the cleanup of underground storage tanks. The fund receives revenue from a 2.0 cents per gallon petroleum inspection fee on petroleum products (primarily home heating fuel and motor fuel) distributed in the state. Under the bill, the Department of Natural Resources would continue to oversee the management of the PECFA program. Revenues to the petroleum inspection fund are first used by a trustee to pay for annual debt service on outstanding PECFA revenue bond obligations issued to fund cleanup and remediation actions at PECFA sites. Remaining funds, after annual PECFA debt service obligations are met, are currently deposited to the petroleum inspection and used to cover: (a) PECFA program costs and administration; (b) petroleum inspection and tank regulation; (c) transfers to the transportation fund; and (d) environmental and other programs in several state agencies.

3. ALLOCATION OF FEDERAL HIGHWAY AID

Governor: Estimate federal highway formula aid at $773,037,600 in 2017-18 and $790,558,700 in 2018-19, which represents an increase of $59,317,200 in 2017-18 and $76,838,300 in 2018-19, relative to the 2016-17 appropriation base.

The increased, 2017-19 aid amounts reflect the relatively higher, anticipated level of federal highway aid under the most recent federal surface transportation authorization act (the Fixing America's Surface Transportation (FAST) Act). The actual amount of the state's federal highway aid in 2017-19 will be determined on an annual basis under federal transportation appropriations acts of Congress.

The following table shows the change to the appropriation base under the bill and the resulting distribution of federal highway formula aid. As shown in the table, the bill would transfer federal highway aid from the state highway rehabilitation program, department management and operations, administration and planning, and two local assistance programs to support the southeast Wisconsin freeway megaprojects and major highway development programs.

		Change to Base		Governor	
Appropriation	Base	2017-18	2018-19	2017-18	2018-19
State Highway Rehabilitation	$468,758,000	-$51,795,700	-$52,534,000	$416,962,300	$416,224,000
Southeast Freeway Megaprojects	101,100	59,643,900	34,887,000	59,745,000	34,988,100
Major Highway Development	107,537,000	52,772,900	95,789,200	160,309,900	203,326,200
Highway System Mgmt. and Ops.	1,102,500	0	0	1,102,500	1,102,500
Departmental Mgmt. and Ops.	14,931,200	-1,169,900	-1,169,900	13,761,300	13,761,300
Administration and Planning	3,573,900	-52,400	-52,400	3,521,500	3,521,500
Local Transportation Facility Improvement Assistance	72,243,300	-32,000	-32,000	72,211,300	72,211,300
Local Bridge Improvement	24,413,300	-49,600	-49,600	24,363,700	24,363,700
Railroad Crossing Improvements	3,291,800	0	0	3,291,800	3,291,800
Transportation Alternatives	7,049,300	0	0	7,049,300	7,049,300
Congestion Mitigation/Air Quality Improvement	10,719,000	0	0	10,719,000	10,719,000
Total	$713,720,400	$59,317,200	$76,838,300	$773,037,600	$790,558,700

Joint Finance: Modify the following programs' appropriation of federal highway aid, as reflected in separate items: (a) increase state highway rehabilitation program aid by $6,900,000 annually to reflect increased federal aid received by the state through the Federal Highway Administration's August, 2017, redistribution process; (b) increase major highway development program aid by $5,850,000 annually; and (c) reduce southeast Wisconsin freeway megaproject aid by $5,850,000 annually.

		Change to Base		Joint Finance	
Appropriation	Base	2017-18	2018-19	2017-18	2018-19
State Highway Rehabilitation	$468,758,000	-$44,895,700	-$45,634,000	$423,862,300	$423,124,000
Southeast Freeway Megaprojects	101,100	53,793,900	29,037,000	53,895,000	29,138,100
Major Highway Development	107,537,000	58,622,900	101,639,200	166,159,900	209,176,200
Highway System Mgmt. and Ops.	1,102,500	0	0	1,102,500	1,102,500
Departmental Mgmt. and Ops.	14,931,200	-1,169,900	-1,169,900	13,761,300	13,761,300
Administration and Planning	3,573,900	-52,400	-52,400	3,521,500	3,521,500
Local Transportation Facility Improvement Assistance	72,243,300	-32,000	-32,000	72,211,300	72,211,300
Local Bridge Improvement	24,413,300	-49,600	-49,600	24,363,700	24,363,700
Railroad Crossing Improvements	3,291,800	0	0	3,291,800	3,291,800
Transportation Alternatives	7,049,300	0	0	7,049,300	7,049,300
Congestion Mitigation/Air Quality Improvement	10,719,000	0	0	10,719,000	10,719,000
Total	$713,720,400	$66,217,200	$83,738,300	$779,937,600	$797,458,700

4. TRANSPORTATION-RELATED BOND SUMMARY [LFB Papers 612, 613, 620, 621, and 622]

The following table summarizes the biennial usage of bonds for transportation projects in the 2015-17 biennium and under the Governor's recommendations and Joint Finance for the 2017-19 biennium, by type of bond and program or project. Although, the bill would not authorize any general fund-supported, general obligation bonding for transportation purposes in the 2017-19 biennium, August 2017 Engrossed SS AB 1/SS SB 1 (the Foxconn bill) would authorize $252.4 million in contingent, general fund-supported bonds for use in the southeast Wisconsin freeway megaprojects program (for the I-94 North-South corridor project). The amounts shown for the use of transportation revenue bonds reflect both the amount authorized and the SEG-S appropriations for the two programs using these bonds. These projects may be initially financed through a temporary use of cash balances in the transportation fund. Eventually, bonds are sold to replenish those balances and this becomes the ultimate financing source for these projects.

	2015-17	Governor 2017-19	Joint Finance 2017-19
Transportation Fund-Supported, General Obligation Bonds			
Freight Rail Preservation	$29,800,000	$12,000,000	$12,000,000
Harbor Assistance	13,200,000	14,100,000	14,100,000
High-Cost Bridge/Major Interstate Bridges	36,800,000	0	0
Southeast Wisconsin Freeway Megaprojects	300,000,000	0	0
Major Highway Development	55,227,600	0	0
State Highway Rehabilitation	75,000,000	308,738,300	0
Subtotal	$510,027,600	$334,838,300	$26,100,000
Transportation Revenue Bonds			
Major Highway Development	$169,012,200	$153,281,700	$114,820,000
Administrative Facilities	11,880,000	11,880,000	9,080,000
Subtotal	$180,892,200	$165,161,700	$123,900,000
Less Carryover Balance	-17,478,600	0	0
New Authorization	$163,413,600	$165,161,700	$123,900,000
General Fund-Supported, General Obligation Bonds			
Southeast Wisconsin Freeway Megaprojects	$0	$0	$252,400,000*
Major Highway Development	100,000,000	0	0
State Highway Rehabilitation	75,000,000	0	0
Passenger Rail Development	-43,000,000	0	0
Subtotal	$132,000,000	$0	$252,400,000
Total	$805,441,200	$500,000,000	$402,400,000

* August 2017 Engrossed SS AB 1/SS SB 1 (Foxconn bill) includes $252.4 million in general fund supported, general obligation bonds, the use of which would be contingent on the state's receipt of an award of federal funding specifically for the I-94 North-South corridor project and Joint Committee on Finance approval.

5. TRANSPORTATION REVENUE BOND AUTHORIZATION [LFB Paper 621]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	$165,161,700	- $41,261,700	$123,900,000

Governor: Increase revenue bond authority by $165,161,700, to reflect the proposed use of revenue bonds for major highway development projects and administrative facility construction projects under the bill. The Governor recommends the appropriation of these bonds as follows: (a) $82,632,700 in 2017-18 and $70,649,000 in 2018-19 for the major highway development program; and (b) $5,940,000 annually for administrative facility projects. Under the bill, an anticipated balance of $38,081,600 in revenue bonding authority would remain beyond the 2017-19 biennium. DOT could contract against this balance in 2019-20 to fund improvement projects that were commenced, but not completed in the 2017-19 biennium.

Joint Finance: Reduce revenue bond authority by $41,261,700 in order to provide a new authorization of $123,900,000, to be appropriated as follows: (a) $48,232,700 in 2017-18 and

$65,507,300 in 2018-19 for the major highway development program; and (b) $4,540,000 annually for administrative facilities projects. [These changes are also shown in separate entries.]

6. TRANSPORTATION-RELATED DEBT SERVICE SUMMARY

This item summarizes the transportation fund-supported and general fund-supported debt service on transportation-related bonds under the bill as modified by Joint Committee on Finance.

Transportation Fund-Supported. Estimated transportation fund-supported debt service on previously authorized bonds and the bonds authorized in the biennium would total $380,208,600 in 2017-18 and $398,371,600 in 2018-19. DOA's reestimates of existing transportation fund-supported debt service on bonds issued for transportation purposes are shown in separate entries. The following table provides information on the estimates of transportation fund-supported debt service levels for each year of the 2015-17 biennium, as well for each year of the 2017-19 biennium under the provisions of the bill.

**Gross Transportation Fund Revenue*
(Excluding Federal Aid, Bond Revenue, and Transfers from Other Funds)
and Transportation Fund-Supported Debt Service
($ in Millions)**

Fiscal Year	Transportation Fund Debt Service	Gross Transportation Fund Revenue	Debt Service as % of Revenue
2015-16	$340.8	$1,867.4	18.2%
2016-17	356.9	1,875.7	19.0
2017-18	380.2	1,902.8	20.0
2018-19	398.4	1,909.0	20.9

*Revenue is shown before the payment of revenue bond debt service.

Note: Debt service and revenue values shown for 2015-16 are actual, while those values for other years are estimated.

General Fund-Supported. The bill would not authorize new general fund-supported bonding for transportation purposes. General fund-supported debt is not included in the above calculation of transportation fund-supported debt service as a percentage of transportation revenue. DOA's reestimate of existing general fund-supported debt service on bonds issued for transportation purposes ($126.6 million in 2017-18 and $116.6 million in 2018-19) is shown in a separate entry.

[Under August 2017 Engrossed SS AB 1/SS SB 1 (the Foxconn bill), an additional $252.4 million in general fund-supported, general obligation bonds would be authorized. The use of the bonds would be contingent on the state's receipt of an award of federal moneys specifically for the I-94 North-South corridor project and Joint Committee on Finance approval.]

7. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE [LFB Papers 595 and 621]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	- $4,274,900	$15,417,400	$11,142,500

Governor: Decrease estimated transportation fund revenue by $3,145,900 in 2017-18 and $1,129,000 in 2018-19 to reflect increases in the amount of vehicle registration revenue needed to pay principal and interest on transportation revenue bonds. Revenue bond debt service is primarily paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, debt service payments are considered negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2016-17 is estimated at $229,877,700 an amount that is projected to increase under the bill to an estimated $233,023,600 in 2017-18 and $231,006,700 in 2018-19.

Joint Finance: Increase estimated transportation fund revenue by $8,104,600 in 2017-18 and by $7,312,800 in 2018-19 to reflect reestimated debt service due on existing bonds and a reduction to the revenue bond authorization under the bill. Reestimate revenue bond debt service at $224,919,000 in 2017-18 and $223,693,900 in 2018-19.

8. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$24,342,500	- $22,100	$24,323,400

Governor: Increase funding by $17,145,500 in 2017-18 and $7,200,000 in 2018-19 to reflect a reestimate of debt service payments on existing general fund-supported, general obligation bonds authorized for state highway projects in previous biennia. With this reestimate, total debt service on these bonds would increase from a base amount of $109,442,200 to $126,587,700 in 2017-18 and $116,642,200 in 2018-19. No additional general fund-supported, general obligation bonds for transportation-related purposes would be authorized under the bill.

Joint Finance: Reduce funding by $3,900 in 2017-18 and by $18,200 in 2018-19 to reflect reestimated debt service amounts in the biennium. With this reestimate, total debt service on these bonds is estimated at $126,583,800 in 2017-18 and $116,624,000 in 2018-19.

9. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- CONTINGENT HIGHWAY BONDS [LFB Paper 595]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$19,803,900	$656,900	$20,460,800

Governor: Increase funding by $7,469,400 in 2017-18 and by $12,334,500 in 2018-19 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation contingent bonds authorized for state highway rehabilitation and major highway development projects. With this reestimate, total debt service on these previously-authorized bonds would increase from a base amount of $1,791,000 to $9,260,400 in 2017-18 and $14,125,500 in 2018-19.

Joint Finance: Reduce funding by $3,174,700 in 2017-18 and increase funding by $3,831,600 in 2018-19 to reflect reestimated debt service amounts in the biennium. With this reestimate, total debt service on these bonds is estimated at $6,085,700 in 2017-18 and $17,957,100 in 2018-19.

10. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER PROJECTS [LFB Paper 595]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$13,695,000	- $2,225,300	$11,469,700

Governor: Increase funding by $5,660,900 in 2017-18 and by $8,034,100 in 2018-19 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation bonds authorized for state highway rehabilitation, major highway development, freight rail preservation, harbor improvement projects, and department facilities. With this reestimate, total debt service on these existing bonds would increase from a base amount of $53,777,200 to $59,438,100 in 2017-18 and $61,811,300 in 2018-19.

The bill would authorize $308,738,300 in transportation fund-supported, general obligation bonds for state highway rehabilitation projects. Estimated debt service on the partial issuance of these bonds in the 2017-19 biennium, equal to $13,865,200 in 2018-19, is shown in a separate entry for the state highway rehabilitation program. The bill would also authorize additional bonds for the freight rail preservation ($12,000,000) and harbor assistance ($14,100,000) programs. Although no debt service is specifically associated with the issuance of these new bond authorizations for harbor and rail improvements, the Department could use these bonds in 2017-19 for contracting purposes in these programs, even if they are not issued in the biennium.

Joint Finance: Reduce funding by $1,313,300 in 2017-18 and by $912,000 in 2018-19 to reflect reestimated debt service amounts in the biennium. With this reestimate, total debt service on these bonds is estimated at $58,124,800 in 2017-18 and $60,899,300 in 2018-19.

11. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY AND HIGH-COST BRIDGE PROJECTS [LFB Paper 595]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	- $2,233,000	$1,627,600	- $605,400

Governor: Decrease estimated debt service payments by $1,081,200 in 2017-18 and by $1,151,800 in 2018-19 to reflect a reestimate of debt service on existing transportation fund-supported, general obligation bonds authorized for southeast Wisconsin freeway reconstruction and high-cost bridge projects. With this reestimate, total debt service on these previously-authorized bonds would decrease from the base amount of $93,752,900 to $92,671,700 in 2017-18 and $92,601,100 in 2018-19.

Joint Finance: Reduce funding by $1,592,600 in 2017-18 and increase funding by $3,220,200 in 2018-19 to reflect reestimated debt service amounts in the biennium. With this reestimate, total debt service on these bonds is estimated at $91,079,100 in 2017-18 and $95,821,300 in 2018-19.

12. REMOVE COMPLETED SOLVENCY STUDY FUNDING

SEG	- $1,400,000

Governor/Joint Finance: Reduce funding by $700,000 annually in the departmental management and operations appropriation to reflect the removal of funding associated with a transportation fund solvency study required under 2015 Act 55. This study was completed in December, 2016. Act 55 provided a total of $1,000,000 for this purpose ($300,000 in 2015-16 and $700,000 in 2016-17). The reduction under the bill reflects the removal of the base-year funding provided for this completed study that would have otherwise carried forward into the 2017-19 biennium.

13. ELIMINATE DOT POSITIONS -- FUNDING LAPSE

	Funding	Positions
SEG-Lapse	$26,000,000	
SEG	$0	- 200.00

Joint Finance: Require the Secretary of DOT to eliminate 100.00 SEG positions in 2017-18 and an additional 100.00 SEG positions in 2018-19. In addition to the deleted positions, specify that DOT would be required to eliminate private management consultant positions in the local assistance program (as necessary to accomplish the lapses) and accrue overtime savings (other than State Patrol workload). Specify that DOT would be required to submit a report to the Joint Committee on

Finance, no later than January 1, 2019, identifying the positions eliminated and the appropriation accounts from which the positions are funded to be reduced. Require SEG-Lapse amounts of $13,000,000 annually in associated funding to the transportation fund in the biennium.

14. LAND SALES -- FUNDING LAPSE

SEG-Lapse	$4,000,000

Joint Finance: Require lapses $3,300,000 SEG-Lapse in 2017-18 and $700,000 SEG-lapse in 2018-19 associated with account balances from land sales to the transportation fund.

15. HYBRID-ELECTRIC/ELECTRIC VEHICLE FEE

SEG-REV	$8,403,800

Joint Finance: Create a $75 fee for hybrid-electric vehicles and a $100 fee for electric vehicles, effective January 1, 2018, which would be paid in addition to the existing annual registration fees for passenger vehicles designed for highway use that are powered by hybrid-electric or electric engines. Specify that the fee would apply to automobiles, vans, sport utility vehicles, and light trucks with a gross vehicle weight of 8,000 pounds or less, but would not apply to municipal-plated vehicles, farm-use-plated vehicles, motorcycles, or vehicles registered with a gross vehicle weight in excess of 8,000 pounds. Increase estimated transportation fund revenue by $2,621,300 SEG-REV in 2017-18 and by $5,782,500 SEG-REV in 2018-19.

Define a hybrid electric vehicle as a vehicle that is capable of using gasoline, diesel fuel, or alternative fuel to propel the vehicle but that is propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of not less than 4 kilowatt hours and may be capable of being recharged from an external source of electricity.

Define a non-hybrid electric vehicle as a vehicle that is propelled solely by electrical energy and that is not capable of using gasoline, diesel fuel, or alternative fuel to propel the vehicle.

Define alternative fuel as a gas, liquid, or other fuel that, with or without adjustment or manipulation such as adjustment or manipulation of pressure or temperature, is capable of being used for the generation of power to propel a motor vehicle, including, but not limited to, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, hydrogen compressed natural gas, or hythane. Alternative fuel does not include motor fuel, electricity, leaded racing fuel, or an excluded liquid, as defined in 26 CFR 48.4081-1.

16. PERMIT SALE OF DYED DIESEL FUEL TO RECREATIONAL MOTOR BOATS

GPR-Transfer	$250,000
SEG-REV	- $250,000

Joint Finance: Permit the sale of dyed diesel fuel for use in a recreational motor boat. This would result in a decrease in revenue to the transportation fund of $50,000 SEG-REV in 2017-18 and $200,000 SEG-REV in 2018-19, while the amount of transportation fund revenue transferred to the conservation fund would be unchanged. Specify that the provision apply retroactively to July 1, 2013. The sales and use tax would apply to the sale of dyed diesel fuel to

recreational motor boats, which would result in minimal additional revenue to the general fund. Transfer $50,000 GPR from the general fund to the transportation fund in 2017-18 and $200,000 GPR from the general fund to the transportation fund in 2018-19, and annually thereafter.

Under current law, dyed diesel fuel is exempted from the state motor vehicle fuel tax. However, the sale of gasoline or diesel fuel for use in recreational motor boats is subject to the state's motor vehicle fuel tax. The revenue from the tax is then transferred from the transportation fund to the water resources (motorboats) accounts of the segregated conservation fund based on a formula that includes the motor vehicle fuel tax rate, a standard number of gallons, and the number of annual motorboat registrations in the state.

17. TOLLING IMPLEMENTATION STUDY

SEG	$2,500,000

Joint Finance: Provide the Department $2,500,000 SEG in 2017-18 to enter into a contract not to exceed that amount for a tolling implementation study to include the following: (a) an analysis to support the completion of a federal tolling application process; (b) a tolling concepts of operations plan that outlines the policies, procedures, and operations needed to govern roadway tolling; (c) a traffic and revenue analysis, including the revenue needed to support toll revenue-supported debt; and (d) an evaluation, or reevaluation of federal environmental requirements, including the required documentation. Require the firm under contract for this study to report its findings to DOT and the Legislature by January 1, 2019.

Local Transportation Aid

1. GENERAL TRANSPORTATION AIDS [LFB Paper 605]

SEG	$56,935,200

Governor/Joint Finance: Provide the following related to the general transportation aids program:

a. County Aid. Increase funding by $3,173,400 in 2017-18 and $12,693,600 in 2018-19 to fund a 12.9% increase to the calendar year 2018 general transportation aid distribution for counties. The statutory, calendar year distribution for counties is currently equal to $98,400,200 for 2017 and thereafter. This would provide a calendar year distribution amount for counties equal to $111,093,800 for 2018 and thereafter.

b. Municipal Aid. Increase funding by $13,689,400 in 2017-18 and $27,378,800 in 2018-19 to fund an 8.5% increase to the calendar year 2018 general transportation aid distribution for municipalities. The statutory, calendar year distribution level for municipalities is currently equal to $321,260,500 for 2017 and thereafter. This would provide a calendar year distribution amount for municipalities equal to $348,639,300 for 2018 and thereafter. The mileage aid rate would also increase by 8.5% (from its current level of $2,202 per mile) to

$2,389 per mile for calendar year 2018 and thereafter.

There are two basic formulas by which general transportation aid is distributed: (a) share of costs aid; and (b) mileage aid. Counties receive only share of costs aid, while municipalities (including towns) receive payments based on either share of costs aid or mileage aid, whichever is greater. Share of costs aid amounts are computed by multiplying each community's six-year average highway-related costs (2010 through 2015 for 2017 payments) by a statewide average cost-sharing percentage. Mileage aid (mostly received by towns) is computed by multiplying the number of miles of road or street under the jurisdiction of each municipality by a specified mileage rate.

Delete the statutory references to prior calendar year funding amounts for counties and municipalities, as well as the prior year mileage aid rate amounts for municipalities.

2. MASS TRANSIT OPERATING ASSISTANCE [LFB Paper 606]

Governor/Joint Finance: Provide no change to base level funding for DOT's mass transit operating assistance program. Total base level funding from the transportation fund for mass transit operating assistance would equal $110,737,500 SEG annually. The distribution of mass transit aid payments consists of the following four tiers: (a) $64,193,900 annually for Milwaukee County/Transit Plus in Tier A-1 (b) $16,868,000 annually for Madison in Tier A-2; (c) $24,486,700 annually for the larger bus and shared ride taxi systems in Tier B; and (d) $5,188,900 for smaller bus and shared-ride taxi systems in Tier C. No base funding is provided for Tier A-3, which includes any commuter or light rail mass transit system enumerated as a major capital improvement in the statutes.

3. VOLKSWAGEN SETTLEMENT -- MILWAUKEE COUNTY BUS PURCHASES [LFB Paper 568]

Governor: Require DOA to distribute $5,000,000 in 2017-18 and $21,000,000 in 2018-19 in settlement funds under the Volkswagen settlement agreement to a county with a population of 750,000 or more (Milwaukee County) for the payment of all costs incurred by the county to replace eligible aging vehicles owned by the county. Milwaukee County has indicated that the funds would be used to replace eligible aging diesel transit busses currently in service by the Milwaukee County Transit System.

Specify that any distribution to Milwaukee County is subject to approval from the trustee of the environmental mitigation trust established pursuant to the settlement agreement and is subject to the receipt of sufficient settlement funds by DOA to make the distribution. [See "Miscellaneous Appropriations" for the fiscal effect and a more detailed description on the settlement agreement.] Provide that DOA must reduce county and municipal aid payments to Milwaukee County by $1,950,000 annually from 2018 through 2027 if Milwaukee County receives a distribution from the Volkswagen settlement funds. [See "Shared Revenue and Tax Relief -- Direct Aid Payments" for additional detail on the aid reduction to Milwaukee County.]

Joint Finance: Eliminate the proposed $26,000,000 PR distribution to Milwaukee County and the corresponding annual $1,950,000 GPR 10-year reduction ($19,500,000 in total) to Milwaukee County's county and municipal aid payments. Instead, require DOA to distribute no more than $32,000,000 PR ($11,000,000 in 2017-18 and $21,000,000 in 2018-19) from the Volkswagen settlement funds appropriation for the purpose of awarding funding to local transit systems under a newly-created statewide transit capital assistance grant program under DOA. This would be a $6,000,000 increase for transit capital compared to the Governor's recommendations (funded from decreasing the recommended PR funding for replacing state fleet vehicles). [See "Miscellaneous Appropriations."]

Direct DOA to administer a competitive statewide grant program for the purpose of replacing eligible transit vehicles under the terms of the Volkswagen settlement. Require DOA to solicit and accept applications for transit capital grant funding and require DOA to award grants based on a competitive process. Require the DOA Secretary to give preference to any community or route that is considered a critical route for purposes of connecting employees with employers. An eligible applicant may use settlement funds awarded under the program only for the payment of costs incurred by the eligible applicant to replace public transit vehicles in accordance with the settlement guidelines.

Specify that any county or municipality with an urban mass transit system that receives a Volkswagen settlement distribution under the statewide transit capital assistance program would receive a reduction to its county and municipal aid payment in the following amounts, over 10 consecutive years: (a) for a Tier A-1 or Tier A-2 urban mass transit system serving a population exceeding 200,000, 75% of the total amount of grants received; (b) for a Tier B urban mass transit system serving a population of at least 50,000, 20% of the total amount of grants received; and (c) for a Tier C urban mass transit system serving a population of less than 50,000, 10% of the total amount of grants received. Specify that the county and municipal aid reductions would only occur once grant funds are distributed to the local government. If in any year the county and municipal aid reduction for a county or municipality exceeds the grant distribution for the county or municipality, require that the excess amount of the reduction be applied to the county or municipality's utility aid payment. [See "Shared Revenue and Tax Relief -- Direct Aid Payments."]

4. SENIORS AND INDIVIDUALS WITH DISABILITIES AIDS

SEG	$840,500

Governor/Joint Finance: Provide $278,300 in 2017-18 and $562,200 in 2018-19 for county assistance in the provision of seniors and individuals with disabilities specialized transportation services. Total state funding for county assistance would equal $14,193,900 in 2017-18 and $14,477,800 in 2018-19. This would provide a 2% annual increase in the county assistance appropriation.

5. TRIBAL ELDERLY TRANSPORTATION GRANT PROGRAM

PR	$297,000

Governor/Joint Finance: Increase funding by $148,500 PR annually to the 11 federally recognized Wisconsin tribes with additional financial assistance for the provision of

transportation service to tribal elders on and off tribal reservations. This would increase funding from $247,500 in base funding to $396,000 annually. Funding for the program is transferred from the DOA's Indian gaming appropriation, to which gaming revenues are deposited, to DOT's grant appropriation. Any increase in Indian gaming receipts not otherwise credited to agency appropriation accounts are deposited in the general fund. Therefore, an increase in funding for DOT's tribal elderly transportation grant program will result in a decrease in monies deposited in the state's general fund (see "Department of Administration -- Division of Gaming" for the general fund fiscal effect).

6. LIMIT AUTHORITY TO INCUR EXPENSES RELATED TO A RAIL FIXED GUIDEWAY SYSTEM IN THE CITY OF MILWAUKEE

Joint Finance: Specify that a City of Milwaukee TIF district that is in existence or created on the effective date of the bill may not incur direct or indirect expenses related to the operation of a rail fixed guideway transportation system in the City of Milwaukee ("Milwaukee Streetcar"). Except as required under federal law, prohibit the state and state agencies from incurring any direct or indirect expenses, including the forfeiture of any revenue, relating to the operation or construction of the Milwaukee Streetcar, unless the expense incurred or revenue forfeited is fully reimbursed by the City. Extend the current law prohibition that Milwaukee County cannot expend funds for operation of the fixed guideway system to include the expenditure of funds for construction. Provide that an eligible applicant for state urban mass transit operating assistance may not use aids provided for any purpose related to the operation of a streetcar system in the City of Milwaukee. Require the City of Milwaukee to reimburse any entity prohibited from incurring expenses related to the operation or construction of a streetcar system in the City of Milwaukee in the event the entity incurs such expenses. Delete the enumeration of the project resulting from the Milwaukee Downtown Transit Connector Study of the Wisconsin Center District ("Milwaukee Streetcar") as one of the major transit capital improvement projects enumerated in statutes.

7. TOWN OF LAFAYETTE DISASTER DAMAGE PAYMENT (CHIPPEWA COUNTY)

SEG	$64,000

Joint Finance: Require the DOT to provide a $64,000 SEG disaster damage aid payment to the Town of Lafayette in Chippewa County in 2017-18 from the existing disaster damage aid sum sufficient appropriation. Increase the estimated expenditures from the sum sufficient appropriation by $64,000 SEG in 2017-18 to reflect the payment.

8. JURISDICTIONAL TRANSFER AGREEMENTS AND COOPERATIVE PLANS

Joint Finance: Specify that any highway that is under the jurisdiction of a municipality or county and that satisfies all of the following requirements shall be transferred to the jurisdiction of the Department of Transportation: (a) prior to the effective date of this provision jurisdiction of the highway was transferred by the Department to a municipality or county under a jurisdictional transfer agreement to which more than one municipality or county was party; (b)

the municipality or county to which jurisdiction of the highway was transferred under "a" was subsequently transferred under a cooperative plan territory in which the highway is located to another municipality or county and the cooperative plan agreement did not specifically address jurisdiction of the highway; (c) not later than 6 months after the effective date of this provision, the governing body of the transferor and transferee municipalities or counties under "b" adopt resolutions stating the intent of the municipality or county to revert jurisdiction of the highway to DOT and provide a copy of the resolution to the Department.

Local Transportation Assistance

1. LOCAL ROADS IMPROVEMENT PROGRAM [LFB Paper 610]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$14,000,000	- $4,000,000	$10,000,000
SEG-L	12,134,400	- 2,134,400	10,000,000
Total	$26,134,400	- $6,134,400	$20,000,000

Governor: Provide $7,000,000 SEG annually for the local roads improvement program (LRIP) and $6,067,200 SEG-L annually to reflect the local government share of project costs. Specify that the SEG funding be allocated as follows: (a) $2,336,000 annually for the formula-based component of the program; and (b) $4,664,000 annually for the discretionary grant component of the program. Of the $4,664,000 annual funding increase for the discretionary component of the program, $373,000 would be provided to counties, $4,023,500 would be provided to municipalities (cities and villages), and $267,500 would be provided to towns.

The bill would increase the annual statutory distribution of discretionary LRIP funding in 2017-18, and thereafter as follows: (a) the amount provided to counties from $5,127,000 to $5,500,000; (b) the amount provided to municipalities from $976,500 to $5,000,000; and (c) the amount provided to towns from $5,732,500 to $6,000,000. The table below reflects biennial funding for LRIP for 2015-17 and under the recommended 2017-19 funding level for these program components.

Current Law and Governor's Recommended Biennial LRIP Funding

	2015-17	Governor 2017-19	Difference	% Change
Formula-Based Allocation				
Counties (43%)	$13,756,732	$15,765,692	$2,008,960	14.6%
Municipalities (28.5%)	9,117,834	10,449,354	1,331,520	14.6
Towns (28.5%)	9,117,834	10,449,354	1,331,520	14.6
Total Formula Funds	$31,992,400	$36,664,400	$4,672,000	
Discretionary Allocation				
Counties	$10,254,000	$11,000,000	$746,000	7.3%
Municipalities	1,953,000	10,000,000	8,047,000	412.0
Towns	11,465,000	12,000,000	535,000	4.7
Total Discretionary Funds	$23,672,000	$33,000,000	$9,328,000	
Biennial Program Total	$55,664,400*	$69,664,400	$14,000,000	25.2%

*Total, biennial LRIP funding was equal to $56,066,000. Of this amount, $401,600 from the formula-based allocation supports 3.0 positions in DNR for the environmental review of local road projects under current law and under the bill. This amount is deducted from the total prior to calculating the percentage-based formula allocations shown in the top section of the table.

LRIP provides grants of state funds on a biennial basis for capital improvements on existing county, town, and municipal (city or village) roads and for feasibility studies for such improvements. For the purposes of the program, a capital improvement is defined as a project with a projected design life of at least 10 years. Grants may cover up to 50% of the total project cost, with the balance being provided, generally, by the local recipient. All costs of improvements are initially the responsibility of the local government. Upon completion of a project, a local government can apply to DOT for reimbursement of up to 50% of the project costs.

Increase the allowable reimbursement amount for program applicants under the discretionary portion of the program by specifying that applicants would instead be eligible for reimbursement of not more than 60% of eligible costs (compared to 50% under current law). Applicants under the entitlement portion of the program would continue to be reimbursed for not more than 50% of eligible project costs. Specify that these modifications related to the share of project cost to be reimbursed would first apply to a project commenced on the effective date of the bill.

Joint Finance: Modify the Governor's recommendation and reduce funding by $2,000,000 SEG annually for the local roads improvement program (LRIP) and by $1,067,200 SEG-L annually to reflect the reduced local government share of project costs at this lower funding level. This funding would provide an additional $5,000,000 SEG annually for total annual funding of $32,832,200. Specify that the remaining, additional funding be allocated as follows: (a) $1,668,600 annually for the formula-based component of the program; and (b) $3,331,400 annually for the discretionary grant component of the program. Of the $3,331,400 annual funding increase for the discretionary component of the program, $266,400 would be provided to

counties, $2,873,900 would be provided to municipalities (cities and villages), and $191,100 would be provided to towns.

Modify the annual statutory distribution of discretionary LRIP funding in 2017-18, and thereafter as follows: (a) the amount provided to counties from $5,127,000 to $5,393,400; (b) the amount provided to municipalities from $976,500 to $3,850,400; and (c) the amount provided to towns from $5,732,500 to $5,923,600. The table below reflects biennial funding for LRIP for 2015-17 and the 2017-19 funding level under Joint Committee on Finance action.

Current Law and Biennial LRIP Funding Under Joint Committee on Finance Action

	2015-17	Joint Finance 2017-19	Difference	% Change
Formula-Based Allocation				
Counties (43%)	$13,756,732	$15,191,728	$1,434,996	10.4%
Municipalities (28.5%)	9,117,834	10,068,936	951,102	10.4
Towns (28.5%)	9,117,834	10,068,936	951,102	10.4
Total Formula Funds	$31,992,400	$35,329,600	$3,337,200	
Discretionary Allocation				
Counties	$10,254,000	$10,786,800	$532,800	5.2%
Municipalities	1,953,000	7,700,800	5,747,800	294.3
Towns	11,465,000	11,847,200	382,200	3.3
Total Discretionary Funds	$23,672,000	$30,334,800	$6,662,800	
Biennial Program Total	$55,664,400*	$65,664,400	$10,000,000	18.0%

*Total, biennial LRIP funding was equal to $56,066,000. Of this amount, $401,600 from the formula-based allocation supports 3.0 positions in DNR for the environmental review of local road projects under current law and under the bill. This amount is deducted from the total prior to calculating the percentage-based formula allocations shown in the top section of the table.

Delete the recommended increase to the allowable reimbursement amount for program applicants under the discretionary portion of the program (the local share of project costs would remain at 50% for both program components).

2. LOCAL BRIDGE IMPROVEMENT ASSISTANCE PROGRAM [LFB Paper 611]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$5,000,000	$15,000,000	$20,000,000
SEG-L	1,000,000	3,750,000	4,750,000
Total	$6,000,000	$18,750,000	$24,750,000

Governor: Provide $2,500,000 SEG and $500,000 SEG-L annually for the local bridge improvement assistance program (the SEG-L amount reflects the local government share of project cost). The local bridge improvement assistance program makes grants using both state

and federal funds for bridges not on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Local governments are responsible for providing a funding match equal to at least 20% of eligible project costs. Base level state funding for the local bridge improvement assistance program is $8,470,600.

Joint Finance: Modify the Governor's recommendation ($2,500,000 SEG annually) to provide an additional $7,500,000 annually for the local bridge assistance program. The total funding increase would be $10,000,000 annually. Provide an increase of $1,875,000 SEG-L annually to reflect the local share of project cost.

3. FREIGHT RAIL PRESERVATION PROGRAM [LFB Paper 612]

BR	$12,000,000

Governor/Joint Finance: Authorize $12,000,000 in transportation fund-supported, general obligation bonds for the freight rail preservation program. The bonds authorized for this program may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state to upgrade them to modern freight rail standards. The amount of bonds authorized would be $23,000,000 lower than the $35,000,000 in total program resources provided in the 2015-17 biennium ($29,800,000 in bonds, plus $5,200,000 SEG). Although no debt service is specifically associated with the issuance of these bonds under the bill, the Department could use these bonds for contracting purposes in this program, even if the bonds are not issued in the 2017-19 biennium.

4. HARBOR ASSISTANCE PROGRAM [LFB Paper 613]

BR	$14,100,000

Governor/Joint Finance: Authorize $14,100,000 in transportation fund-supported, general obligation bonds for the harbor assistance program, which provides grants for making capital improvements to harbors on the Great Lakes or the Mississippi River system. The amount authorized would be $900,000 more than the bonding authority provided to the program in the 2015-17 biennium ($13,200,000). However, a provision of the 2015-17 biennial budget act earmarked up to $4,220,000 for a harbor-related project in the City of Kewaunee, resulting in only $8,980,000 generally available for projects in the biennium. Although no debt service is specifically associated with the issuance of these bonds under the bill, the Department could use these bonds for contracting purposes in this program, even if the bonds are not issued in the 2017-19 biennium.

5. HARBOR ASSISTANCE GRANT -- FINCANTIERI BAY SHIP BUILDING (DOOR COUNTY)

SEG	$3,200,000

Joint Finance: Approve the Governor's recommendation to authorize $14,100,000 in transportation fund supported general obligation bonds. Provide $3,200,000 SEG in 2017-18 and require the Department to provide a harbor assistance grant in 2017-18 to Fincantieri Bay Shipbuilding in Door County for a dockwall construction and dredging project, notwithstanding

the eligibility and match requirements for the program. Specify that the amount of the grant would be $3,200,000 or the total cost of the project, whichever is less.

6. TRAFFIC SIGNAL AND MARKING ENHANCEMENT GRANT PROGRAM TRANSFER

SEG-Transfer	$1,025,700
SEG	$1,025,700

Governor/Joint Finance: Transfer $1,025,700 in 2017-18 from the balance in the local bridge improvement assistance program, local funds appropriation to the transportation fund. Make a corresponding increase of $1,025,700 SEG in 2017-18 to the highway and local bridge improvement assistance, state funds appropriation. The Department has indicated that this local funding amount reflects unused, SEG grant funding from a traffic signal and marking enhancement program that was repealed under 2013 Act 20.

7. RAIL PASSENGER SERVICE ASSISTANCE PROGRAM

SEG	$200,000

Governor/Joint Finance: Provide $200,000 in 2017-18 for one-time start-up costs related to the implementation of two new locomotives on the Amtrak Hiawatha rail service line. Total state funding for rail passenger service assistance would equal $7,000,000 in 2017-18 and $6,800,000 in 2018-19 to fund Wisconsin's share of the cost to maintain existing service for the Hiawatha service under the state's contract with Amtrak.

8. AIRPORT IMPROVEMENT PROJECT FUNDING -- WISCONSIN RAPIDS (WOOD COUNTY)

SEG	$4,000,000

Joint Finance: Provide $4,000,000 SEG in 2017-18 and require DOT to make a grant in this amount to the City of Wisconsin Rapids for improvements to the Alexander Field in Wood County, notwithstanding the statutory requirements of the aeronautics assistance program.

9. AIRPORT IMPROVEMENT PROJECT FUNDING -- APPLETON (OUTAGAMIE COUNTY)

SEG	$1,700,000

Joint Finance: Provide $1,700,000 SEG in 2017-18 and require DOT to make a grant in this amount to the Appleton International Airport in Outagamie County for design and construction services related to making improvements necessary for the airport to be an airport rescue and firefighting facility, notwithstanding the statutory requirements of the aeronautics assistance program.

10. STUDY OF CONSOLIDATION OF SEG IN LOCAL PROGRAM (FEDERAL AID "SWAP")

Joint Finance: Require DOT to study and report on the effects of consolidating SEG in the surface transportation program (STP) and replacing these funds with FED from the state highway program. Permit DOT to submit a 13.10 request to the Joint Committee on Finance that

would accomplish such transfers. If the Department's submits such a request, require that it include an estimate of the potential savings or costs to local governments and the state that could be associated with the requested program changes. Create a SEG local transportation facility improvement assistance appropriation (STP program appropriation) to which funds could be transferred in the event the Committee acts under the 13.10 process. Stipulate that DOT submit the report required under this provision to the Joint Committee on Finance no later than May 1, 2018.

11. VILLAGE OF RIB LAKE -- REIMBURSEMENT OF LOCAL EXPENDITURE (TAYLOR COUNTY)

SEG	$20,000

Joint Finance: Provide $20,000 SEG in 2017-18 to the Village of Rib Lake in Taylor County, from the transportation alternatives program SEG appropriation to reimburse the Village for the costs incurred on the design of a federally-funded safe routes to school project that was awarded the Village, but later rescinded under a 2013 Act 20 provision that required the project to commence within four years of the grant award.

12. TRAFFIC CONTROL LIGHTS IN CITY OF GREENFIELD (MILWAUKEE COUNTY)

Joint Finance: Require DOT to study the potential installation of traffic control lights at the intersection of Layton Avenue and 124th Avenue near the entrance and exit to I-43 in the City of Greenfield in Milwaukee County. Specify that DOT report the results of the study to the transportation committees of each house of the Legislature by June 30, 2018.

13. LOCAL AIRPORT OR SPACEPORT ZONING

Joint Finance: Specify that no county, city, village, or town airport or spaceport protection ordinance may prohibit the use of a physical barrier in lieu of compliance with a 48-hour drainage requirement for storm retention pond that is located in a residential subdivision underlain by natural clay soil.

14. PROHIBIT CONDEMNATION AUTHORITY FOR RECREATIONAL AND PEDESTRIAN TRAILS

Joint Finance: Prohibit any entity with the power of condemnation from using that power for the purpose of establishing or extending recreational trails, bicycle ways or lanes, or pedestrian ways. Under current law, certain entities, including county boards, city councils, village or town boards, or DOT, have the authority to acquire land for specified public purposes through condemnation. Specify that this provision would first apply to condemnation proceedings in which title to the subject property has not vested in the condemnor on the effective date of the bill.

15. LIMIT CONDEMNATION AUTHORITY OF RAILROAD CORPORATIONS

Joint Finance: Require that prior to a railroad corporation acquiring any property through condemnation that exceeds 100 feet in width, the Legislature must enact a law that: (a) states a legislative finding that the railroad corporation's acquisition serves the public interest; and (b) authorizes the acquisition of the property or property interest.

16. RAILROAD GATE CROSSING ON FIRE LANE 12 NEAR THE VILLAGE OF FOX CROSSING (WINNEBAGO COUNTY)

Joint Finance: Direct DOT, in consultation with the Office of the Railroad Commissioner, to install a railroad gate crossing on Fire Lane 12, south of STH 114, near the Village of Fox Crossing (formally the Town of Menasha) in Winnebago County. Require that the railroad crossing be installed no later than January 1, 2018.

State Highway Program

1. STATE HIGHWAY IMPROVEMENT PROGRAM

The following tables compare total funding for state highway improvement programs in the 2015-17 biennium with the Governor's 2017-19 budget recommendations and under the Joint Finance version of the bill. The tables show total biennial program resources by funding type and the percentage change to the composition of program funding.

Highway Improvement Program Summary -- Governor

	2015-17	Governor 2017-19	Biennial Change in Resources	% Change in Biennial Resources
SEG	$794,961,800	$746,024,200	-$48,937,600	-6.2%
FED	1,184,525,200	1,293,396,900	108,871,700	9.2
Bonds	811,039,800*	462,020,000	-349,019,800	-43.0
Total	$2,790,526,800	$2,501,441,100	-$289,085,700	-10.4%

*Includes $5,598,600 in carryover bonding authority from the prior biennium.

Highway Improvement Program Summary -- Joint Finance

Fund Source	2015-17	Joint Finance 2017-19	Biennial Change in Resources	% Change in Biennial Resources
SEG	$794,961,800	$870,297,000	$75,335,200	9.5%
FED	1,184,525,200	1,307,196,900	122,671,700	10.4
Bonds	811,039,800*	367,220,000**	-443,819,800	-54.7
Total	$2,790,526,800	$2,544,713,900	-$245,812,900	-8.8

* Includes $5,598,600 in carryover bonding authority from the prior biennium.

** Includes $252.4 million in contingent, general fund-supported bonds that would be authorized under August 2017 Engrossed SS AB 1/SS SB 1 (the Foxconn Bill).

The following tables compare total funding for state highway improvement programs in the 2015-17 biennium with the funding levels under the Governor's 2017-19 budget recommendations and the Joint Finance version of the bill. The tables show total biennial program resources by funding type and the percentage change to the programs funding.

2017-19 Highway Improvement Program Under Governor's Budget Recommendations*

	2015-17	Governor 2017-19	Biennial Change in Resources	% Change in Biennial Resources
State Highway Rehabilitation				
SEG	$627,294,500	$557,866,400	-$69,428,100	
FED	920,730,900	835,027,700	-85,703,200	
General Obligation Bonds	150,000,000	308,738,300	158,738,300	
Subtotal	$1,698,025,400	$1,701,632,400	$3,607,000	0.2%
Major Highway Development				
SEG	$131,120,400	$152,947,700	$21,827,300	
FED	185,741,200	363,636,100	177,894,900	
Trans. Revenue Bonds	169,012,200	153,281,700	-15,730,500	
General Obligation Bonds	155,227,600	0	-155,227,600	
Subtotal	$641,101,400	$669,865,500	$28,764,100	4.5%
SE Wis. Freeway Megaprojects				
SEG	$36,546,900	$27,210,100	-$9,336,800	
FED	78,053,100	94,733,100	16,680,000	
General Obligation Bonds (SEG)	300,000,000	0	-300,000,000	
Subtotal	$414,600,000	$121,943,200	-$292,656,800	-70.6%
High-Cost Bridge				
General Obligation Bonds (SEG)	$16,800,000	$0	-$16,800,000	-100.0%
Major Interstate Bridge Construction				
SEG	$0	$8,000,000	$8,000,000	
General Obligation Bonds (SEG)	20,000,000	0	-20,000,000	
Subtotal	$20,000,000	$8,000,000	-$12,000,000	-60.0%
Total -- State Highway Improvement Program	$2,790,526,800	$2,501,441,100	-$289,085,700	-10.4%

*Amounts shown comprise all highway improvement program items under the bill including federal aid reestimates and standard budget adjustments.

2017-19 Highway Improvement Program
Under Joint Committee on Finance*

	2015-17	Joint Finance 2017-19	Biennial Change in Resources	% Change in Biennial Resources
State Highway Rehabilitation				
SEG	$627,294,500	$770,604,700	$143,310,200	
FED	920,730,900	848,827,700	-71,903,200	
General Obligation Bonds	150,000,000	0	-150,000,000	
Subtotal	$1,698,025,400	$1,619,432,400	-$78,593,000	-4.6%
Major Highway Development				
SEG	$131,120,400	$73,543,900	-$57,576,500	
FED	185,741,200	375,336,100	189,594,900	
Trans. Revenue Bonds (SEG)	169,012,200	114,820,000	-54,192,200	
General Obligation Bonds**	155,227,600	0	-155,227,600	
Subtotal	$641,101,400	$563,700,000	-$77,401,400	-12.1%
SE Wis. Freeway Megaprojects				
SEG	$36,546,900	$18,148,400	-$18,398,500	
FED	78,053,100	83,033,100	4,980,000	
General Obligation Bonds**	300,000,000	252,400,000	-47,600,000	
Subtotal	$414,600,000	$353,581,500	-$61,018,500	-14.7%
High-Cost Bridge				
General Obligation Bonds	$16,800,000	$0	-$16,800,000	-100.0%
Major Interstate Bridge Construction				
SEG	$0	$8,000,000	$8,000,000	
General Obligation Bonds	20,000,000	0	-20,000,000	
Subtotal	$20,000,000	$8,000,000	-$12,000,000	-60.0%
Improvement Program Total	$2,790,526,800	$2,544,713,900	-$245,812,900	-8.8%

*Amounts shown comprise all highway improvement program items under the bill including federal aid reestimates and standard budget adjustments.

**Reflects provisions of August 2017 Engrossed SS AB 1/SS SB 1 (the Foxconn Bill), which would authorize an additional $252.4 million in GPR-supported, contingent bonds for the southeast Wisconsin freeway megaprojects program for work on the I-94 North-South freeway project.

2. STATE HIGHWAY REHABILITATION PROGRAM [LFB Paper 620]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	- $7,648,200	$198,873,100	$191,224,900
FED	- 102,312,100	13,800,000	- 88,512,100
BR	308,738,300	- 308,738,300	0
Total	$198,778,000	- $96,065,200	$102,712,800

Governor: Make the following changes to funding for the state highway rehabilitation program: (a) a decrease of $10,756,700 SEG annually; (b) decreases of $50,786,900 FED in 2017-18 and $51,525,200 FED in 2018-19; (c) authorize $308,738,300 in transportation fund-

supported, general obligation bonds ($152,238,300 for use in 2017-18 and $156,500,000 for use in 2018-19); and (d) provide $13,865,200 SEG in 2018-19 for debt service associated with the partial issuance of the $308,738,300 in bonds in the biennium. The purpose of the state highway rehabilitation program is to preserve and make limited improvements to the state highway system (including most state bridges), such as resurfacing, reconstruction, and reconditioning. All funds adjusted base funding (plus bonding) for this program is equal to $832,273,900.

The table below shows the total 2017-19 funding for the program under the bill, including the following amounts shown separately under other items: (a) standard budget adjustments (-$695,700 SEG and -$1,008,800 FED annually); and (b) a reestimate of federal aid amounts to be used for state highway rehabilitation ($920,800 FED annually). Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would increase by 0.2%.

State Highway Rehabilitation Program -- Biennial Funding Comparison

	2015-17		
Fund Source	2015-16	2016-17	Biennial Total
SEG	$337,991,700	$289,302,800	$627,294,500
FED	452,759,800	467,971,100	920,730,900
General Obligation Bonds	75,000,000	75,000,000	150,000,000
Total	$865,751,500	$832,273,900	$1,698,025,400

	2017-19 (Governor)		
Fund Source	2017-18*	2018-19*	Biennial Total
SEG	$278,933,200	$278,933,200	$557,866,400
FED	417,883,000	417,144,700	835,027,700
General Obligation Bonds	152,238,300	156,500,000	308,738,300
Total	$849,054,500	$852,577,900	$1,701,632,400
% Change in Total Resources			0.2%

*Calculations are shown inclusive of adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

Joint Finance: Make the following modifications in order to provide total state highway rehabilitation program funding of $1,619,432,400 in the 2017-19 biennium: (a) increase funding by $108,069,200 SEG in 2017-18 and by $104,669,100 SEG in 2018-19; (b) increase funding by $6,900,000 FED annually; and (c) reduce transportation fund-supported, general obligation bonding by $308,738,300. Reduce transportation fund-supported debt service by $13,865,200 SEG in 2018-19.

The following table shows the net effect of these changes, as compared to the Governor's recommendation.

State Highway Rehabilitation Program -- Biennial Funding Comparison
($ in Millions)

	2017-19 (Governor)		
Fund Source	2017-18	2018-19	Biennial Total
SEG	$278,933,200	$278,933,200	$557,866,400
FED	417,883,000	417,144,700	835,027,700
General Obligation Bonds	152,238,300	156,500,000	308,738,300
Total	$849,054,500	$852,577,900	$1,701,632,400

	2017-19 (Joint Finance)		
Fund Source	2017-18*	2018-19*	Biennial Total
SEG	$387,002,400	$383,602,300	$770,604,700
FED	424,783,000	424,044,700	848,827,700
General Obligation Bonds	0	0	0
Total	$811,785,400	$807,647,000	$1,619,432,400

% Change in Total Resources -- Bill	-4.8%

*Calculations are shown inclusive of any adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

3. STATE HIGHWAY REHABILITATION -- STH 154 (SAUK COUNTY)

Joint Finance: Require DOT to complete state highway rehabilitation work in the 2017-19 biennium on STH 154 in Sauk County, from the Richland/Sauk County line to Village of Loganville. Require that the rehabilitation work include milling, overlay, and safety improvements to the existing facility.

4. MAJOR HIGHWAY DEVELOPMENT PROGRAM [LFB Paper 621]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$16,479,300	- $79,403,800	- $62,924,500
SEG-S	19,715,100	- 38,461,700	- 18,746,600
FED	148,897,700	11,700,000	160,597,700
Total	$185,092,100	- $106,165,500	$78,926,600

Governor: Make the following changes to funding for the major highway development program: (a) an increase of $60,892,600 SEG in 2017-18 and a decrease of -$44,413,300 SEG in 2018-19; (b) increases of $15,849,400 in SEG-S (transportation revenue bond expenditure authority) in 2017-18 and $3,865,700 SEG-S in 2018-19; and (c) increases of $52,940,700 FED in 2017-18 and $95,957,000 FED in 2018-19. The 2016-17 adjusted base funding plus bonding for this program is equal to $272,701,400.

The table below shows the total 2017-19 funding for the program under the bill, which

included standard budget adjustments of -$177,700 SEG and -$167,800 FED annually (shown in a separate item). Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would increase by 4.5%.

Major Highway Development Program -- Biennial Funding Comparison

	2015-17		
Fund Source	2015-16	2016-17	Biennial Total
SEG	$62,773,300	$68,347,100	$131,120,400
FED	78,263,500	107,477,700	185,741,200
Trans. Revenue Bonds	102,363,200	66,649,000	169,012,200
General Obligation Bonds	125,000,000	30,227,600*	155,227,600
Total	$368,400,000	$272,701,400	$641,101,400

	2017-19 (Governor)		
Fund Source	2017-18**	2018-19**	Biennial Total
SEG	$129,126,800	$23,820,900	$152,947,700
FED	160,309,900	203,326,200	363,636,100
Trans. Revenue Bonds	82,632,700	70,649,000	153,281,700
Total	$372,069,400	$297,796,100	$669,865,500

% Change in Total Resources	4.5%

*A 2015 Act 55 provision, as affected by the Joint Committee on Finance's action in November, 2015, required a $44.8 million reduction in SEG-supported, general obligation bonding provided to the major highway development program due to actual 2015-16 transportation fund revenues exceeding Act 55 estimates. This table shows the 2015-17 bonding levels for that program following this adjustment.

**Calculations are shown inclusive of any adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

Estimated project completion schedules for five major projects (which were previously delayed under 2015-17 funding levels) are shown in the following table.

Anticipated Major Highway Development Project Completion Dates Under Governor's Recommendation ($669.9 Million in 2017-19)

Highway	Project Segment	Counties	Completion Year	Completion Delay
USH 10/441	Winnebago CTH CB to Oneida Street	Outagamie, Calumet &Winnebago	2020	No Delay
STH 15	STH 76 to New London	Outagamie	2021	No Delay
USH 18/151	Verona Road/Madison Beltline	Dane	2019	No Delay
STH 23	STH 67 to USH 41	Sheboygan & Fond Du Lac	*	Ongoing Litigation
I-39/90	Illinois State Line to USH 12/18	Dane & Rock	**	**

*This project is also the subject of ongoing litigation in federal court, which may affect this estimate, irrespective of the level of funding provided.

**DOT indicates that it is not yet known when the beltline highway interchange (BIC) component of the I-39/90 project, which was part of this project's scope at the time of enumeration and is within the project's statutory boundaries, will be completed. The BIC component is no longer included in the current estimate of the total project cost provided to the Transportation Finance Commission (TPC). A separate environmental impact statement is being completed for this project component. The current estimate of the cost of the BIC component is $550 million. Under the bill's program funding level, the administration indicates all other portions of the project would be completed by 2021, according to schedule.

Note: Anticipated completion dates provided by DOT in the August, 2016, report to the TPC.

Joint Finance: Make the following modifications in order to provide total major highway development program funding of $563,700,000 in the 2017-19 biennium: (a) reduce SEG by $78,450,000 in 2017-18 and by $953,800 in 2018-19; (b) increase FED by $5,850,000 annually; and (c) reduce SEG-S (revenue bond) appropriations by $34,400,000 in 2017-18 and by $4,061,700 in 2018-19. Reduce transportation revenue bond authority that would be provided by $38,461,700 in the 2017-19 biennium. Increase estimated transportation fund revenue by $430,000 in 2017-18 and by $2,811,100 in 2018-19 to reflect the bonding reduction.

This funding level would not be sufficient to complete work on the Hortonville bypass component of the STH 15 project as anticipated under the Governor's recommendation. All remaining project schedules for the major highway development program, as outlined under the Governor's recommendations, would be met.

The following table shows the net effect of these changes, as compared the Governor's recommendations.

Major Highway Development Program -- Biennial Funding Comparison
($ in Millions)

	2017-19 (Governor)		
Fund Source	2017-18	2018-19	Biennial Total
SEG	$129,126,800	$23,820,900	$152,947,700
FED	160,309,900	203,326,200	363,636,100
Trans. Revenue Bonds	82,632,700	70,649,000	153,281,700
Total	$372,069,400	$297,796,100	$669,865,500

	2017-19 (Joint Finance)		
Fund Source	2017-18*	2018-19*	Biennial Total
SEG	$50,676,800	$22,867,100	$73,543,900
FED	166,159,900	209,176,200	375,336,100
Trans. Revenue Bonds	48,232,700	66,587,300	114,820,000
Total	$265,069,400	$298,630,600	$563,700,000

% Change in Total Resources -- Bill -15.8%

*Calculations are shown inclusive of any adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

5. ENUMERATE I-94 BETWEEN USH 12 AND STH 65 (ST. CROIX COUNTY)

Joint Finance: Enumerate the 7.5-mile segment of I-94 between USH 12 and 130th Street near STH 65 in St. Croix County in the statutes as a major highway development project. This is a federally-designated truck route between the Twin Cities and St. Croix County. The proposed improvements include reconstruction of the existing freeway and addition of a third lane in each direction to create a six-lane divided highway between USH 12 and STH 65. The estimated cost is $144 million (in current year dollars). At its meeting in December, 2014, the TPC recommended the enumeration of this project.

6. DELETE ENUMERATION OF COMPLETED MAJOR HIGHWAY DEVELOPMENT PROJECTS

Governor/Joint Finance: Delete the following four projects from the list of enumerated major highway development projects for which construction has been completed: (a) the USH 53 project in Eau Claire and Chippewa Counties; (b) the Rock County transportation plan (the "Janesville bypass project") in Rock County; (c) the STH 64 project from Houlton to New Richmond in St. Croix County; and (d) the USH 12 project (the "Whitewater bypass") in Jefferson and Walworth Counties.

7. CONSTRUCTION WORK ON STH 23 (SHEBOYGAN AND FOND DU LAC COUNTIES)

Joint Finance: Reserve the first $19,400,000 in major highway development let savings (SEG, FED, and bond revenue) for the STH 23 major highway development project in the 2017-19 biennium. Specify that if these let savings are not expended on the STH 23 project by January 1, 2019, DOT could expend the funds on other major highway development projects. Require DOT to complete rehabilitation work on STH 23 in Sheboygan and Fond du Lac counties in the 2017-19 biennium.

8. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS [LFB Paper 622]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	- $2,860,300	- $9,061,700	- $11,922,000
FED	94,530,900	- 11,700,000	82,830,900
Total	$91,670,600	- $20,761,700	$70,908,900

Governor: Make the following changes to the southeast Wisconsin freeway megaprojects project funding: (a) a decrease of $3,546,900 SEG and an increase of $59,643,900 FED in 2017-18, and (b) increases of $686,600 SEG and $34,887,000 FED in 2018-19 for the southeast Wisconsin freeway megaprojects program. [These values do not include -$28,400 SEG annually associated with standard budget adjustments shown in a separate item.] A southeast Wisconsin freeway megaproject is generally defined as an improvement project in the southeast region of the state with an estimated cost exceeding $625,400,000 (this cost threshold is adjusted annually for inflation). These megaprojects must be enumerated in the statutes prior to construction. Presently, the Zoo Interchange and I-94 North-South freeway projects are the only such projects enumerated. The 2016-17 adjusted base funding for the southeast Wisconsin freeway megaprojects program is $15,063,600 SEG and $101,100 FED. Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would decrease by 70.6%.

Southeast Wisconsin Freeway Megaprojects Program
Biennial Funding Comparison

	2015-17		
Fund Source	2015-16	2016-17	Biennial Total
SEG	$21,546,900	$15,000,000	$36,546,900
FED	78,053,100	0	78,053,100
General Obligation Bonds	300,000,000	0	300,000,000
Total	$399,600,000	$15,000,000	$414,600,000

	2017-19 (Governor)		
Fund Source	2017-18*	2018-19*	Biennial Total
SEG	11,488,300	$15,721,800	$27,210,100
FED	59,745,000	34,988,100	94,733,100
Total	$71,233,300	$50,709,900	$121,943,200
% Change in Total Resources			-70.6%

*Amounts shown are inclusive of adjustments to the 2016-17 base and standard budget adjustments.

Of the total $121,943,200 that would be provided for this program under the bill, the administration indicates that funding would allocated as follows: (a) $31,000,000 would be used to fund continued work on the I-94 North-South project; and (b) $90,943,200 would be available for the continued construction of the Zoo Interchange project. Any funding not used by DOT on the core component could be used on remaining elements of the Zoo Interchange project (such as the north leg of that project) or for work associated with the I-94 North-South project.

Joint Finance: Make the following modifications in order to provide total southeast Wisconsin freeway megaprojects program funding of $101,181,500 in the 2017-19 biennium (this total does not include the contingent bonding provisions of August 2017 Engrossed SS AB 1/SS SB 1 (Foxconn bill), which would provide an additional $252,400,000 in GPR-supported bonds, for total program funding of $353,581,500): (a) reductions of $5,000,000 SEG in 2017-18 and $4,061,700 SEG in 2018-19; and (b) a reduction of $5,850,000 FED annually.

The following table shows the net effect of these changes, inclusive of the $252.4 million in GPR-supported contingent bonds that would be authorized under engrossed SS AB 1, as compared to the Governor's recommendations.

Southeast Wisconsin Freeway Megaprojects Program -- Funding Comparison
($ in Millions)

	2017-19 (Governor)		
Fund Source	2017-18	2018-19	Biennial Total
SEG	$11,488,300	$15,721,800	$27,210,100
FED	59,745,000	34,988,100	94,733,100
Total	$71,233,300	$50,709,900	$121,943,200

	2017-19 (Joint Finance)		
Fund Source	2017-18**	2018-19**	Biennial Total
SEG	$6,488,300	$11,660,100	$18,148,400
FED	53,895,000	29,138,100	83,033,100
General Oblg. Bonds (GPR)*	126,200,000	126,200,000	252,400,000
Total	$186,583,300	$166,998,200	$353,581,500
% Change in Total Resources -- Bill			190.0%

*These bonds would be separately authorized under the provisions of August 2017 Engrossed SS AB 1/SS SB 1 (the Foxconn Bill) and would be contingent on the state's receipt of federal moneys specifically for the I-94 North-South corridor project and Joint Committee on Finance approval.

**Amounts shown are inclusive of adjustments to the 2016-17 base and standard budget adjustments.

9. PROHIBIT SOUTHEAST WISCONSIN FREEWAY MEGAPROJECT FUNDING FOR NORTH LEG OF THE ZOO INTERCHANGE PROJECT IN THE BIENNIUM

Joint Finance: Specify that DOT would not be permitted to expend southeast Wisconsin freeway megaprojects program funding (SEG, FED, or bond revenue) for the north leg of the Zoo Interchange project (between Swan Boulevard and Burleigh Street) in the 2017-19 biennium. Further, prohibit DOT from using any contract let savings from construction contracts funded from the southeast Wisconsin freeway megaprojects program in the 2017-19 biennium for construction work on the north leg of the Zoo Interchange project.

10. MAJOR INTERSTATE BRIDGE CONSTRUCTION

SEG	$8,000,000

Governor/Joint Finance: Provide $8,000,000 in 2017-18 to the major interstate bridge program to complete the construction of the St. Croix Crossing (Stillwater Bridge replacement) project. The major interstate bridge program funds projects involving the construction or reconstruction of a bridge crossing a river that forms the boundary of the state, for which the state's share of costs is estimated to exceed $100 million. The St. Croix Crossing project, which will replace the Stillwater Bridge connecting Stillwater, Minnesota, with Houlton, Wisconsin, is the only project that has met these criteria. No SEG base funding exists for the major interstate bridge program. The main construction of the bridge, which is managed by the State of

Minnesota, initially scheduled for completion in 2016, has been delayed due a number of issues, among them, workforce shortages, equipment issues, project complexity, material shortages, and weather delays. According to DOT, Wisconsin's share of cost for the bridge and approaches is estimated at $277.6 million (of which $269.6 million has been provided).

11. CONSTRUCTION MANAGER/GENERAL CONTRACTOR PILOT PROGRAM

Governor: Authorize the Department to engage in an alternative state highway project delivery and construction model through a four-year construction manager/general contractor (CMGC) pilot program for contracts awarded prior to July 1, 2021. Specify that this contract authority would extend only to instances where DOT finds the CMGC process to be more feasible and advantageous. Stipulate that the Department would be able to use a CMGC contract for no more than three highway improvement projects during the pilot period.

Under current law, the Department must award bids to the lowest qualified bidder (often referred to as the design-bid-build model). During this process, the Department may contract with several different design consultants in addition to working with its own staff to develop a design for the bidding process. Following the submission of project bids, if the Department decides to awards a contract, it is required by statute to select what it determines to be the lowest competent and responsible bidder. The Department indicates that the CMGC model may allow for more efficient and cost-effective delivery of projects that require specialized equipment or expertise.

Specify that the Department would be able to award a two-phase CMGC contract to a construction manager for preconstruction and construction services. Define a "construction manager" as a person in the business of providing construction services that is also qualified to supervise, manage, or otherwise participate in the engineering, design, or construction work for a highway improvement project. Specify that for the design and engineering phase of a project, the Department would be able award a CMGC contract based on qualifications, experience, best value, or any other combination of factors the Department considers appropriate. Require that before project design is 90% complete, the construction manager would have to provide the Department with a proposal to construct the project. Specify that this proposal would have to include a certification that at least 30% of the work for the construction phase would be performed by the construction manager. In addition, require the Department to obtain an independent cost estimate for the construction of the project. For the construction phase, specify that the Department would be able to enter into a construction contract with the construction manager pursuant to the submitted proposal or could instead opt to revert to the current law bidding process.

Modify various existing statutory references to the competitive bid contract method to reflect the addition of the CMGC pilot program contracting method, including the following: (a) the definition of subcontractor, supplier, or service provider as it relates to form of contracts, performance bonds, and remedy; (b) when an action may be taken on a performance and payment bond; and (c) the liability exemption for handling petroleum-contaminated soil under contracts with the Department.

Specify that these provisions would be initially applicable to contracts entered into on the general effective date of the bill.

Joint Finance: Delete provision as non-fiscal policy.

12. STATE HIGHWAY CONSTRUCTION -- "REPLACE-IN-KIND" ALTERNATIVE REQUIREMENT

Joint Finance: Require DOT to study, consider, and provide a cost estimate for a "replace-in-kind" alternative when developing state highway construction projects plans. Define "replace-in-kind" alternatives as plans that would not include bicycle lanes, added lanes of travel, or significant design modifications that would include any of the following: (a) geometric or safety modifications; (b) changes to highway alignment; or (c) changes to access points. Specify that this provision would first apply a highway improvement project commenced on the effective date of the bill.

13. STATE HIGHWAY MAINTENANCE PROGRAM SUMMARY

The table below summarizes biennial changes in funding to the two main components of the state highway maintenance program under the bill as compared to the 2015-17 biennium.

State Highway Maintenance Program -- Biennial Funding Comparison

	2015-17	2017-19	Biennial Change in Resources	% Change in Biennial Resources
Routine Maintenance				
SEG	$340,000,000	$373,733,000	$33,733,000	9.9%
Highway System Management & Operations				
SEG*	$168,818,600	$199,211,800	$30,393,200	
FED	6,205,000**	2,205,000	-4,000,000	
Subtotal	$175,023,600	$201,416,800	$26,393,200	15.1%
Maintenance Program Totals				
SEG	$508,818,600	$572,944,800	$64,126,200	
FED	6,205,000	2,205,000	-4,000,000	
Total	$515,023,600	$575,149,800	$60,126,200	11.7%

*Includes the following standard budget adjustments: (a) $276,100 annually for overtime; (b) -$55,200 annually for full funding continuing positions salaries and fringe benefits; and (c) -$269,800 annually for turnover reduction.

**Includes one-time federal aid allocated for maintenance under a 2015-16 federal highway aid appropriations adjustment plan approved by the Joint Committee on Finance as submitted by DOT.

14. ROUTINE MAINTENANCE PROGRAM [LFB Paper 623]

SEG	$33,733,000

Governor/Joint Finance: Provide $15,366,500 in 2017-18 and $18,366,500 in 2018-19 for routine highway maintenance, which is generally performed by counties under contract with the state. The recommended amounts, when added to the 2016-17 adjusted base funding ($170,000,000), would provide total funding equal to $185,366,500 in 2017-18 and $188,366,500 in 2018-19 for this appropriation.

The recommended increase in the level of funding would be used as follows: (a) $7,791,500 annually to fund a backlog of work as well as maintain a certain level of pavement treatments, such as crack routing and sealing intended to extend the usable life of road surfaces; (b) $2,000,000 in 2017-18 and $5,000,000 in 2018-19 for reducing shoulder drop-offs and improving other roadway grade and drainage features; (c) $5,000,000 annually for waterborne pavement marking (which would fund an additional 87 million feet of waterborne pavement marking per year on state highways); and (d) $575,000 annually in onetime funding for the replacement of an estimated 23,000 ground and overhead mounted highway signs, which would begin to reduce a backlog of signs needing to be replaced.

Routine maintenance is frequent, of limited scope, carried out on a day-to-day basis, and includes a wide variety of highway-related maintenance activities, such as winter road maintenance and minor road and bridge treatments and repair (grading, crack sealing, and waterborne pavement marking).

15. HIGHWAY SYSTEMS MANAGEMENT AND OPERATIONS FUNDING [LFB Paper 623]

SEG	$29,977,000

Governor/Joint Finance: Provide $16,000,000 in 2017-18 and $13,977,000 in 2018-19 for the highway systems management and operations program, which is responsible for a variety of activities related to the upkeep of state highways, highway rights-of-way, and rest areas. The recommended amounts, when added to the 2016-17 adjusted base funding ($84,666,300) and standard budget adjustments (-$48,900 annually), would provide total funding equal to $100,617,400 in 2017-18 and $98,594,400 in 2018-19 for this appropriation.

The recommended increase in the level of funding would be used as follows: (a) $6,419,000 annually for epoxy paint pavement marking; (b) $2,946,000 in 2017-18 and $923,000 in 2018-19 for maintenance and repair of state rest areas and waysides; (c) $2,500,000 annually to fund half of a system-wide replacement of high pressure sodium lights with light emitting diode (commonly known as "LED" lights); (d) $2,135,000 annually to replace deteriorated and/obsolete state highway signs; and (e) $2,000,000 annually to replace the Department's oversize/overweight permitting software system.

The highway systems management and operations program is distinct from the state highway maintenance program funding provided for the upkeep of state highways performed by counties under contract with the state. The highway systems management and operations program activities include the minor repair of pavements and bridges, winter maintenance (such as snow plowing and ice removal), mowing and vegetation management, and the maintenance of

highway rest areas and waysides. A separate component of the program is also responsible for the installation, repair, and maintenance of signs, highway lighting, pavement marking, and traffic signals, as well as for some limited emergency or corrective maintenance activities (generally performed by private contractors).

16. INTELLIGENT TRAFFIC SYSTEMS AND TRAFFIC CONTROL SIGNALS APPROPRIATIONS SUNSET [LFB Paper 623]

Governor/Joint Finance: Extend the sunset of the state, federal, and local appropriation accounts for intelligent traffic systems and traffic control signals until June 30, 2021. Under current law, no moneys may be encumbered from these appropriation accounts after June 30, 2019. These appropriations are eligible to fund the installation, replacement, or rehabilitation of traffic control signals and intelligent transportation systems (a broad set of technologies and equipment related to traffic management). No above-base funding for this purpose would be provided under the bill. The 2016-17 adjusted base funding for this purpose is $10,000,000 SEG (the federal and local appropriation accounts do not have existing base funding).

17. DIRECTIONAL SIGNS FOR BERGSTROM WATERFOWL COMPLEX (OUTAGAMIE COUNTY)

Joint Finance: Direct DOT to erect and maintain two directional signs along eastbound and westbound STH 54 that direct motorists to the Bergstrom Waterfowl Complex in the Town of Bovina in Outagamie County. Specify that no state funds could be used in the fabricating, erecting, or maintaining the signs other than the contributions received from interested parties.

18. DIRECTIONAL SIGNS FOR SHORELAND LUTHERAN HIGH SCHOOL (KENOSHA COUNTY)

Joint Finance: Direct DOT to erect and maintain directional signs for Shoreland Lutheran High School in Kenosha County on I-94 near the north and south exits near Somers Road. Specify each sign would indicate the appropriate exit for Shoreland Lutheran High School. Specify that no state funds could be used in the fabricating, erecting, or maintaining the signs other than the contributions received from interested parties.

19. BOUNDARY SIGNS FOR TOWN OF LAWRENCE (BROWN COUNTY)

Joint Finance: Direct DOT to erect and maintain boundary signs that would display the words, "Town of Lawrence," at the north and south entrances to the Town of Lawrence along I-41 in Brown County. Specify that no state funds could be used in the fabricating, erecting, or maintaining the signs other than the contributions received from interested parties.

20. DIRECTIONAL SIGNS FOR SOLDIERS WALK MEMORIAL PARK IN CITY OF ARCADIA (TREMPEALEAU COUNTY)

Joint Finance: Direct DOT to erect and maintain all of the following directional signs for Soldiers Walk Memorial Park in the City of Arcadia: (a) two signs along eastbound and westbound I-94 at the STH 95 interchange and two signs along the exit ramps that correspond to the signs along the main roadway in Jackson County; (b) one sign along northbound STH 93 at the intersection with STH 95 in Trempealeau County; (c) one sign along westbound STH 95 at the intersection with STH 93 in Trempealeau County. Specify that no state funds could be used in the fabricating, erecting, or maintaining the signs other than the contributions received from interested parties (including county, city, village, or town contributions). Specify that no later than six months following the receipt of sufficient contributions (for fabrication, erection, and maintenance of the signs) from interested parties, DOT shall erect and maintain the signs.

21. ALLOW OVERWEIGHT, 11-AXLE TRUCKS TO TRAVEL ON CERTAIN HIGHWAYS

Joint Finance: Specify that trucks transporting raw forest products and lumber, weighing up to 164,000 pounds with an 11-axle configuration, with no per-axle or per wheel weight limitations, notwithstanding current law restrictions, may operate year-round on the following routes: (a) the segment of STH 13 that begins at the junction of USH 2 and STH 13 and ending at Old Airport Road (near Ashland Mats) in Ashland County; and (b) STH 70 from Eagle River to the junction of STH 70 with USH 51 in Vilas County. Specify that these modifications would first apply on the effective date of the bill.

22. REPEAL OF IMPLEMENTS OF HUSBANDRY SUNSET PROVISIONS

Joint Finance: Eliminate the January 1, 2020, sunset provisions related to weight allowances and permitting provisions applicable to implements of husbandry and agricultural commercial motor vehicles.

23. TRANSPORTATION PROJECTS COMMISSION AND ENGINEERING AND CONSTRUCTION STUDY

	Funding	Positions
GPR	$150,000	3.00

Joint Finance: Make the following modifications related to the Transportation Projects Commission (TPC) membership, staffing, duties, and meeting requirements:

a. *TPC Membership.* Modify the membership of the TPC as follows: (a) reduce from three to two, the number of public members appointed by the Governor; (b) reduce the Assembly membership from five to three (two members would be appointed by the Speaker of the Assembly and one member would be appointed by the Minority Leader); (c) reduce the Senate membership from five to three (two members would be appointed by the Majority Leader and one would be appointed by the Minority Leader); (d) specify that there would be four public

members of the commission appointed by Legislature (the Speaker and Minority Leader of the Assembly would each be able to make one appointment and the Senate Majority Leader and Senate Minority Leader would each be able to make one appointment); and (e) specify that either the DOT or DOA secretary would be appointed to the commission, as a non-voting member, as determined by the Governor. Specify that these membership changes would be effective on January 1, 2018. Under current law, the TPC includes the Governor, who acts as the chairperson, five senators, five representatives, three public members appointed by the Governor, and the Secretary of Transportation (a nonvoting member).

b. *TPC Staff.* Provide 3.00 GPR positions, funded from a newly-created, GPR-supported appropriation. Specify that these positions would be responsible for providing staff services to the TPC. Specify that one position would be responsible for appointing and directing the staff of the commission ("the Director," an ESG 5 position) and that the TPC staff would report to, and serve at the discretion of, the Director. Require that the staff of the TPC would be required to include an engineer, legal counsel, and a financial auditor. Specify that the Director be appointed by a majority vote of the TPC no later than January 12, 2018, and that this appointment would require confirmation by the Senate. Specify that the Director may serve until the Senate votes to confirm or deny the appointment. Provide $150,000 GPR in 2017-18 to a newly-created, biennial GPR appropriation to fund the initial costs associated with the Director position.

Specify that no later than March 1, 2018, the TPC would be required to submit a 14-day passive review request to the Joint Committee on Finance for not more than 4.00 additional GPR-funded positions, as determined necessary by the TPC in consultation with the Director. Provide $550,000 GPR in 2017-18 to the Joint Committee on Finance supplemental appropriation to fund costs associated with TPC staff positions, supplies, and services, as approved by the Committee. [Fiscal effect of this provision is shown under "Program Supplements."]

c. *Duties of TPC Staff.* Require that TPC staff periodically review accounts and financial records to assure DOT transactions are legal and proper. Specify that the TPC staff would have access to any record of DOT. Require that TPC staff annually complete an evaluation of DOT based on goals and performance measures established by the TPC and submit the results of these evaluations to the Governor, DOT, the Legislature, and the Joint Committee on Finance no later than December 31 of each year, beginning in 2018. Specify that the Director may periodically enter into a contract for an independent audit of the Department.

d. *TPC Meetings*. Require the TPC to meet at least twice yearly and provide it with the authority to hold public hearings.

e. *Requirements of the TPC.* Require the TPC to consider the denumeration of projects that are least 10 years old in each even-numbered year. Specify that the TPC staff would submit the Commission's biennial budget request directly to the Department of Administration by September 15 of even-numbered years. Require the Commission to submit a report to the Governor and Legislature describing the short-term and long-term impacts of each DOT biennial budget request on state and local roads. Require that the report be submitted no later than thirty

days following the receipt of the Department's request. Specify that following the Governor's submission of budget recommendations to the Legislature, that the TPC would again be required to submit a report to the Governor and the Legislature that would describe the short-term and long-term impacts of the Governor's recommendations on state and local roads. Require that the report be submitted no later than thirty days following the receipt of the Governor's recommendations.

f. *DOT Requirements.* To the extent permitted by federal and state law, require DOT to adopt the long-range planning recommendations made by the TPC. At least once every year, require DOT to provide the TPC with a list of any major highway development and southeast Wisconsin freeway megaprojects that are not yet being considered for environmental study or enumeration and require that this list include the estimated costs and scopes of any such projects.

Require DOT to provide the TPC with lists of any proposed or planned state highway rehabilitation projects and southeast Wisconsin freeway megaprojects in even-numbered years (when the TPC is also considering major highway development project enumerations and approvals). Require that these lists would include the estimated costs, scopes, and locations of the projects. Require DOT to provide its biennial budget request to the TPC.

g. *TPC Sunset Provisions.* Specify that the membership and duties of the TPC, as modified by the above provisions, would sunset on June 30, 2021.

h. *Engineering Study.* Require DOT, in consultation with the TPC, to enter into an agreement with an independent engineering firm that has not previously conducted business with the state to prepare a report that does all of the following: (a) reviews the standards of all 50 states related to transportation engineering and highway construction and recommend any "best practices"; (b) an analysis of DOT's project prioritization process and whether this process reflects reasonable financing and completion time assumptions; and (c) an evaluation of the allocation of funds between the state highway rehabilitation, major highway development, and southeast Wisconsin freeway megaprojects programs. Specify that the engineering firm would be required to report its findings to the TPC and the Department by January 1, 2019.

Motor Vehicles

1. VERIFICATION SYSTEM FEES

SEG	$780,900

Governor/Joint Finance: Provide $386,700 in 2017-18 and $394,200 in 2018-19 to fund the fees paid by the Department for access to electronic verification systems used in the processing of driver license and identification card applications by DMV. These systems are used to verify immigration status, passport information, and vital records in other states, as a part of the state's compliance with the REAL ID Act of 2005, which generally requires states to standardize and enhance certain driver license and identification card application practices and

products. Federal grants that had been used to cover the cost of accessing these systems have or will expire. As a result, DOT will be required to pay the costs associated with the use of these systems in 2017-19. The amount provided reflects DOT's estimate of these costs.

SEG	- $100,000

2. DMV CONTRACTOR FUNDING

Governor/Joint Finance: Decrease funding by $100,000 in 2017-18 to the Division of Motor Vehicles, which the administration indicates would reduce funding for information technology contractors.

3. DMV METHOD OF CORRESPONDENCE

Governor: Provide the Department permissive statutory authority that would allow DMV to send electronic mail notices and materials related to the expiration or renewal of vehicle registration and special vehicle identification cards for physically disabled persons. Under current law, at least 30 days prior to expiration, such notification and accompanying forms must be sent by mail to the last-known address of persons holding an expiring vehicle registration or such a card. This provision would also allow DMV to send these documents electronically.

Specify that refusal to accept, or failure to receive, an electronic mail order of suspension, revocation, or cancellation provided by the Department is not a defense to a violation of operation of a vehicle after suspension, revocation, or cancellation of registration. Stipulate that persons who are required to submit their vehicle for emissions inspection may elect to receive notification of this requirement by any electronic means offered by the Department. DOT has indicated that DMV does not intend to substitute electronic communication for all of the various notices that are currently mailed.

Joint Finance: Delete provision as non-fiscal policy.

4. ADMINISTRATION OF CERTAIN SPECIAL LICENSE PLATES

Governor/Joint Finance: Make various statutory modifications related to the following special license plates:

a. Donate Life Wisconsin. Transfer this special license plate's program revenue appropriation account from the Department of Health Services (DHS) to a program revenue appropriation account under DOT. Specify that all moneys in the appropriation account be used for payments to the nonprofit organization that promotes organ and tissue donation, rather than specifically to Donate Life Wisconsin, as required under current law. Amend statutory references related to the administration, crediting, depositing, and expending of these revenues to refer to the DOT appropriation rather than to the DHS appropriation.

Under current law, the recipient of payments from this special plate's appropriation account is identified as Donate Life Wisconsin or as an organization that provides organ and

tissue donation-related services, if Donate Life Wisconsin should cease to exist. Also under current law, payments from this appropriation account shall be discontinued if Donate Life Wisconsin is no longer a tax-exempt organization. Specify that if Donate Life Wisconsin is no longer tax-exempt, that DOT, as allowed for under current law, would be required, in consultation with DHS, to designate a new, non-profit recipient of these payments that promotes organ and tissue donation. Specify that any new recipient of these funds must comply with same set of requirements imposed on Donate Life Wisconsin, as a condition of receiving payments.

b. Wisconsin Women's Health Foundation. Transfer this special license plate's program revenue appropriation account from DHS to a program revenue appropriation account under DOT. Specify that all moneys in the appropriation account be used for payments to Wisconsin Women's Health Foundation. Amend statutory references related to the administration, crediting, depositing, and expending of these revenues to refer to the DOT appropriation rather than to the DHS appropriation.

5. AUTHORIZE DOT TO ISSUE PERMITS FOR CERTAIN GARBAGE OR REFUSE COLLECTION VEHICLES

Joint Finance: Specify that DOT may issue an annual or consecutive month permit for the transportation of garbage or refuse in any of the following vehicles that exceed statutory weight and length limitations and for the return of the vehicle when empty: (a) a self-compactor equipped vehicle (as allowed under current law); and (b) a roll-off trailer equipped vehicle that uses all axles while transporting garbage or refuse. Specify that DOT may issue a permit for these vehicles for use on any highway in the state. Modify the related administrative code to include a roll-off trailer equipped vehicle that uses all axles while transporting garbage or refuse in the list of vehicles for which DOT may issue transportation of garbage or refuse permits.

6. AUTHORITY TO SHARE CERTAIN INFORMATION WITH ELECTIONS COMMISSION

Joint Finance: Authorize DOT to share information obtained through applications for vehicle titles, driver licenses, and identification cards, including applicant social security numbers, with the Elections Commission for the sole purpose of allowing the Chief Election Officer to comply with an agreement between the state and the Electronic Registration Information Center, Inc., related to the maintenance of interstate voting records.

7. RECREATIONAL VEHICLE DEALERS -- ASSESSMENT OF SERVICE FEE OR CHARGE

Joint Finance: Delete the current law provision that prohibits recreational vehicle dealers from assessing an additional service fee or charge for completing any sales-related vehicle inspections or forms which are required by law or rule. Allow recreational vehicle dealers to assess such fees or charges, if the dealer has made full disclosure of the service fee or charge to the prospective retail customer. Specify that the service fee or charge may not be increased after this

disclosure, but may be reduced. Stipulate that recreational vehicle dealers who assess a service fee or charge shall include the following disclosure on the purchase or lease contract: "A service fee or charge is not required by law, but may be charged to recreational vehicle purchasers or lessees for services related to compliance with state and federal laws, verifications and public safety, and must be reasonable." Upon request from a purchaser, require that the dealer provide a written disclosure of the services included in this service fee or charge. Specify that DOT would reserve the right to audit fees or charges to determine whether they are reasonable.

State Patrol

1. IN-VEHICLE VIDEO CAMERA REPLACEMENT [LFB Paper 630]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$0	$2,750,000	$2,750,000
SEG	2,777,200	- 2,777,200	0
Total	$2,777,200	- $27,200	$2,750,000

Governor: Provide $1,388,600 SEG annually for the replacement of approximately 500 in-vehicle video cameras and to fund costs associated with the wireless, remote storage of data produced by these cameras. The Department has indicated that the existing cameras, which were purchased between 2006 and 2008, are technologically outdated and in need of frequent repair. The cameras would be purchased through a three-year master lease. The current in-vehicle camera system uses flash memory cards that must be removed by officers and downloaded for evidentiary purposes. The cameras that would be purchased under the recommendation use a wireless connection to store captured data remotely. DOT has indicated the new cameras would provide improved video and audio quality, as well as an additional, rear-facing view (current cameras only provide front-facing and in-cabin views).

Joint Finance: Modify the Governor's recommendation and delete $1,388,600 SEG and instead provide $2,750,000 GPR in 2017-18 for the direct purchase of approximately 500 in-vehicle video cameras (rather than purchasing the cameras through a master lease). Create a GPR-funded appropriation that could used be for this purpose. This modification would delete the Governor's recommendation to purchase the cameras through a three-year master lease and to fund the costs associated with the wireless, remote storage of data produced by these cameras.

2. TACTICAL VESTS AND HELMETS [LFB Paper 630]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$0	$800,000	$800,000
SEG	800,000	- 800,000	0
Total	$200,000	$0	$800,000

Governor: Provide $800,000 SEG in 2017-18 for the purchase of 500 Level IV tactical vests and helmets, which are used to protect against certain high-caliber, high-velocity bullets (those used in common sporting rifles, such as the 30-06), as well as some armor-piercing rounds. The estimated, per-unit purchase price is $400 per helmet and $1,200 per vest. The Department currently provides officers with lower level protection body armor that protects against common handgun rounds, such as 9mm and .357 rounds. Officers may purchase their own body armor, if a higher level of protection is desired. Some concern exists that officers may encounter an increasing number of incidents in which rifles, rather than handguns, are being used by shooters, and that the current body armor offered by the Department may not provide adequate protection in these situations.

Joint Finance: Modify the Governor's recommendation and delete $800,000 SEG and instead provide $800,000 GPR in 2017-18 to a newly-created GPR appropriation that could be used for this purpose. These moneys would fund the purchase of the 500 level IV, bulletproof, tactical vests and helmets rather than acquiring them through a four-year master lease agreement.

3. REMOVAL OF FUNDING FOR STATE PATROL CLASS [LFB Paper 631]

SEG	- $1,417,300

Governor: Decrease funding by $1,417,300 in 2018-19 to the State Patrol, which the administration indicates would be associated with elimination of funding for one recruitment class. Recruitment classes are the mechanism through which the State Patrol recruits, trains, and tests cadets in order to fill vacant law enforcement positions within the Division.

Joint Finance: Modify the Governor's recommendation for the State Patrol and delete $1,417,300 SEG in 2017-18 and provide $1,417,300 SEG in 2018-19 compared to the bill. This modification would delete recruit class funding in the first year of the biennium and would restore recruitment funding in the second year in order to retain ongoing base funding for this purpose.

4. DEPOSIT OF RADIOLOGICAL MATERIAL SHIPMENT PERMIT FEES

Governor/Joint Finance: Redirect the deposit of the permit fees for the transportation of radiological materials from the program revenue appropriation for escort, security and traffic enforcement to the transportation fund, and delete the related statutory references. No additional revenues are included in the transportation fund associated with this provision.

Under current law, transportation of radiological materials in Wisconsin requires a state patrol escort and a fee of $1,800, which is intended to cover the state's cost of providing escort services. Currently, any surplus revenue from this fee remains in the program revenue appropriation account. Under the proposed modification, all revenues from the fee would be available in the transportation fund and the costs of escorting vehicles transporting radiological materials would be paid from other vehicle escort revenue sources deposited to the existing PR appropriation.

5. INCREASING FORFEITURE FOR INATTENTIVE DRIVING AND TEXTING AND DRIVING

Governor: Increase the minimum forfeiture for inattentive driving, and for composing or sending an electronic text or mail message while driving, from $20 to $40. [The maximum forfeiture for this violation would remain at $400.] DOT has indicated that inattentive driving results in an estimated 21,900 crashes annually and that enforcement of laws prohibiting inattentive and distracted driving is becoming a greater priority for the Department and law enforcement agencies in the state. Any additional revenue resulting from the increase of these forfeiture amounts would be deposited to the common school fund.

Specify that this increased minimum forfeiture amount would first apply to violations committed on the general effective date of the bill.

Joint Finance: Delete provision as non-fiscal policy.

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
SEG	$1,628,500	0.00
FED	- 1,769,400	- 1.00
SEG-S	- 39,800	0.00
PR	187,400	0.00
Total	$6,700	- 1.00

Governor/Joint Finance: Provide adjustments to the base budget for: (a) turnover reduction (-$4,491,300 SEG and -$1,389,200 FED annually); (b) removal of noncontinuing elements from the base (-1.0 FED position annually); (c) full funding of continuing position salaries and fringe benefits ($957,400 SEG, -$282,000 FED, -$19,900 SEG-S and -$77,400 PR annually); (d) overtime ($2,870,400 SEG, $773,000 FED, and $166,500 PR annually); (e) night and weekend salary differential ($258,400 SEG and $13,500 FED annually); (f) reclassifications and semiautomatic pay progression ($4,600 PR annually); and (g) full funding of lease costs and directed moves ($1,782,300 SEG in 2017-18 and $656,400 SEG in 2018-19).

2. FEDERAL AID REESTIMATES

FED	- $33,136,400

Governor/Joint Finance: Decrease federal appropriations by $16,988,400 in 2017-18 and $16,148,000 in 2018-19 to reflect a reestimate of federal transportation aid in the biennium, excluding federal highway aid, as follows: (a) -$15,563,200 annually for aeronautics assistance; (b) -$1,719,500 in 2017-18 and -$1,634,500 in 2018-19 for vehicle inspection and traffic enforcement; (c) -$917,700 in 2017-18 and -$858,900 in 2018-19 for seniors and individuals with disabilities aids; (d) -$383,400 in 2017-18 and -$248,700 for highway safety, local assistance; (e) -$94,100 in 2017-18 and $308,600 in 2018-19 for transit and other transportation-related aids; (f) -$40,000 annually for rail service assistance; (g) -$237,100 in 2017-18 and -$136,500 in 2018-19 for transportation safety; (h) $8,100 in 2017-18 and $14,100 in 2018-19 for transit safety oversight; (i) $104,400 in 2017-18 and $133,100 in 2018-19 for departmental management and operations; (j) $920,800 annually for state highway rehabilitation; and (k) $933,300 in 2017-18 and $957,200 in 2018-19 for vehicle registration and driver licensing.

3. PROGRAM REVENUE CONTINUING APPROPRIATION REESTIMATES

PR	$8,670,600

Governor/Joint Finance: Provide $4,487,700 in 2017-18 and $4,182,900 in 2018-19 to reflect reestimates of revenues to the following the PR continuing appropriations: (a) license plate revenue distributions for professional football stadium maintenance and operating costs ($450,000 annually); (b) child abuse and neglect prevention ($125,000 annually); (c) surveying reference station system ($120,000 in 2018-19); (d) supplement from sponsorship ($10,500 annually); (e) damage claims ($1,574,700 in 2017-18 and $1,533,800 in 2018-19); (f) utility facilities within highway rights-of-way ($279,700 annually); (g) repaired salvage vehicle examinations ($145,900 annually); (h) public safety radio management, service funds ($535,000 annually); (i) convenience fees ($218,400 in 2017-18 and $118,400 in 2018-19); (j) escort, security and traffic enforcement services ($50,900 in 2017-18 and $29,000 in 2018-19); (k) chemical testing training and services ($269,400 annually); (l) public safety radio management, state funds ($160,900 in 2017-18 and $138,900 in 2018-19); (m) safe-ride grant program ($401,400 in 2017-18 and $161,400 in 2018-19); (n) license plate revenue distributions to the Wisconsin Lions Foundation ($7,000 annually); (o) motorcycle safety program supplement ($38,300 annually); (p) license plate revenue distributions for baseball plate licensing fees ($5,000 annually); (q) license plate revenue distributions for certain special plates ($5,000 annually); (r) license plate revenue distributions to Boy Scouts of America National Foundation ($5,000 annually); (s) license plate revenue distributions to Whitetails Unlimited ($5,000 annually); (t) license plate revenue distributions to Wisconsin Rocky Mountain Elk Foundation ($5,000 annually); (u) license plate revenue distributions to Wisconsin Organization of Nurse Executives ($5,000 annually); (v) license plate revenue distributions to the Milwaukee Bucks Foundation ($5,000 annually); (w) license plate revenue distributions to Midwest Athletes Against Childhood Cancer ($5,000 annually); and (x) traffic academy tuition payments ($180,600 annually).

4. STATE OPERATIONS FUNDING REDUCTIONS

SEG	- $3,668,600

Governor/Joint Finance: Reduce state operations funding to the Department by $1,834,300 annually as follows: (a) -$54,400 annually for limited-term employee salaries in the Division of Business Management; (b) -$150,000 annually to reduce funding for state highway map printing from an administration and planning appropriation; (c) -$193,900 annually for contractual services in the Division of Transportation Investment Management; (d) -$201,900 annually for travel, training, supplies and services, contractual services, and data processing in the Secretary's office; (e) -$1,234,100 annually for travel, training, supplies and services, contractual services, and data processing in the Division of Business Management. [Recommended state operations reductions related to DMV and State Patrol are shown under those sections.]

5. ADMINISTRATIVE FACILITIES -- TRANSPORTATION REVENUE BOND AUTHORIZATION

SEG-S	- $2,800,000

Joint Finance: Modify the Governor's recommendation and reduce revenue bonding authority by $2,800,000 (SEG-Revenue Bonds) for administrative facility construction projects. This would reduce the transportation revenue bond authorization provided for administrative facility construction projects to $9,080,000 in the biennium. Reduce transportation revenue bond expenditure authority for administrative facilities by $1,400,000 SEG-S annually. Increase estimated transportation fund revenue by $17,600 in 2017-18 and by $129,900 in 2018-19 to reflect the bonding reduction.

6. FACILITIES MAINTENANCE FUNDING

SEG	$800,000

Governor/Joint Finance: Provide $400,000 annually in facilities operations and maintenance funding for the 257 facilities owned, leased, and managed by the Department (such as DMV service centers, regional office buildings, and highway maintenance buildings). Funding provided for this purpose is generally used for functions such as carpet cleaning, pest control, janitorial services, snow removal, as well as maintenance and repair of water heaters, boilers, air conditioning and ventilation equipment, flooring, and lighting.

7. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
SEG	- 50.88	2.50	- 48.38
FED	- 4.30	0.00	- 4.30
Total	- 55.18	2.50	- 52.68

Governor: Delete 55.18 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to DOA for a human resources

shared agency services program. Positions would be deleted from the following appropriations: (a) departmental management and operations, state funds (35.45 SEG positions); (b) vehicle registration, inspection, and maintenance, driver licensing, and aircraft registration, state funds (0.23 SEG position); (c) vehicle inspection, traffic enforcement and radio management, state funds (7.50 SEG positions); (d) highways, bridges and local transportation clearing account (7.70 SEG positions); and (e) highways, bridges and local assistance clearing account, federally funded positions (4.30 FED positions). Funding associated with the positions ($3,934,500 SEG and $276,600 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DOT but would become DOA employees rather than employees of DOT

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

Joint Finance: Make the following position and funding allocation changes, as recommended by the Governor in an erratum: (a) restore 2.50 SEG positions to the State Patrol that are associated with human resources duties; (b) transfer the associated funding under ”a" ($112,200 annually) from a supplies and services line of DOT's budget to the associated salary and fringe line; and (c) transfer $9,700 SEG annually from a salary and fringe benefits line of DOT's budget that is associated with LTE positions to a supplies and services line.

8. TRANSFER OF ACCOUNTANT POSITION FOR STATE CONTROLLER'S OFFICE STAFFING [LFB Paper 116]

	Funding	Positions
SEG	- $158,600	- 1.00

Governor/Joint Finance: Delete $79,300 annually from DOT's departmental management and operations, state funds appropriation associated with salary and fringe benefits for the position and transfer 1.0 accountant position to DOA's State Controller's Office. [See "Administration -- Transfers."]

9. TRANSFER OF VACANT INFORMATION TECHNOLOGY POSITION [LFB Paper 112]

	Funding	Positions
SEG	- $172,200	- 1.00

Governor/Joint Finance: Delete $86,100 annually from DOT's departmental

management and operations, state funds appropriation and transfer 1.0 vacant position to DOA to centralize information technology and services procurement and purchasing in that Department. [See "Administration -- Transfers."]

10. INTERNAL REORGANIZATION POSITION REALIGNMENT

Governor/Joint Finance: Transfer 1.23 positions from DMV to reflect internal departmental reorganizations as follows: (a) 1.00 DOT supervisor position to the Office of Public Affairs; and (b) 0.23 position to the Division of Business Management.

11. CAR-KILLED DEER FUNDING [LFB Paper 460]

Joint Finance: Repeal requirements for DNR to establish a program for the removal and disposal of car-killed deer on state trunk highways (state, interstate, and U.S. highways), and repeal the forestry SEG appropriation for those purposes. Transfer responsibility for the removal and disposal of car-killed deer on state trunk highways to the Department of Transportation (DOT). Require DOT to contract for removal and disposal of car-killed deer with counties, municipalities, or private entities. Specify that the removal and disposal of car-killed deer is not a routine maintenance activity reimbursable by funding under DOT state highway maintenance programs. Require DOT to fund contracts for the removal and disposal of car-killed deer from its operations budget.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$2,113,940,400	$2,191,070,500	$2,143,855,600	- $47,214,900	- 2.2%	$29,915,200	1.4%
FED	3,635,757,400	3,635,757,400	3,337,292,000	- 298,465,400	- 8.2	- 298,465,400	- 8.2
PR	6,385,680,400	6,545,644,900	6,649,964,500	104,319,600	1.6	264,284,100	4.1
SEG	59,525,000	59,525,000	52,161,400	- 7,363,600	- 12.4	- 7,363,600	- 12.4
TOTAL	$12,194,903,200	$12,431,997,800	$12,183,273,500	- $248,724,300	- 2.0%	- $11,629,700	- 0.1%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	18,035.88	18,035.88	17,813.49	- 222.39	- 222.39
FED	5,483.03	5,483.03	5,483.03	0.00	0.00
PR	11,744.83	11,904.05	11,904.05	0.00	159.22
SEG	137.12	137.12	137.92	0.80	0.80
TOTAL	35,400.86	35,560.08	35,338.49	- 221.59	- 62.37

Budget Change Items

1. PERFORMANCE FUNDING AND REPORT CARDS [LFB Paper 635]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$42,500,000	- $11,250,000	$31,250,000

Governor: Provide $21,250,000 annually through the UW System's general program operations appropriation and specify that, beginning in the 2017-18 fiscal year, these funds would be distributed based on a plan developed by the Board of Regents and approved by the Secretary of the Department of Administration (DOA). The bill would define the amount of funding allocated for making distributions in a fiscal year under the plan approved by the DOA Secretary as performance funding. Require the Board of Regents to submit a plan for distributing

the performance funding based on each institution's rank on criteria specified in the bill and criteria specified by the Board to the DOA Secretary no later than January 1, 2018. Specify that the plan would include the Board's method for ranking performance regarding each set of performance criteria specified in the bill and by the Board. The DOA Secretary would have 30 days to approve the plan or to require the Board to submit a revised plan. If the Board is required to submit a revised plan, the DOA Secretary would have 30 days to approve the plan or require another revised plan. The Board could not implement a plan for the distribution of the performance funding until such a plan was approved by the DOA Secretary. If the Board is unable to distribute the performance funding provided in the 2017-18 year, the Board would be required to distribute the entire amount of performance funding provided in the biennium, $42,500,000, in the 2018-19 year. The Board may only distribute the performance funding as specified in the plan approved by the DOA Secretary and may not otherwise spend the performance funding.

The bill would require the Board to rank each institution's performance on five sets of criteria for each fiscal year and specify the proportion of the performance funding that would be distributed to the institutions based on their relative ranking on criteria in that set. The five sets and the proportion of the performance funding that should be distributed based on the criteria in that set are as follows: (a) affordability and attainability, 30%; (b) work readiness, 15%; (c) student success in the state workforce, 30%; (d) efficiency, 10%; and (e) service, 5%. The remaining 10% of the performance funding would be distributed based on each institution's rank on two additional criteria specified by the Board. The bill would specify between one and eight criteria within each of the five sets and require the Board establish a formula for distributing the proportion of the performance funding provided to be based on an institution's ranking on criteria in that set and the two criteria specified by the Board. Require that each formula ensure that an institution receives a distribution that is greater than any other institution with a lower ranking. Specify that in ranking institutional performance and establishing formulas for the distribution of the performance funding, the Board would control for the number of students enrolled at each institution so that institutions with larger enrollments are not advantaged over institutions with smaller enrollments.

The affordability and attainability criteria would be: (a) the average length of time for students to obtain each degree awarded by the institution; (b) participation in dual enrollment programs; (c) percentage of students who were awarded degrees who completed degree requirements within three years; (d) percentage of students who were awarded degrees who completed degree requirements within four years; (e) percentage of students who were awarded degrees who completed degree requirements within six years; (f) percentage of students awarded degrees in healthcare, science, technology, engineering, or mathematics; (g) the graduation rate of low-income students as determined in a manner specified by the Board; and (h) faculty instructional hours. The bill would define dual enrollment programs as programs or courses of study designed to provide high school students the opportunity to gain credits in both a high school and a university or UW Colleges campus. These programs would include transcripted credit programs or other education services provided by contract between a school district and a university or UW Colleges campus and the early college credit program.

The work readiness criteria would be: (a) the average number of high-impact practices

experienced at any time during undergraduate enrollment by bachelor's degree graduates; and (b) the percentage of students who participated in internships at any time during their undergraduate enrollment. The bill would define high-impact practices as techniques and designs for teaching and learning that the Board has identified as proven to be beneficial for student engagement and successful learning among students from many backgrounds.

The student success in the state workforce criteria would be: (a) the percentage of students awarded degrees who obtained full-time postgraduate employment; (b) the percentage of students awarded degrees who obtained full-time postgraduate employment in a field related to the degree awarded; (c) the percentage of the state workforce, defined by the bill as the number of state residents aged 25 to 64, who graduated from the institution in the five prior fiscal years; (d) the percentage of students awarded degrees who are employed or continuing their education within one year of graduation; and (e) the number of degrees awarded by the institution that are in high-demand fields. Under the bill, the Department of Workforce Development would determine what constitutes high-demand fields and revise the determination as necessary.

The service measures would be: (a) the number of state residents served by the UW-Extension and outreach programs at the institution; and (b) expenditures at the institution on student community service programs that do not award academic credit. Efficiency would be measured by each institution's performance in minimizing expenditures for supplies, services, personnel, and other administrative expenses.

Provide that the Board may substitute different criteria to apply to the UW Colleges if the Board determines that different criteria are appropriate for evaluating the performance of the UW Colleges. The Board may also exempt the UW Colleges from any ranking and distribution of the performance funding if the Board determines the criteria should not apply to the UW Colleges.

Specify that, beginning in the 2018-19 fiscal year, the Board of Regents would require each institution to prepare an evaluation designated as the "performance funding report card." The performance funding report card would summarize the institution's performance during the prior fiscal year with respect to the performance criteria identified by the bill and specified by the Board and other metrics specified by the Board. If the Board specifies others metric that should be reported by the institutions, those metrics would apply to all institutions. The performance funding report card prepared by each institution would compare the performance of the institution on those criteria and metrics to the performance of the other UW institutions. The Board may require the institutions to include additional information in their performance funding report cards including the information the Board and the UW-Madison Chancellor are required to include in their current law annual accountability reports regarding performance, access and affordability, undergraduate education, graduate and professional education, and faculty. Specify that each institution's performance funding report card would be prepared in a single-page format specified by the Board, would be accessible via a prominent link on the institution's Internet home page, and would be updated as necessary at the end of each semester.

In addition, require the Board to publish data on the UW System's online accountability dashboard regarding each institution's performance with respect to the performance criteria identified by the bill and specified by the Board and any other metrics included in each

institution's performance funding report card as specified by the Board.

Joint Finance: Delete the Governor's recommendation and reduce funding by $16,250,000 in 2017-18 and provide an additional $5,000,000 in 2018-19, for net funding of $5,000,000 in 2017-18 and $26,250,000 in 2018-19. Instead, establish the following goals for the UW System: (a) grow and ensure student access; (b) improve and excel at student progress and completion; (c) expand contributions to the workforce; and (d) enhance operational efficiency and effectiveness. Require the Board of Regents to identify at least four metrics to measure progress towards meeting each of the four goals established by the Legislature. Specify that the Board of Regents could identify different metrics for the UW-Extension where appropriate. Specify that each institution would select one metric identified for each goal on which the institution would improve and one metric identified for each goal on which the institution would maintain excellence.

Require the Board of Regents to submit an outcomes-based funding formula to the Joint Committee on Finance by February 15, 2018, for approval, or modification and approval, through a 14-day passive review process. Require the Joint Finance Committee to consult with the appropriate standing committee in each house prior to approving, or modifying and approving, the outcomes-based funding formula. Specify that no more than 30% of the funding distributed through the outcomes-based funding formula could be distributed to institutions for maintaining excellence on the selected metrics. Specify that the $26,250,000 of funding provided in 2018-19 be distributed using the outcomes-based funding formula developed by the Board of Regents and approved by the Joint Committee on Finance.

In addition, require the Board of Regents to: (a) identify baseline data sets for the four goals established by the Legislature; (b) identify degree programs that qualify as high demand for each institution; and (c) approve a peer group for each institution that would include institutions with comparable missions and service populations.

Require the Board to submit an annual report to the Joint Committee on Finance beginning in 2018-19 that describes how the funding provided has been distributed to the institutions using the outcome-based funding formula. Require that the report describe all of the following: (a) the amount distributed to each institution in that fiscal year by the formula; (b) the performance of each institution with respect to each metric included in the outcomes-based funding formula; (c) the methodology used to distribute the funding provided based on each institution's performance on the metrics; (d) the performance of the UW System as a whole with respect to each of the metrics identified by the Board of Regents; and (e) any other information used to administer the outcomes-based funding. Require the Board to make the report available to the public and require each UW institution to post the report on its website.

Require that the $5,000,000 provided in 2017-18 be distributed by the Board of Regents to UW institutions to increase enrollments in high demand degree programs. Specify that these funds would be distributed to the institutions through a competitive process involving a request for proposals.

2. FUNDING FOR A 5% TUITION REDUCTION IN 2018-19 [LFB Paper 636]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$35,000,000	- $35,000,000	$0

Governor: Increase the amount of funding provided through the UW System's general program operations appropriation by $35,000,000 in 2018-19. According to the Executive Budget Book, this funding is provided to fund a 5% reduction in tuition in that year and should be allocated to the institutions in proportion to the estimated reduction in revenues as a result of the tuition decrease. The bill does not include any statutory or nonstatutory language regarding the amount by which tuition should be decreased or for which students or program tuition should be decreased.

Joint Finance: Delete $35,000,000 provided to offset the reduction in resident undergraduate tuition in 2018-19 and specify that resident undergraduate tuition would be frozen in the 2017-18 and 2018-19 academic years.

3. GENERAL WAGE ADJUSTMENTS AND FRINGE BENEFIT COSTS FOR UW EMPLOYEES [LFB Papers 161 and 642]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$11,644,400	- $11,644,400	$0

Governor: Provide $126,500 in 2017-18 and $11,517,900 in 2018-19 to fund the following: (a) expected inflation in fringe benefit costs in each year of the biennium; and (b) general wage adjustments for UW employees of 2% on both September 30, 2018, and May 26, 2019. These general wage adjustments would be equal to those proposed for other state employees in 2018-19. According to the Budget in Brief, the amounts provided are the net of the estimated costs of (a) and (b) above and anticipated savings to the UW System if the Joint Committee on Finance potentially were to approve a contract to self-insure health care costs for state employees. The bill specifies that the Board of Regents could not request any funds from the state's compensation reserve during the 2017-19 biennium to fund compensation and fringe benefit costs.

Joint Finance: Modify the Governor's recommendation to provide the 2% general wage adjustments on July 1, 2018, and January 1, 2019. In addition, transfer the funding provided for increases in salary and fringe benefit costs for UW employees from the UW System's GPR general program operations appropriation to the compensation reserve and delete language specifying that the Board of Regents could not request any funds from the state's compensation reserve during the 2017-19 biennium. The compensation reserve amounts provided for the UW System are shown under "Budget Management and Compensation Reserves."

4. THOMPSON CENTER ON PUBLIC LEADERSHIP

GPR	$3,000,000

Joint Finance: Provide $1,500,000 annually in a new appropriation under the UW System for general program operations of the Tommy G. Thompson Center on Public Leadership. Create at the UW-Madison the Tommy G. Thompson Center on Public Leadership (Center) that has as its mission the facilitation of research, teaching, outreach, and needed policy reforms regarding effective public leadership that improve the practice of American government. Require the Center to endeavor to carry out its mission throughout all the institutions of the System.

Create a public leadership board (Board) attached to the UW System, whose members would consist of: (a) the Director of the Center; (b) the President of the Thompson Family Charitable Foundation, Inc. or his or her designee; (c) one member, appointed for a three-year term, who worked under the personal direction of former Governor Thompson during his career in state or federal government; (d) two members appointed for three-year terms from a list of at least three names submitted by the Speaker of the Assembly; and (e) two members appointed for three-year terms from a list of at least three names submitted by the Senate Majority Leader. The members under (d) and (e) would be appointed by the Governor without Senate confirmation.

Require the Board to appoint a director of the Center for a three-year term upon the joint recommendation of the Chancellor of the UW-Madison and the Dean of the College of Letters and Science at UW-Madison. Specify that the Center may do any of the following: (a) make grants to support faculty research that objectively studies public leadership in American political and legal institutions, policy making, and policy implementation; (b) conduct an annual competitive grant contest for encouraging faculty research described in (a) that has direct and urgent relevance for the state of Wisconsin; (c) publicize the findings of the research that is supported by the Center; (d) foster public debate over critical issues regarding effective public leadership and facilitate dialogue between academics and policy makes on those issues; (e) conduct and promote programs and events that bring timely political and policy issues to the attention of larger audiences; and (f) take any other action that is consistent with the mission of the Center.

Require that annually not less than $500,000 of the amount appropriated to the Center be allocated by the Board for speaking engagements sponsored by the Center at campuses other than the UW-Madison campus. Require that the Director of the Center propose an annual budget itemizing expenditures of the moneys appropriated to the Center, including expenditures for grants to proposed recipients, which would be subject to the approval of the Board. Specify that upon the approval of the Board, the Director could make substantive changes to the annual budget only with the subsequent approval of the Board.

5. CARBONE CANCER CENTER

GPR	$980,000

Joint Finance: Provide $490,000 annually through the UW System's GPR general program operations appropriation to expand precision medicine at the UW Carbone Cancer Center through the Precision Medicine Molecular Tumor Board by: (a) increasing access to precision medicine for cancer patients in Wisconsin; (b) providing genomics resources to

patients in need; and (c) developing a precision medicine statewide database.

6. FINANCIAL AID FOR STUDENTS ENROLLED IN UW FLEXIBLE OPTION PROGRAMS [LFB Paper 637]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$700,000	- $52,000	$648,000

Governor: Provide $700,000 in 2018-19 through the UW System's appropriation for general program operations. According to the Executive Budget Book, this funding would be used to provide financial aid to students enrolled in programs offered through the UW Flexible Option platform.

Joint Finance: Modify the Governor's recommendation to provide $271,100 in 2017-18 and reduce funding by $323,100, for a net amount of $271,100 in 2017-18 and $376,900 in 2018-19 for financial aid for students enrolled in UW Flexible Option programs.

7. INCREASE FLEXIBLE OPTION DEGREE AND CERTIFICATE PROGRAMS [LFB Paper 637]

Governor: Require the Board of Regents to ensure that the total number of accredited competency-based degree and certificate programs offered through the UW Flexible Option platform is increased by at least 50% by December 1, 2019. Specify that the number of programs offered through the UW Flexible Option platform on the effective date of the bill should be used for the purpose of calculating the increase. Provide that if the number of programs offered on the effective date of the bill is odd, the increase should be calculated using the next even number. Require that the new programs created between the effective date of the bill and December 1, 2019, include: (a) at least one program that assists certified nursing assistants in becoming registered nurses; and (b) at least one program that prepares nonteacher school district employees to successfully complete a standardized examination prescribed by the State Superintendent as a condition for obtaining a professional teaching permit or an initial teaching license.

Joint Finance: Modify the Governor's recommendation to: (a) require the Board of Regents to ensure that the total number of accredited competency-based degree and certificate programs offered through the UW Flexible Option platform is increased by at least 25% by December 1, 2019, instead of by 50%; (b) delete the requirement that the new programs include at least one program that assists certified nursing assistants in becoming registered nurses; and (c) require the Board of Regents to ensure that at least one School of Education within the UW System has partnered with a school district to develop a teacher residency program by December 1, 2019 (the coursework provided by the School of Education would not be required to be delivered via the UW Flexible Option platform).

8. RURAL PHYSICIAN RESIDENCY ASSISTANCE PROGRAM [LFB Paper 638]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$200,000	- $200,000	$0
SEG	0	200,000	200,000
Total	$200,000	$0	$200,000

Governor: Provide $100,000 annually through the UW System's general program operations appropriation for the rural physician residency assistance program. Under current law, the Department of Family Medicine in the UW School of Medicine and Public Health receives $755,300 annually from the critical access hospital assessment fund to establish and support physician residency positions through the rural physician residency assistance program. To qualify for support through the program, a residency position must either be: (a) in a hospital that is located in a rural area or in a clinic staffed by physicians who admit patients to a hospital located in a rural area; or (b) include a rural rotation, begun after June 30, 2010, which consists of at least eight weeks of training experience in a hospital that is located in a rural area or in a clinic staffed by physicians who admit patients to a hospital located in a rural area. Only physician residencies in family practice, general surgery, internal medicine, obstetrics, pediatrics, or psychiatry may be supported with program funding.

Joint Finance: Provide an additional $100,000 SEG annually from the critical access hospital fund and delete the proposed $100,000 GPR annual increase.

9. ALZHEIMER'S DISEASE RESEARCH CENTER FUNDING

GPR	$100,000

Governor/Joint Finance: Provide $50,000 annually through the UW System's general program operations appropriation for the Alzheimer's Disease Research Center at UW-Madison. Under 2005 Act 25, the Legislature provided $1,000,000 GPR in 2005-06 and $1,500,000 GPR in 2006-07 to the UW System to support Alzheimer's research. This funding was provided on an ongoing basis.

10. REVIEW OF POLICIES RELATED TO ACADEMIC FREEDOM

GPR	$10,000

Governor/Joint Finance: Provide $10,000 in 2017-18 through the UW System's appropriation for general program operations for the UW System to review and revise policies related to academic freedom.

11. CREATE A RENEWABLE ENERGY APPROPRIATION

Governor/Joint Finance: Create a sum certain appropriation under the UW System for electric energy derived from renewable resources and provide $4,367,000 annually. Specify that these funds would be used for the premium cost incurred for the generation or purchase of

electric energy derived from renewable resources as defined under current law. Reduce the UW System's GPR general program operations appropriation by $4,367,000 annually and prohibit the Board of Regents from using funds provided through that appropriation for the premium cost incurred for the generation or purchase of electric energy derived from renewable resources.

12. REESTIMATE TUITION REVENUES AND POSITIONS

	Funding	Positions
PR	$167,916,600	159.22

Governor/Joint Finance: Provide additional expenditure authority of $83,958,300 annually and 159.22 positions beginning in 2017-18 to reflect increases in tuition revenues and positions funded by those revenues that have been incorporated into UW System's operating budget since 2014. These increases are attributable to the following: (a) changes in enrollment ($9,659,000); (b) self-supporting programs ($15,970,400); (c) differential tuition increases ($5,869,700); and (d) increases in nonresident and graduate tuition ($52,549,200). Tuition revenues are deposited in the UW System's PR general program operations appropriation. That appropriation is an all-moneys-received appropriation meaning that the UW System can expend all moneys deposited in the appropriation regardless of the amount shown in the appropriation schedule. In addition, the Board of Regents and the UW-Madison Chancellor may create or abolish positions funded with tuition revenue without the approval of the Legislature or the Joint Finance Committee.

13. DELETE VACANT GPR FUNDED POSITIONS [LFB Paper 639]

	Positions
GPR	- 222.39

Joint Finance: Delete 222.39 vacant GPR positions under the UW System's GPR general program operations appropriation that were identified in the UW's agency budget request for deletion.

14. REESTIMATE GPR DEBT SERVICE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $13,024,300	$6,951,500	- $6,072,800

Governor: Reduce the GPR debt service appropriation by $2,977,500 in 2017-18 and by $10,046,800 in 2018-19 to reestimate debt service costs.

Joint Finance: Provide $2,236,500 in 2017-18 and $4,715,000 in 2018-19 to reestimate debt service costs based on May, 2017, projections.

15. REESTIMATE PR DEBT SERVICE

PR	- $7,952,100

Governor/Joint Finance: Reduce the PR debt service appropriation by $6,409,600 in 2017-18 and by $1,542,500 in 2018-19 to reestimate debt service costs.

16. REESTIMATE FED, PR, AND SEG APPROPRIATIONS [LFB Paper 639]

FED	- $298,465,400
PR	104,319,600
SEG	- 8,443,600
Total	- $202,589,400

Joint Finance: Reestimate eight all-moneys-received appropriations based on 2015-16 actual expenditures as shown in the table.

Appropriation Reestimates

	2017-18	2018-19	2017-19	
Gifts and Nonfederal Grants and Contracts	$24,728,100	$24,728,100	$49,456,200	PR
State Laboratory of Hygiene	-983,200	-983,200	-1,966,400	PR
Veterinary Diagnostic Laboratory; Fees	496,200	496,200	992,400	PR
Funds Transferred from State Agencies	28,749,800	28,749,800	57,499,600	PR
Veterinary Diagnostic Laboratory; State Agencies	-831,100	-831,100	-1,662,200	PR
Subtotal--PR Funding Adjustments	$52,159,800	$52,159,800	$104,319,600	PR
Trust Fund Income	-$4,221,800	-$4,221,800	-$8,443,600	SEG
Federal Aid	-$147,750,100	-$147,750,100	-$295,500,200	FED
Veterinary Diagnostic Laboratory; Federal Funds	-1,482,600	-1,482,600	-2,965,200	FED
Subtotal--FED Funding Adjustments	-$149,232,700	-$149,232,700	-$298,465,400	FED
Total Funding Adjustments	-$101,294,700	-$101,294,700	-$202,589,400	All Funds

17. WIST AT UW STEVENS POINT

SEG	$880,000

Joint Finance: Provide $440,000 SEG annually from the environmental fund in a new appropriation for the Wisconsin Institute for Sustainable Technology (WIST) at the UW-Stevens Point.

18. DISCOVERY FARMS POSITION

	Positions
SEG	0.80

Joint Finance: Provide 0.80 SEG position beginning in 2017-18 under the appropriation for discovery farm grants.

19. UW-EXTENSION WATERSHED-NONPOINT SOURCE CONTRACTS

Governor/Joint Finance: Delete the requirement that the Department of Natural Resources allocate $500,000 annually from its appropriation for watershed-nonpoint source contracts for contracts for educational and technical assistance provided by UW-Extension.

Under current law, these funds are deposited in the UW System's program revenue appropriation for funds transferred from other state agencies. The bill would not reduce the amount of this appropriation to reflect this provision.

20. DELETE TRIBAL GAMING REVENUE APPROPRIATION FOR UW-GREEN BAY PROGRAMMING [LFB Paper 640]

Governor: Delete the appropriation under the Department of Administration for UW-Green Bay programming. This appropriation provides $247,500 annually from tribal gaming revenues for programing that is jointly developed by the Oneida Tribe and UW-Green Bay. Under current law, the funds provided by this appropriation are deposited in the UW System's program revenue appropriation for funds transferred from other state agencies. The bill would not reduce the amount of that appropriation to reflect this provision.

Joint Finance: Delete provision, which would restore the appropriation under the UW System.

21. PERMIT STUDENTS TO DECLINE TO PAY ALLOCABLE SEGREGATED FEES

Governor: Require the Board of Regents to ensure that each student has the opportunity to decline to pay all allocable segregated fees charged for a semester, session, or academic year at the time that the student pays tuition for that semester, session, or academic year. Require the Board to ensure that each student's tuition bill for a semester or session would include a statement that allocable segregated fees are optional and that a student may decline to pay all allocable segregated fees charged by the institution or UW Colleges campus.

In addition, require the Board to ensure that a statement that allocable segregated fees are optional and that a student may decline to pay all allocable segregated fees charged by an institution or UW Colleges campus is posted on each institution's and UW Colleges campus's Internet site. Under current law, the Board must ensure that the segregated fees applicable at each institution and UW Colleges campus are posted on the institution's or UW Colleges campus's Internet site along with detailed information on the organizations and activities for which allocable segregated fees are expended.

Under the bill, allocable segregated fees would be defined as segregated fees that provide substantial support for campus student activities and that students are responsible for allocating in consultation with the chancellor and subject to the final confirmation of the Board. These provisions would first apply to fees charged for the first semester or session of the 2018-19 academic year.

Joint Finance: Delete provision as a non-fiscal policy item. Instead, require the Board of Regents to revise its policies regarding student segregated fees to ensure that the classification of those fees as allocable or nonallocable is consistent across institutions. Require the Board of Regents to submit those revised policies to the Joint Finance Committee for approval through a 14-day passive review process. Specify that the Board of Regents may not approve an increase in the

allocable portion of segregated fees at any institution until the Joint Finance Committee has approved the revised policy.

22. TUITION AND FEE REMISSIONS FOR THE CHILDREN AND SPOUSES OF DECEASED OR DISABLED VETERANS [LFB Paper 641]

Governor: Provide that, for the purpose of tuition and fee remissions for children and spouses, an eligible veteran is a person who meets all of the following criteria: (a) has service on active duty under honorable conditions in the U.S. Armed Force, in forces incorporated as part of the U.S. Armed Forces, in the National Guard, or in a reserve component of the U.S. Armed Forces; (b) was a resident of this state at the time of entry into that service or resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session for which the person registers at an institution; and (c) either died on active duty, died as the result of a service-connected disability, or died in the line of duty while on active or inactive duty for training purposes while a resident of this state or has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs. Under current law, an eligible veteran for the purpose of tuition and fees remissions for children and spouses is a person who meets the criteria described in (a) and (c) above and who was a resident of this state at the time of entry into service.

Under current law, the Board of Regents is required to grant a full remission of tuition and segregated fees for 128 credits or eight semesters, whichever is longer, to a resident student who is the spouse, unremarried surviving spouse, or child of an eligible veteran. The amount of tuition and fees remitted to such a student is reduced by the amount paid on behalf of the student by the U.S. Department of Veterans Affairs through the Post 9/11 G.I. Bill. Credits or semesters for which the student received a remission from a technical college district board are counted against the 128 credit or eight semester limit. To remain eligible for remissions, a student must maintain a cumulative grade point average of at least a 2.0. Children of eligible veterans are only eligible to receive remissions while they are at least 17 but not yet 26 years of age.

In 2015-16, the Board of Regents remitted $10.0 million in tuition and fees to the spouses, unremarried surviving spouses, and children of eligible veterans under current law. A sum certain general purpose revenue appropriation under the Higher Educational Aids Board partially reimburses the Board of Regents and the technical college district boards, which are also required to grant such remissions, for these remissions. In 2015-16, HEAB reimbursed the Board of Regents and the technical college district boards for 15% of tuition and fees remitted to spouses, unremarried surviving spouses, and children of eligible veterans.

Joint Finance: Modify the Governor's recommendation for veterans who did not reside in Wisconsin at the time of entry into service to specify that: (a) the children and unremarried surviving spouse of a deceased veteran would be eligible for tuition and fee remissions if the veteran had lived in this state for at least five consecutive years after he or she attained the age of 18; and (b) the children and spouse of a disabled veteran would be eligible for tuition and fee remissions if the veteran has lived in this state for at least five consecutive years immediately preceding the semester or session for which the child or spouse seeks a remission. In addition,

specify that the child, spouse, or unremarried surviving spouse of a deceased or disabled veteran who did not enter service from this state but who resided in this state for at least five consecutive years would only be eligible for tuition and fee remissions if the child or spouse has resided in this state for at least five consecutive years immediately preceding enrollment.

23. NATIONAL GUARD NONRESIDENT TUITION EXEMPTION

Joint Finance: Provide an exemption from nonresident tuition for students who meet all of the following criteria: (a) the student has resided in this state for six months immediately preceding the beginning of any semester or session in which the student enrolls; (b) the student is a member of the Wisconsin National Guard or a reserve unit of the U.S. Armed Forces when he or she registers at an institution and has been a member for the six months immediately preceding the semester in which the student enrolls; and (c) while enrolled, the student continues to be a member of the Wisconsin National Guard or a reserve unit of the U.S. Armed Forces, or is honorably discharged or released under honorable conditions from the Wisconsin National Guard or a reserve unit of the U.S. Armed Forces. Specify that a student who meets the criteria above and who withdraws from an institution during a semester or session because he or she is called into active duty with the Wisconsin National Guard or the U.S. Armed Forces for at least 30 days is entitled to an exemption from nonresident tuition if he or she reenrolls in a UW institution during the semester in which he or she is discharged, demobilized, or deactivated from active during or in the following semester. Provide that a student who meets the criteria above would be eligible to receive an exemption from nonresident tuition for 128 credits or eight semesters, whichever is longer. This provision would first apply to students who enroll in an institution in the academic year beginning after the effective date of the bill.

24. ACADEMIC CREDIT FOR MILITARY TRAINING

Joint Finance: Require the UW System and the Wisconsin Technical College System to accept: (a) the American Council on Education's recommendation for credits that can be found on a service member's Joint Services Transcript; or (b) credits shown on the Community College of the Air Force transcript.

25. QUALIFICATIONS OF UW SYSTEM PRESIDENT, CHANCELLOR, OR VICE CHANCELLOR CANDIDATES

Joint Finance: Prohibit the Board of Regents or any institution from adopting any policy or promulgating any rule that requires the Board to consider only individuals who are faculty members or who have been granted tenure at UW institutions or other institutions of higher education or who hold terminal degrees for appointment as the UW System President or the chancellor or vice chancellor of a UW institution.

26. UW-GREEN BAY ENGINEERING SCHOOL

Joint Finance: Authorize the Board of Regents to create an engineering school at UW-

Green Bay.

27. UW-OSHKOSH FOUNDATION

Joint Finance: Prohibit the Board of Regents from transferring funds to the UW-Oshkosh Foundation unless the transfer is first approved by legislative enactment.

28. INDEPENDENT AUDIT

Joint Finance: Suspend current law during the 2017-19 biennium requiring the Legislative Audit Bureau to conduct an annual financial audit of the UW System. Instead, require the UW System to contract with an independent accounting firm which has been licensed by the State of Wisconsin for purposes of conducting the annual financial statement audit. Specify that the independent accounting firm would be contracted by, and would report to, the UW Board of Regents. Require that the independent audit firm provide the all of the following to the Board of Regents, the Governor, the Joint Legislative Audit Committee, and the Joint Finance Committee: (a) the audited financial statements; (b) performance improvement observations; and (c) a management letter complete with internal control deficiencies and audit differences. Specify that this provision would only apply to the fiscal years ending June 30, 2018, and June 30, 2019. In addition, provide that the independent audit firm may use the Legislative Audit Bureau to assist in conducting the audit to the extent the work relied upon does not modify the audit opinion with the exception of accepting the prior years unqualified opinion.

29. LODGING RATES

Joint Finance: Prohibit the Board of Regents from providing for reimbursement of System employees for lodging expenses in Wisconsin at a rate that exceeds the maximum rate for such expenses incurred in the same location in Wisconsin under the approved uniform travel schedule incorporated into the current compensation plan. Specify that this prohibition would first apply to claims for reimbursement on the first day of the fourth month beginning after publication of the budget act. Contracts that are in effect on that day would be exempt from this provision.

30. LEASES OF STUDENT HOUSING

Governor: Delete the exemption from the Board of Regents' lease authority for leases of real property to be used as student housing that were not in effect on July 14, 2015. Under current law, provision of all leases of real property to be occupied by the Board of Regents for use other than for student housing is the responsibility of the Board. The provision of leases for use as student housing is the responsibility of the Department of Administration, except for leases of student housing that were in effect as of July 14, 2015, which are the responsibility of the Board. Under this provision, the Board of Regents would be responsible for all leases of real property to be occupied by the Board.

Joint Finance: Delete provision as a non-fiscal policy item.

31. THREE-YEAR DEGREE STATEMENTS

Governor: Require each university to submit to the Board of Regents and post on its website a statement describing how each major for which the university offers a bachelor's degree may be completed within three academic years. Specify that the chronology of the statement would begin with the fall semester of the student's first year of the bachelor's degree program. Under current law, university is defined as any baccalaureate or graduate degree granting institution, which would include the UW System's 13 four-year institutions and the UW Colleges which grant a bachelor's of applied arts and science degree.

Specify that the statement could include any of the following methods for contributing to earning a bachelor's degree in three academic years: (a) advanced placement credit; (b) international baccalaureate program credit; (c) satisfaction of degree and credit-hour requirements by completing courses that are widely available at technical colleges or through online programs offered by UW institutions or private, nonprofit institutions of higher education; (d) postsecondary credit earned through the early college credit program; (e) completion of course work during summer sessions; (f) waiver of foreign language degree requirements based on a proficiency examination specified by the university; or (g) any other method specified by the university. Specify that this provision would not require a university to take any action that would violate the requirements of any independent association that accredits bachelor's degree programs.

Under the bill, each university would be required to submit these statements for at least 10% of all bachelor's degree programs offered no later than January 1, 2018, and for at least 60% of bachelor's degree programs no later than June 30, 2020. Statements submitted to the Board would be provided to the State Superintendent of Public Instruction, who would be required to distribute copies of the statements to school boards, operators of independent charter schools, and the governing bodies of private schools that participate in the special needs scholarship program and the private school choice programs that operate high school grades. The school boards, governing bodies, and charter school operators would be required to make copies of the statements available to high school principals, guidance counselors, or equivalent positions.

In addition, the Board and the UW-Madison Chancellor would be required to include the number of bachelor's degrees that were completed within three academic years and the percentage of bachelor's degree programs for which statements were submitted to the Board in the annual accountability reports that they are required to submit to the Governor and Legislature under current law.

Joint Finance: Delete provision as a non-fiscal policy item.

32. REQUIRE BACHELOR'S DEGREE CANDIDATES TO HAVE AN INTERNSHIP OR WORK EXPERIENCE

Governor: Provide that the Board of Regents could not confer a bachelor's degree on a student enrolled in a university unless the student has had an internship or work experience while enrolled in the university and require the Board to establish policies for determining whether a

student has satisfied this degree requirement. Specify that this provision would first apply to students who first enroll in the 2018-19 academic year.

Joint Finance: Delete provision as a non-fiscal policy item.

33. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT

Governor: Increase the number of credits for completing courses identified in the core general education courses transfer agreement from 30 to 60. Specify that, beginning in the 2018-19 academic year, the Board of Regents and the Wisconsin Technical College System Board (WTCS) would establish policies to ensure that credits for completing courses identified in that agreement would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. In addition, specify that core general education courses completed by high school students enrolled in UW System institutions or other educational institutions through the early college credit program would be included in the agreement.

Under 2013 Act 20, the Board of Regents and the WTCS Board were required to enter into and implement an agreement that identified core general education courses totaling not fewer than 30 credits by the 2014-15 academic year. The Board of Regents and the WTCS Board were required to establish policies to ensure that the credits for completing those courses would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. The governing boards of tribally controlled colleges in this state and the Wisconsin Association of Independent Colleges and Universities, on behalf of private colleges, may also enter into this agreement.

Joint Finance: Delete provision as a non-fiscal policy item.

34. EARLY COLLEGE CREDIT TRANSFER POLICIES

Governor: Require the Board of Regents to establish policies for the appropriate transfer of postsecondary credits earned by high school students enrolled in courses at UW System institutions and at institutions outside the UW System through the early college credit program. If the Board determines that postsecondary credits earned by a high school student through the early college credit program would not be transferable, the Board would be required to permit the student to take an examination to determine the student's competency in the subject area of the course. If the student were to receive a passing score on the examination, the Board would be required to award equivalent credits to the student.

Joint Finance: Delete provision as a non-fiscal policy item.

35. CREDIT TRANSFER REPORT

Governor: Require the Board of Regents to measure the effectiveness of its policies regarding the appropriate transfer of credits between institutions within the UW System,

including postsecondary credits earned by high school students at UW institutions through the early college credit program. Require the Board to submit a report that describes any barriers to credit transferability within the UW System to the Chief Clerk of each house of the Legislature by January 1, 2018.

Joint Finance: Delete provision as a non-fiscal policy item.

36. FACULTY AND ACADEMIC STAFF TEACHING WORKLOAD POLICIES AND REPORTING REQUIREMENTS

Governor/Joint Finance: Require the Board of Regents to develop and implement a plan that includes all of the following for each institution within the UW System, including UW-Madison: (a) policies for monitoring teaching workloads of faculty and instructional academic staff, including requirements for individual faculty and instructional academic staff members to report the number of hours spent teaching to UW System Administration; and (b) policies for rewarding faculty and instructional academic staff who teach more than a standard academic workload. Specify that the Board and the UW-Madison Chancellor should revise their personnel systems and employment relations policies and practices to ensure that those systems, policies, and practices are consistent with the plan described above. Specify that any changes made to the personnel systems to ensure that those systems are consistent with the plan would not require approval by the Joint Committee on Employment Relations before they could be implemented.

Require the Board and the UW-Madison Chancellor to include aggregate data on teaching hours reported to UW System Administration under the plan described above in the annual accountability reports that they are required to submit to the Governor and Legislature under current law. In addition, require the Board to publish the aggregate data on teaching hours included in the annual accountability reports on the accountability dashboard published on the UW System's Internet site and to make the teaching hours reported by individual faculty and academic staff members accessible via links on the dashboard.

37. FREEDOM OF EXPRESSION

Governor: Require that the Board of Regents and each institution and UW Colleges campus be committed to free and open inquiry in all matters and guarantee all members of the UW System's community the broadest possible latitude to speak, write, listen, challenge, and learn. Except to the extent limitations on that freedom are necessary to the functioning of the UW System, require the Board and each institution and UW Colleges campus to fully respect and support the freedom of all members of the UW System's community to discuss any problem that presents itself.

Specify that, in the face of conflicting ideas, it is not the proper role of the Board or any institution or UW Colleges campus to attempt to shield individuals from ideas and opinions they find unwelcome, disagreeable, or even deeply offensive. Specify that although the Board and each institution and UW Colleges campus greatly value civility, and although all members of the UW System's community share in the responsibility for maintaining a climate of mutual respect,

concerns about the civility and mutual respect can never be used as a justification for closing off discussion of ideas, however offensive or disagreeable those ideas may be to some members of the UW System's community.

Specify that, although members of the UW System's community would have freedom to debate and discuss the merits of competing ideas, the Board and each institution and UW Colleges campus may restrict expression that violates the law, that falsely defames a specific individual, that constitutes a genuine threat or harassment, that unjustifiably invades substantial privacy or confidentiality interests, or that is otherwise directly incompatible with the functioning of the UW System. Provide that in addition, the Board and each institution and UW Colleges campus may reasonably regulate the time, place, and manner of expression to ensure that it does not disrupt the ordinary activities of the UW System. Require that these exceptions to the general principle of freedom of expression be construed narrowly and specify that they are not intended to be used in a manner that is inconsistent with the UW System's commitment to a completely free and open discussion of ideas. Specify that the UW System's fundamental commitment is to the principle that debate or deliberation may not be suppressed because the ideas put forth are thought by some or even by most members of the UW System's community to be offensive, unwise, immoral, or wrongheaded. Specify that it is for the individual members of the UW System's community, not for the Board or any institution or UW Colleges campus, to make those judgements by themselves, and to act on those judgements not by seeking to suppress speech, but by openly and vigorously contesting the ideas that they oppose. Specify that fostering the ability of members of the UW System's community to engage in such debate and deliberation in an effective and responsible manner is an essential part of the UW System's educational mission.

Specify that, as a corollary to the UW System's commitment to protect and promote free expression, members of the UW System's community must also act in conformity with the principle of free expression. Provide that although members of the UW System's community are free to criticize and contest the views expressed on the campuses of the UW System, and to criticize and contest speakers who are invited to express their views on these campuses, they may not obstruct or otherwise interfere with the freedom of others to express views they reject or even loathe. Specify that to this end, the Board and each institution and UW Colleges campus has a responsibility not only to promote a lively and fearless freedom of debate and deliberation, but also to protect that freedom when others attempt to restrict it.

Joint Finance: Delete provision as a non-fiscal policy item.

VETERANS AFFAIRS

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$3,889,200	$3,904,000	$3,908,400	$4,400	0.1%	$19,200	0.5%
FED	5,855,800	5,600,100	5,592,400	- 7,700	- 0.1	- 263,400	- 4.5
PR	220,097,600	223,250,200	222,241,800	- 1,008,400	- 0.5	2,144,200	1.0
SEG	55,569,200	51,057,800	51,488,900	431,100	0.8	- 4,080,300	- 7.3
TOTAL	$285,411,800	$283,812,100	$283,231,500	-$580,600	- 0.2%	- $2,180,300	- 0.8%
BR		- $273,300,000	- $273,300,000				

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
FED	16.00	16.00	16.00	0.00	0.00
PR	1,164.20	1,147.30	1,147.30	0.00	- 16.90
SEG	114.00	98.90	97.90	- 1.00	- 16.10
TOTAL	1,294.20	1,262.20	1,261.20	- 1.00	- 33.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 386]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
FED	- $255,700	0.00	- $7,700	0.00	- $263,400	0.00
PR	- 912,900	- 8.00	- 1,308,400	0.00	- 2,221,300	- 8.00
SEG	247,400	0.00	822,700	0.00	1,070,100	0.00
Total	- $921,200	- 8.00	- $493,400	0.00	- $1,414,600	- 8.00

Governor: Reduce funding by $691,400 (-$128,500 FED -$537,800 PR, and -$25,100 SEG) in 2017-18 and by $229,800 (-$127,200 FED -$375,100 PR, and $272,500 SEG) in 2018-19, and delete 8.0 PR positions, beginning in in 2018-19, to reflect the following standard budget

adjustments: (a) -$494,800 PR and -$142,900 SEG annually for turnover reduction; (b) -$82,700 FED, -$4,000,800 PR, and $70,000 SEG annually for full funding of continuing position salaries and fringe benefits; (c) $1,092,500 PR annually for overtime; (d) $2,191,200 PR annually for night and weekend differential pay; (e) -$45,800 FED $674,100 PR, and $47,800 SEG in 2017-18 and -$44,500 FED, $836,800 PR, and $345,400 SEG in 2018-19 for full funding of lease and directed move costs; (f) a reduction of 8.0 PR positions, beginning in 2018-19, for the removal of noncontinuing elements from the base; and (g) minor funding and position transfers within appropriations.

The bill would retain $1,000,000 PR that was provided in 2016-17 as one-time funding under 2015 Act 55 for DVA to purchase additional equipment and contractual services at the state veterans homes. While one-time funding is usually deleted as a standard budget adjustment ("removal of noncontinuing elements"), the administration has indicated its intent to maintain this amount of funding for the veterans homes to make these purchases in the 2017-19 biennium.

Joint Finance: Reduce funding by $194,300 (-$574,900 PR, -$3,200 FED and $383,800 SEG) in 2017-18 and by $299,100 (-$733,500 PR, -$4,500 FED and $438,900 SEG) in 2018-19 for lease and directed move costs to reflect a reestimate of the cost for the lease of space in the state's new joint preservation facility, used primarily by the Wisconsin Historical Society and the Wisconsin Veterans Museum for the storage of archive material and historical artifacts. DVA's share of the lease costs is estimated to be $612,800 (all funds) in 2017-18 and $942,100 (all funds) in 2018-19, a reduction from the estimates used in the Governor's bill ($807,100 in 2017-18 and $1,241,200 in 2018-19).

In addition, modify the sources of funding for these lease costs so that they more accurately reflect the DVA programs that will use the facility. The primary adjustment is a shift from the PR appropriation that funds the state veterans homes to the SEG appropriation that funds the Wisconsin Veterans Museum. As introduced, the bill would have funded a portion of the estimated lease costs for the joint preservation facility from the appropriation that supports the operation of the state veterans homes.

2. VETERANS HOMES OPERATIONS

PR	$2,721,400

Governor/Joint Finance: Provide $1,360,700 annually for equipment maintenance and operations at the state veterans homes. Of these amounts, $980,500 would be for medical services provided for residents for which the homes receive Medicare reimbursement, and $382,200 annually would be for maintenance of equipment used to monitor and manage medical care and medications for residents. Of the total, $1,060,200 annually would be provided for the King State Veterans Home and $300,500 annually would be provided for the Union Grove State Veterans Home.

3. CONVERT POSITIONS TO INCREASE DIRECT CARE STAFF AT KING

	Funding	Positions
PR	$934,000	6.74
SEG	- 883,600	- 6.74
Total	$50,400	0.00

Governor/Joint Finance: Create 7.30 PR positions,

beginning in 2017-18, to provide direct care services at the State Veterans Home at King by converting 6.74 SEG positions and 0.56 PR position currently budgeted elsewhere in DVA to PR positions at King. Reduce SEG funding for salary, fringe benefits, supplies and services, and unallotted reserve by $441,800 annually and provide corresponding PR funding increases for salary, fringe benefits, and supplies and services to reflect this conversion. Provide $25,200 PR annually for salary, fringe benefits, and supplies and services to account for higher anticipated position costs associated with the new positions. All of the positions that would be converted are currently vacant. Of the 6.74 SEG positions, 6.34 positions are funded from the veterans trust fund and 0.30 position is funded from the veterans mortgage loan repayment fund. The 0.56 FTE PR position (two 0.28 FTE positions) is funded from state home revenues, but is not associated with direct care services.

The following table shows the position titles and funding source for the positions that would be deleted and for the new positions.

Deleted Positions

Position Title	SEG	PR	Total
Attorney	0.72	0.28	1.00
Administrative Manager	0.72	0.28	1.00
Veterans Claims Officer	2.00	0.00	2.00
Veterans Benefit Specialist	2.00	0.00	2.00
Veterans Program Supervisor	1.00	0.00	1.00
Real Estate Specialist	0.30	0.00	0.30
Total	6.74	0.56	7.30

Created Positions

Position Title	PR
Licensed Practical Nurse	4.30
Nurse Clinician	2.00
Nursing Supervisor	1.00
Total	7.30

4. STATE VETERANS HOMES AUDIT RECOMMENDATIONS

Joint Finance: Require DVA to do all the following to implement recommendations contained in the Legislative Audit Bureau's Report 17-8 relating to the Wisconsin Veterans Home at King:

a. Promulgate administrative rules amending VA 6 of the Wisconsin Administrative Code to establish a formula for calculating private pay rates for nursing home and assisted living care at the Wisconsin Veterans Homes and to clearly define rate-setting terms, including "costs of

care." Require the Department to present the statement of scope of the rules to Governor for approval by July 1, 2018.

b. Submit a report to the Joint Committee on Finance and the Joint Legislative Audit Committee by January 1, 2018, that includes the following: (1) the cash balance in the state veterans home PR appropriation account that it believes is appropriate to maintain; and (2) a description of the Department's efforts to develop, and routinely update, a detailed plan for the management and proposed use of the cash balance in the account.

c. Submit a report to the Joint Committee on Finance and the Joint Legislative Audit Committee by January 1, 2018, that includes the following: (1) a description of the Department's efforts to establish a systematic process for comprehensively identifying and assessing the capital-related project needs for all Wisconsin Veterans Homes; and (2) a description of the Department's efforts to use this information to complete a 10-year facilities plan for the Wisconsin Veterans Homes and to help develop its required six-year facilities plans in the future.

5. PAYMENTS FOR MUNICIPAL SERVICES PROVIDED TO STATE VETERANS HOMES

PR	$300,000

Joint Finance: Provide $150,000 annually, from program revenue DVA receives for the operation of the state veterans homes, for the Department to make grants to cities, villages, or towns that provide fire and emergency medical services to the state veterans homes. This would convert a one-time grant of $150,000 made under provisions of 2015 Wisconsin Act 55 into an ongoing, annual grant.

Repeal provisions in 2015 Wisconsin Act 55 that established a July 1, 2017, sunset date for: (a) the current DVA appropriation for municipal services grants; (b) a statutory provision authorizing DVA to make the grants; and (c) a provision that authorizes DVA to transfer unencumbered amounts from the state veterans homes institutional operations appropriation to the grant appropriation, in order to provide ongoing authority and funding for the program. Modify the Act 55 provision that authorizes the grants to specify that: (a) DVA may make municipal services grants totaling $300,000 per biennium; and (b) grant recipients may only use grant funds for providing fire and emergency medical services to veterans homes and other facilities for veterans.

6. REDUCE VETERANS LOAN BOND AUTHORITY

BR	- $273,300,000

Governor/Joint Finance: Reduce general obligation bond authority by $273,300,000 for veterans mortgage and home improvement loans. Currently the Department has $278.3 million in unused bond authority to finance loans for veterans. This item would eliminate all but $5.0 million of that authority. The Department suspended the mortgage and home improvement loan programs in 2011, citing low demand and an inability to compete with commercial loan rates. No mortgage loan bonds have been issued for the program since 2008.

7. DEBT SERVICE REESTIMATE [LFB Paper 170]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$14,800	$4,400	$19,200
PR	302,100	0	302,100
SEG	- 4,596,800	0	- 4,596,800
Total	- $4,279,900	$4,400	- $4,275,500

Governor: Reduce funding by $1,541,100 ($49,100 GPR, -$2,200 PR, and -$1,588,000 SEG) in 2017-18 and by $2,738,800 (-$34,300 GPR, $304,300 PR, and -$3,008,800 SEG) in 2018-19 to reflect reestimates of debt service payments for bonds previously issued to fund capital projects at DVA facilities and the veteran mortgage loan program. Debt service on mortgage loan bonds is paid from the veterans mortgage loan repayment fund, while cemetery debt service is paid from the veterans trust fund.

Joint Finance: Increase funding by $2,400 GPR in 2017-18 and $2,000 GPR in 2018-19 to reflect a reestimate of GPR-funded debt service. The following table shows base funding for DVA's debt service appropriations, the combined net changes to the base under the Governor's and the Finance Committee's reestimates, and the total estimated funding that would be required to make debt service payments from these appropriations in the 2017-19 biennium.

		Change to Base		Total Debt Service Estimate	
Source and Purpose	Base	2017-18	2018-19	2017-18	2018-19
SEG -- Veterans Mortgage Loan Bonds	$8,191,300	-$1,576,800	-$2,942,000	$6,614,500	$5,249,300
SEG -- Cemetery Bonds	89,500	-11,200	-66,800	78,300	22,700
SEG -- Subtotal	$8,280,800	-$1,588,000	-$3,008,800	$6,692,800	$5,272,000
GPR -- Veterans Homes	$1,494,700	$51,500	-$32,300	$1,546,200	$1,462,400
PR -- Veterans Homes	2,040,700	-2,200	304,300	2,038,500	2,345,000
Total	$11,816,200	-$1,538,700	-$2,736,800	$10,277,500	$9,079,400

8. RENEWABLE ENERGY APPROPRIATION [LFB Paper 120]

PR	$108,000

Governor/Joint Finance: Provide $54,000 annually in a new appropriation for the state veterans homes to fund the premium cost incurred by the homes for the generation or purchase of electrical energy derived from renewable resources. Modify DVA's state veterans home institutional operations appropriation to specify that it may not be used for costs that would be funded from the new renewable resource energy appropriation, and to permit the transfer of state veterans home revenues to the new appropriation for the purposes of financing the PR account.

This item is part of the administration's initiative to create separate appropriations in various agencies to separately account for, and limit the amount paid for, the premium costs incurred for the generation or purchase of electrical energy derived from renewable resources. Currently, DVA finances any premium cost associated with renewable energy used at the state veterans homes from its existing institutional operations appropriation.

9. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Positions
PR	- 15.64
SEG	- 9.36
Total	- 25.00

Governor: Delete 25.00 positions (-15.64 PR positions and -9.36 SEG positions) in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. The PR positions would be deleted from DVA's appropriations for the state veterans homes, while the SEG positions would be deleted from DVA's appropriation for general administration of veterans benefit programs. Funding associated with the positions ($1,122,200 PR and $807,200 SEG) would be reallocated to the Department's supplies and services budget, beginning in 2018-19, to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that each incumbent employee that is transferred to DOA would retain the employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DVA, but would become DOA employees, rather than employees of DVA.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA.

Joint Finance: Adopt the Governor's recommendations, with several modifications. Require that all proposed and future shared services positions provided by DOA for the Department of Corrections, the Department of Health Services, and the Department of Veterans Affairs, remain on-site at these agencies. [See "Administration -- Transfers."]

10. VETERANS TRUST FUND CONDITION STATEMENT [LFB Paper 655]

Joint Finance: The following table shows the fund condition statement for the veterans trust fund, reflecting appropriations under the Joint Committee on Finance substitute amendment, as well as estimates of fund revenues and appropriation lapses during the 2017-19 biennium. In addition, the table also reflects an assumption that the Department would be required to transfer amounts ($13,100,000 annually) from unencumbered balances from the PR appropriation for state veterans homes institutional operations in order to maintain a positive balance in the fund. The Department is authorized to make such transfers under current law, but would be required to receive approval to make transfers from the Committee under a 14-day passive review process under the Committee's substitute amendment. The Department may be required to transfer more or less than this amount, depending upon actual revenues and appropriation lapses.

	2017-18	2018-19
Opening Balance	$1,455,400	$117,300
Revenues		
Federal Aid -- Veterans Assistance Program	$1,120,100	$1,120,100
Veterans Assistance Program Receipts	182,000	182,000
Wisconsin Veterans Museum Sales	130,000	130,000
Loan Repayment, Principal and Interest	591,000	453,000
Other Revenues	100,000	100,000
Total Annual Revenues	$2,123,100	$1,985,100
Interfund Transfers	$13,100,000	$13,100,000
Total Available	$16,678,500	$15,202,400
Expenditures		
Chapter 20 Appropriation	$19,561,200	$19,858,300
Estimated Lapse	-3,000,000	-4,800,000
Net Appropriation	$16,561,200	$15,058,300
Closing Balance	$117,300	$144,100

11. VETERANS TRUST FUND REPORTS [LFB Paper 655]

Joint Finance: Modify a current law provision that authorizes the Department to transfer unencumbered funds from the appropriation accounts for the state veterans homes to the veterans trust fund or the veterans mortgage loan repayment fund to specify that any such transfers must be approved by the Joint Committee on Finance under a 14-day passive review process.

Require the Department, by no later than January 1, 2018, to submit a report to the Joint Committee on Finance that contains the following: (a) a description and analysis of the Department's administrative costs supported by the veterans trust fund and by revenue generated from the state veterans homes; (b) proposals for changes to the Department's administrative structure or position levels and salaries to increase efficiency or administrative costs; and (c) two proposed long-term plans to maintain the solvency of the veterans trust fund, one of which that includes transfers from the appropriations of the state veterans homes and one of which that does not include such transfers.

Modify statutory provisions that require the Department to submit a report to the Joint Committee on Finance, by June 30 of each even-numbered year, on the condition of the veterans trust fund, to change the deadline of submittal to September 15 of each even-numbered year and to require the report to include information on the actual revenues and expenditures of the fund in the prior fiscal year.

12. COUNTY VETERANS SERVICE OFFICE LIAISON [LFB Paper 656]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$251,600	1.00	- $251,600	- 1.00	$0	0.00

Governor: Create 1.0 position, beginning in 2017-18, to serve as a Department liaison to county veteran service offices (CVSOs) and provide $107,800 in 2017-18 and $143,800 in 2018-19 to support the position. Budget funding for salary, fringe benefits, and supplies and services costs for the position in a current appropriation, supported by the veterans trust fund, which supports grants to CVSOs. Modify the appropriation to specify that it may be used to fund the administration of the grant program, in addition to grants.

Joint Finance: Delete provision.

13. CVSO GRANT PROGRAM -- REIMBURSEMENT REQUIREMENT [LFB Paper 656]

Governor: Repeal provisions that require DVA to provide grants to counties and tribes on a reimbursable basis, up to statutory limits that are based on county population (for county grants), or $15,000 per tribe. Repeal provisions that require DVA to make reimbursement payments twice each year. Instead, require DVA to provide annual grants to counties and tribes that equal the current statutory maximum grant amounts. Repeal a requirement that DVA promulgate rules relating to procedures for reimbursing expenses.

Under current law, counties and tribes must submit documentation of reimbursable expenses, which include costs they incur for: (a) information technology; (b) transportation for veterans and service veterans with barriers; (c) special outreach to veterans; (d) training and services provided by DVA and the U.S. Department of Veterans Affairs; and (e) salary and fringe benefit expenses incurred in 2015, 2016, and 2017 (although these expenses incurred in 2016 may not exceed 50% of the grant award and these expenses incurred in 2017 may not exceed 25% of the maximum grant award).

The bill would not modify the types of expenses for which counties and tribes could use grant funds. However, it would update references to the years limiting the use of grants for salaries and fringe benefits, so that grantees could not use more than 50% of their grant funding to support salary and fringe benefit expenses in 2018 and not more than 25% of grant funding to support salary and fringe expenses in 2019. No grant funds could be used for salary and fringe benefit costs after 2019.

The current maximum reimbursement grants for CVSOs would become the amount of the fixed grants, and are as follows: (a) $8,500 for a county with a population less than 20,000; (b) $10,000 for a county with a population of 20,000 to 45,499; (c) $11,500 for a county with a population of 45,500 to 74,999; and (d) $13,000 for a county with a population of 75,000 or

more. [A county with a part-time county veterans service officer receives an annual grant of $500, regardless of population. This policy would not change under the bill.]

Under this item, the method of distributing CVSO and tribal veteran service offices (TVSO) grants would be restored to the way DVA awarded grants prior to the passage of the 2015-17 budget act, which required DVA to make grants to on a reimbursable basis. However, the limits on the use of grant funds for salary and fringe benefit costs, which was also a change included in the 2015-17 budget act, would be retained in modified form.

Joint Finance: Adopt the Governor's recommendation to delete the requirement that CVSO and TVSO grants be made on a reimbursable basis and, in addition, delete the current law restrictions on the specific uses of the grant, including restrictions on the use of grant for salary and fringe benefit costs. As amended, the provisions related to these grants would be the same as they were prior to the 2015-17 biennium.

14. VETERANS TRANSPORTATION GRANT [LFB Paper 657]

SEG	$160,000

Governor: Provide $80,000 annually to increase the amount of a grant paid to the Disabled American Veterans for providing transportation services for veterans. Under current law, DVA is required to provide a grant of $120,000 annually to Disabled American Veterans. The administration indicates that the funding provided under this item is intended to increase the amount of the annual grant to $200,000. However, the statutory grant amount would need to be increased to accomplish this intent.

Joint Finance: Modify the statutory provision that requires the Department to make a grant to Disabled American Veterans to increase the amount of the annual grant from $120,000 to $200,000.

15. GRANTS TO VETERANS SERVICE ORGANIZATIONS [LFB Paper 657]

SEG	$120,000

Governor: Provide $60,000 annually from the veterans trust fund to increase, from $70,000 to $100,000 per year, the grant amounts certain organizations may receive under the veterans services organization (VSO) grant program. Modify the statutory maximum grant amount, and specify that this increase would first apply to applications for assistance DVA receives on April 1, 2018.

Under the VSO program, DVA distributes grants to certain organizations that provide claims service to Wisconsin veterans at the U.S. Department of Veterans Affair Regional Benefit Office in the City of Milwaukee. VSOs that have documented salary and transportation costs that exceed $120,000 in a year may receive a grant of $70,000. VSOs with documented salary and transportation costs that are less than $120,000 may receive a grant equal to 50% of their documented costs. The funding increase in the bill would apply to the VSOs with eligible costs that exceed $120,000.

The funding increase in the bill is based on the expectation that two organizations, the American Legion and the Veterans of Foreign Wars, which qualified for the $70,000 grants in 2015-16, would receive $100,000 grants in each year of the 2017-19 biennium.

Joint Finance: Specify that grants to veterans service organizations shall equal 50% of the organization's salary and travel expenses or $100,000, whichever is less.

16. CRISIS INTERVENTION SERVICES [LFB Paper 658]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$120,000	- $120,000	$0

Governor: Provide $60,000 in 2017-18 and 2018-19 in one-time funding from the veterans trust fund to support a crisis intervention services pilot program for veterans in Kenosha and Racine counties. One-time funding items are deleted from the agency's base as a standard budget adjustment in the next biennium.

Joint Finance: Delete funding. Instead, require DVA to allocate $60,000 in each year of the 2017-19 biennium from the Department's administration and grants and loans appropriation for a crisis intervention services demonstration program administered by the Department.

17. GRANT FOR CAMP AMERICAN LEGION [LFB Paper 657]

SEG	$50,000

Governor: Provide $25,000 annually to increase, from $50,000 to $75,000, the amount of a grant DVA makes to the American Legion to operate Camp American Legion. Camp American Legion provides cabins and recreational facilities free of charge for disabled and injured veterans and their families. The camp is located in Oneida County on property owned by the State and managed by the Department of Natural Resources. (Since the bill would not modify a statutory provision that limits the annual grant award to $50,000 per year, a statutory change would be needed to accomplish the administration's intent.)

Joint Finance: Modify the statutory provision that requires the Department to make a grant to Camp American Legion to increase the amount of the annual grant from $50,000 to $75,000.

18. WOMEN VETERANS STUDY [LFB Paper 658]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	$20,000	- $20,000	$0

Governor: Provide $20,000 in 2017-18 from the veterans trust fund to support a study on the needs of women veterans in Wisconsin.

Joint Finance: Delete funding. Instead, require DVA to allocate $20,000 in the 2017-19 biennium from the Department's administration and grants and loans appropriation for the purpose of conducting a study concerning the needs of women veterans in Wisconsin.

19. GRANT PROGRAM APPROPRIATIONS [LFB Paper 659]

Joint Finance: Modify the Department's appropriation structure for veterans grant and benefit programs by establishing separate appropriations for several programs that are currently funded from appropriations that also fund dissimilar programs. The following table shows current appropriations and new appropriations that would be created to separately account for programs. The amounts provided in the new appropriation matches the amount of base funding allocated for these programs, plus adjustments made under separate decisions.

Current and New Appropriation Structure

Existing Appropriation	Annual Funding	New Appropriation	Annual Funding
Veterans tuition reimbursement program; grants to nonprofit organizations that serve veterans and their families	$1,403,100	Veterans tuition reimbursement program	$1,153,100
		Grants to nonprofit organizations	250,000
Veterans assistance program; fish and game vouchers	845,700	Veterans assistance program	830,700
		Fish and game vouchers	15,000
Payments to veterans organizations for claims service; grants for the operation of Camp American Legion; grants to American Indian tribes and bands	471,800	Payments to veterans organizations for claims service	348,000
		Grants to Camp American Legion	75,000
		Grants to American Indian tribes and bands	48,800

Delete an obsolete statutory provision that required the Department to award a grant of $500,000 in 2013-14 to VETransfer, an organization that provides assistance to start-up businesses to veterans, and modify the appropriation for assistance to needy veterans and veteran start-up businesses, the appropriation from which this grant was made, to eliminate references to this grant in the title and in the statutory authorization for the appropriation.

Delete DVA appropriations, as shown in the table below, and associated programmatic statutory provisions. These appropriations have no base funding and have not been utilized for several years. Several are duplicative of other appropriations.

Deleted DVA Appropriations

Citation	Source	Appropriation Name
20.485 (1)(b)	GPR	General fund supplement to institutional operations
20.485(1)(hm)	PR	Gifts and grants
20.485(1)(mj)	FED	Federal aid, geriatric unit
20.485(1)(u)	SEG	Rentals; improvements; equipment; land acquisitions
20.485(2)(a)	GPR	General program operations; loans and aids
20.485(2)(b)	GPR	Housing vouchers for homeless veterans
20.485(2)(d)	GPR	Veterans memorials at the Highground
20.485(2)(e)	GPR	Korean war memorial grant
20.485(2)(eg)	GPR	Victorious charge monument grant
20.485(2)(vy)	SEG	American Indian service coordinator
20.485(2)(yg)	SEG	Acquisition of 1981 revenue bond mortgages
20.485(3)(v)	SEG	Revenue obligation repayment

20. NONPROFIT ORGANIZATIONS GRANTS [LFB Paper 659]

Joint Finance: Modify the statutory authorization for DVA's nonprofit organization grant program to specify that the Department may make grants totaling $250,000 on an annual basis. Under current law, the Department is authorized to make grants totaling $250,000. As written, the Department is authorized only to make grants totaling this amount on a one-time basis. This item clarifies that the Department may make grants totaling $250,000 in each year on an ongoing basis. Under current law, the Department makes these grants from an appropriation for the veterans tuition reimbursement program. A separate item, summarized above, would establish a separate appropriation for the program, funded at $250,000 SEG annually.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$24,949,400	$17,912,000	$18,032,000	$120,000	0.7%	-$6,917,400	- 27.7%
SEG	45,552,000	58,889,400	58,769,400	- 120,000	- 0.2	13,217,400	29.0
TOTAL	$70,501,400	$76,801,400	$76,801,400	$0	0.0%	$6,300,000	8.9%

FTE Position Summary

As a corporation, there are no state positions for the Wisconsin Economic Development Corporation.

Budget Change Items

1. MODIFY WEDC APPROPRIATION STRUCTURE AND INCREASE OVERALL FUNDING LEVEL [LFB Paper 665]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- $7,037,400	$120,000	- $6,917,400
SEG	13,337,400	- 120,000	13,217,400
Total	$6,300,000	$0	$6,300,000

Governor: Make the following changes to the Wisconsin Economic Development Corporation's (WEDC's) appropriation structure.

Brownfield site assessment grants (SEG). Under current law, WEDC has a biennial SEG appropriation from the environmental fund of $1,000,000 annually for brownfield site assessment grants. The Governor recommends maintaining base funding for this appropriation.

Economic development fund; operations and programs (SEG). Under current law, WEDC has a continuing SEG appropriation from the economic development fund equal to the amounts

identified in the appropriation schedule ($21,776,000 annually), which funds its operations and economic development programs. The revenue source for the economic development fund is the economic development surcharge imposed on C-corporations and S-corporations.

The Governor recommends converting this appropriation to an all moneys received appropriation equal to deposits of economic development surcharge revenues, interest, and penalties collected in the economic development fund after (as under current law) deducting amounts appropriated to the Department of Revenue for administration of the surcharge. Under the Governor's recommendation, WEDC could use all monies received from the economic development fund and would not be limited to the amounts provided in the appropriation schedule.

The administration estimates that this appropriation will receive $32,731,200 SEG in 2017-18 and $24,158,200 SEG in 2018-19, including an estimated opening balance in the economic development fund of $9,949,900. These amounts are higher than the base funding level by $10,955,200 SEG in 2017-18 and $2,382,200 SEG in 2018-19.

Operations and programs (GPR). Under current law, WEDC has a continuing GPR appropriation with base funding of $12,474,700 in 2016-17. This appropriation is also used for WEDC operations and economic development programs.

The Governor recommends converting this appropriation to a sum sufficient appropriation equal to the amount obtained by subtracting from $35,250,700 in 2017-18 and $41,550,700 in 2018-19 the amounts expended from WEDC's two SEG appropriations described above. However, this appropriation would also be limited to no more than $12,747,000 in 2017-18 and $18,774,000 in 2018-19 and annually thereafter. In addition, no monies could be expended from the GPR appropriation unless the balance in the SEG appropriation for operations and programs is zero.

The administration estimates that the GPR appropriation would expend $1,519,500 in 2017-18 and $16,392,500 in 2018-19. Compared to the base funding level, these amounts are $10,955,200 lower in 2017-18 and $3,917,800 higher in 2018-19.

Overall Funding Level. As a result of the Governor's recommendations, WEDC's total appropriated funds would increase by $6,300,000 in 2018-19. According to the administration, WEDC has been supporting its current economic development programs by reducing its existing fund balances. The additional funds would be used to support WEDC's state economic development efforts rather than curtail its existing economic development programs.

Joint Finance: Adopt the changes recommended by the Governor, but reduce the Governor's limit for the amount that WEDC's sum sufficient operations and programs GPR appropriation can expend to no more than $1,519,500 in 2017-18 and $16,512,500 in 2018-19. Under a separate provision of the bill, revenues from the economic development surcharge are estimated to be $120,000 lower in 2018-19. Reduce estimated expenditures from WEDC's economic development fund; operations and programs appropriation by $120,000 SEG and increase estimated expenditures in its operations and programs appropriation by $120,000 GPR in 2018-19.

2. WEDC LOAN ACTIVITY [LFB Paper 666]

Governor: Make the following changes to laws governing WEDC loan activity.

Under current law, pursuant to 2015 Wisconsin Act 55, WEDC cannot originate new loans of more than $10 million in 2015-16 and $5 million in 2016-17. WEDC cannot originate a new loan after June 30, 2017. However, this provision does not apply to the technology development loan program as it existed and was administered by WEDC on January 1, 2015. Under the technology development loan program, WEDC can originate new loans of up to $3 million from non-federal sources, annually, and no annual limit applies to technology development loans funded from federal revenues. The Governor recommends repealing these provisions.

Instead, all loans originated by WEDC, other than loans issued under its technology development loan program as that program was constituted on January 1, 2015, could not be funded from any of WEDC's appropriations and could only be funded from repayments of other loans. WEDC would be prohibited from originating a loan that may be forgivable, in whole or in part, upon the loan recipient's achievement of one or more conditions or goals. These provisions would first apply to a loan originated by WEDC on the effective date of the bill. Also, each new lending program implemented or administered by WEDC would have to adhere as closely as practicable to commonly accepted commercial lending practices. WEDC would have to adopt policies and procedures to implement this requirement.

Joint Finance: Adopt the changes to WEDC's loan program recommended by the Governor, but delete the restriction that all loans originated by WEDC, other than loans issued under its technology development loan program as that program was constituted on January 1, 2015, could not be funded from any of WEDC's appropriations and could only be funded from repayments of other loans.

3. FABRICATION LABORATORIES GRANT PROGRAM [LFB Paper 667]

Governor: Require WEDC to award at least $500,000 in 2017-18 and 2018-19 from its operations and programs GPR appropriation for grants for fabrication laboratories. Grants would be provided to eligible recipients for purchases of equipment used in fabrication laboratories for instructional and educational purposes by grade school, junior high school, and high school students. A fabrication laboratory is a medium-scale, high-technology workshop equipped with computer-controlled additive and subtractive manufacturing components, including three-dimensional printers, laser engravers, computer numerical control routers, and plasma cutters.

Joint Finance: Repeal the statutes that created the fabrication laboratory grant program under 2015 Act 55. Delete the provision recommended by the Governor and, instead, require WEDC to provide funding of at least $500,000 in 2017-18 and 2018-19 from either its operations and programs GPR appropriation or its economic development fund; operations and programs SEG appropriation to implement a program substantially similar to the Act 55 program. As compared to the Governor's recommendation, WEDC could award grants to new applicants, instead of only the original 25 grant recipients under the Act 55 program, and could use non-GPR funds for the grants.

In addition to the grant program described above, require WEDC to allocate $100,000 in 2017-18 and $300,000 in 2018-19 from its existing fund sources for the purpose of making fabrication laboratory technical assistance grants to one or more nonprofit organizations for the provision of services to Wisconsin school districts in which the school board has adopted a resolution to initiate a fabrication laboratory. Services provided under a grant award would have to include the development of curricula for fabrication laboratories, in-school coaching and ongoing professional development for district personnel, and other assistance related to fabrication laboratories, as determined by WEDC. A fabrication laboratory would be defined as a high-technology workshop equipped with computer-controlled additive and subtractive manufacturing components. A nonprofit organization could be eligible for the grant if the organization is exempt from federal income tax under Section 501 (c) (3) or (6) of the Internal Revenue Code.

4. TAX CREDIT MODIFICATIONS

Governor/Joint Finance: Make a number of modifications to tax credit programs that are administered, in part, by WEDC, which are described in "General Fund Taxes -- Income and Franchise Taxes."

5. ECONOMIC DEVELOPMENT GRANT FOR MARATHON COUNTY ECONOMIC DEVELOPMENT CORPORATION

Joint Finance: Require WEDC to provide a grant of $100,000 in 2017-18 to the Marathon County Economic Development Corporation to be used for a revolving loan fund to support minority owned businesses in Marathon County. A business is considered "minority owned" if at least 30% of the business is owned by a person who is a member of a minority group.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Budget Change Items

1. HOUSING CHOICE VOUCHER WORK REQUIREMENT

Governor: Specify the Wisconsin Housing and Economic Development Authority (WHEDA) may develop a pilot program that requires able-bodied adults who receive a Housing Choice Voucher (HCV) to satisfy employment, training, and self-sufficiency requirements determined by WHEDA. Specify WHEDA may request approval from the federal Department of Housing and Urban Development if necessary to create this pilot program. Further, specify the Authority may develop a program to provide self-sufficiency services, such as job search assistance, to recipients of HCVs. Additionally, specify that the Authority may coordinate with state agencies, public housing agencies, or WHEDA contractors to implement these programs.

During calendar year 2016, WHEDA administered approximately 2,300 vouchers and funding of approximately $8 million under the federal HCV program. Multiple public housing authorities across Wisconsin also receive federal funding to provide HCVs, with typical funding statewide of approximately $150 million to $160 million each year.

Joint Finance: Delete provision as a non-fiscal policy item. (Subsequent action by the Authority on April 19, 2017, authorized development and implementation of this provision using existing statutory authority.)

2. HOUSING CHOICE VOUCHER ELIGIBILITY PRIORITY

Governor: Specify WHEDA may develop a two-year pilot program to give priority to chronically homeless individuals and families on the waiting list for federal HCVs administered by the Authority. Additionally, specify the Authority may provide case management services to these individuals when they receive a voucher after being prioritized under the pilot program.

Currently, WHEDA reports the total number of applicants on waitlists is approximately 4,900. These applicants are spread out over 41 primarily county-level wait lists. WHEDA reports that once admitted to a waiting list, an applicant can spend anywhere from a few months to five years waiting to receive a voucher, depending on the rate at which vouchers become available for each list. Further, allocation of vouchers to wait-listed persons can vary with the characteristics of others on the list. For instance, federal program rules and WHEDA administration generally require most available vouchers to be allocated to persons or households of "extremely low income," or no more than 30% of the area median-family income level.

Joint Finance: Delete provision as a non-fiscal policy item. (Subsequent action by the Authority on April 19, 2017, authorized the implementation of this provision, as it pertains to providing priority to homeless individuals, using existing statutory authority.)

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$1,039,285,000	$1,049,032,600	$1,039,032,600	- $10,000,000	- 1.0%	- $252,400	0.0%
FED	65,508,600	65,618,500	65,618,500	0	0.0	109,900	0.2
PR	10,616,200	9,500,600	9,500,600	0	0.0	- 1,115,600	- 10.5
SEG	1,000,000	0	0	0	0.0	- 1,000,000	- 100.0
TOTAL	$1,116,409,800	$1,124,151,700	$1,114,151,700	- $10,000,000	- 0.9%	- $2,258,100	- 0.2%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	23.25	23.25	23.25	0.00	0.00
FED	26.75	26.75	26.75	0.00	0.00
PR	11.50	5.00	5.00	0.00	- 6.50
TOTAL	61.50	55.00	55.00	0.00	- 6.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $252,400
FED	109,900
PR	- 79,000
SEG	- 1,000,000
Total	- $1,221,500

Governor/Joint Finance: Provide adjustments to the base budget totaling -$129,000 GPR, $52,100 FED, -$44,600 PR, and -$500,000 SEG in 2017-18 and -$123,400 GPR, $57,800 FED, -$34,400 PR, and -$500,000 SEG in 2018-19 for: (a) removal of noncontinuing elements from the base (-$500,000 SEG annually); (b) full funding of continuing position salaries and fringe benefits (-$105,400 GPR, $29,600 FED, and -$69,400 PR annually); and (c) full funding of lease and directed moves costs (-$23,600 GPR, $22,500 FED, and $24,800 PR in 2017-18 and -$18,000 GPR, $28,200 FED, and $35,000 PR in 2018-19).

2. INCREASE STATE GENERAL AID [LFB Paper 675]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$10,000,000	- $10,000,000	$0

Governor: Provide $5,000,000 annually above annual base level funding of $88,534,900 for state general aid for technical colleges.

Joint Finance: Delete provision. Instead, provide $2,500,000 GPR annually for need-based Wisconsin Grants for technical college students under the Higher Education Aids Board (HEAB). [The fiscal effect is shown under HEAB.]

3. TUITION AND MATERIALS FEE FREEZE [LFB Paper 675]

Governor: Prohibit any district board from charging a resident student an amount of program fee (tuition) for liberal arts, collegiate transfer and postsecondary and vocational-adult programs or a materials fee in 2017-18 or 2018-19 that exceeds the tuition or fees charged in the 2016-17 academic year.

In 2016-17, resident tuition is equal to $130.35 per credit (or $3,910.50 for a full-time student for one year) for post-secondary/vocational-adult programs and $176.35 per credit (or $5,290.50 for a full-time student for one year) for collegiate transfer programs.

Joint Finance: Delete provision.

4. LOCAL IN-DISTRICT TUITION RATE

Governor: Allow district boards to charge students who reside in the district uniform program fees (tuition) and material fees that are less than the tuition and material fees established by the System Board.

Under current law, the Board establishes statewide tuition and material fees annually. Out-of-state students pay tuition equal to 150% of the in-state tuition rate, unless the student is attending a WTCS college under a reciprocity agreement.

Joint Finance: Delete provision as a non-fiscal policy item.

5. TUITION AND FEE REMISSIONS FOR THE CHILDREN AND SPOUSES OF DECEASED OR DISABLED VETERANS [LFB Paper 641]

Governor: Provide that, for the purpose of tuition and fee remissions for children and spouses, an eligible veteran is a person who meets all of the following criteria: (1) has service on active duty under honorable conditions in the U.S. Armed Force, in forces incorporated as part of the U.S. Armed Forces, in the National Guard, or in a reserve component of the U.S. Armed

Forces; (2) was a resident of this state at the time of entry into that service or resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session for which the person registers at an institution; and (3) either died on active duty, died as the result of a service-connected disability, or died in the line of duty while on active or inactive duty for training purposes while a resident of this state or has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs. Under current law, an eligible veteran for the purpose of tuition and fees remissions for children and spouses is a person who meets the criteria described in (1) and (3) above and who was a resident of this state at the time of entry into service.

Under current law, a technical college district board is required to grant a full remission of fees for 128 credits or eight semesters, whichever is longer, to a resident student who is the spouse, unremarried surviving spouse, or child of an eligible veteran. The amount of tuition and fees remitted to such a student is reduced by the amount paid on behalf of the student by the U.S. Department of Veterans Affairs through the Post 9/11 G.I. Bill. Credits or semesters for which the student received a remission from another technical college district board or the UW Board of Regents are counted against the 128 credit or eight semester limit. To remain eligible for remissions, a student must maintain a cumulative grade point average of at least a 2.0. Children of eligible veterans are only eligible to receive remissions while they are at least 17 but not yet 26 years of age.

In 2015-16, the technical college district boards remitted $1.9 million in tuition and fees to the spouses, unremarried surviving spouses, and children of eligible veterans under current law. A sum certain general purpose revenue appropriation under the Higher Educational Aids Board partially reimburses the technical college district boards and the UW System Board of Regents, who are also required to grant such remissions, for these remissions. In 2015-16, HEAB reimbursed the technical college district boards and the UW System Board of Regents for 15% of tuition and fees remitted to spouses, unremarried surviving spouses, and children of eligible veterans.

Joint Finance: Modify the Governor's recommendation for veterans who did not reside in Wisconsin at the time of entry into service to specify that: (a) the children and unremarried surviving spouse of a deceased veteran would be eligible for tuition and fee remissions if the veteran had lived in this state for at least five consecutive years after he or she attained the age of 18; and (b) the children and spouse of a disabled veteran would be eligible for tuition and fee remissions if the veteran has lived in this state for at least five consecutive years immediately preceding the semester or session for which the child or spouse seeks a remission. In addition, specify that the child, spouse, or unremarried surviving spouse of a deceased or disabled veteran who did not enter service from this state but who resided in this state for at least five consecutive years would only be eligible for tuition and fee remissions if the child or spouse has resided in this state for at least five consecutive years immediately preceding enrollment.

6. PERFORMANCE BASED FUNDING ALLOCATION AND CRITERIA [LFB Paper 676]

Governor: Require that 30% ($28,060,500) of the total amount appropriated as general aid to technical college districts would be distributed according to the performance based formula in 2017-18.

Effective January 1, 2018, specify that 70% of state aid ($65,474,400) would be distributed based on the equalization formula, as under current law. The remaining 30% of state aid would be allocated according to four performance categories. For each category, the System Board would be required to rank each district board's performance on the specified criteria and establish a formula for allocating funding based on the district's ranking for the prior year, so that a district would receive a greater allocation than any district with a lower ranking. The four performance categories are as follows:

a. Affordability and attainability (10.5%, or $9,821,200), based on the following criteria: (1) participation in dual enrollment programs; and (2) the development and implementation of a policy to award course credit for relevant educational experience or training not obtained through an institution of higher education, including skills training received during military service.

b. Workforce readiness (10.5%, or $9,821,200), based on the following criteria: (1) placement rate of students in jobs related to their programs of study; (2) the number of degrees and certificates awarded in high demand fields, as determined jointly by the System Board and the Department of Workforce Development; (3) the number of programs or courses with industry-validated curriculum; and (4) the workforce training provided to businesses and individuals.

c. Student success in state workforce (6%, or $5,612,100), based on the following criteria: (1) number of adult students served by basic education courses, adult high school or English language learning courses, or courses that combine basic skill and occupational training as a means of expediting basic skills remediation, and the success rate of adult students completing such courses; (2) the transition of adult students from basic education to skills training; and (3) training or other services provided to special populations or demographic groups that can be considered unique to the district.

d. Efficiency (3%, or $2,806,000), based on participation in statewide or regional collaboration or efficiency initiatives.

Require the System Board to submit a plan for making allocations under the new performance criteria to the Secretary of the Department of Administration (DOA). Specify that the System Board could not implement the plan unless the Secretary approved or modified the plan. If the Secretary modified the plan, the System Board would be required to implement the plan as modified.

Delete current law requiring the System Board to submit an annual report to the Joint Committee on Finance describing how performance funding allocations were made to each

district. Instead, beginning in 2018-19, require the System Board to submit such a report to the Secretary of DOA. The report would be required to include the following: (a) the amount allocated to each district; (b) the performance of each district with respect to the criteria; (c) the methodologies used to calculate each district's allocation; and (d) the performance of the System as a whole with respect to the criteria.

Delete current law establishing performance criteria and specifying that each district's performance funding allocation is calculated based on seven of the 10 criteria defined under current law. Delete current law specifying the percentage of state general aids allocated to performance funding from 2014-15 to 2017-18, effective January 1, 2018.

Under current law, 30% of general aid funding is distributed using the performance based formula in 2016-17, but this percentage will be set at 0% in 2017-18 and thereafter. Funding amounts are calculated based on each district's performance on seven of the 10 performance criteria in the three previous fiscal years. The 10 performance criteria under current law are as follows: (a) the placement rate of students in jobs related to students' programs of study; (b) the number of degrees and certificates awarded in high-demand fields, as determined by the Board and the Department of Workforce Development; (c) the number of programs or courses with industry-validated curriculum; (d) the transition of adult students from basic education to skills training; (e) the number of adult students served by basic education courses, adult high school or English language learning courses, or courses that combine basic skills and occupational training as a means of expediting basic skills remediation, and the success rate of adult students completing these courses; (f) participation in dual enrollment programs; (g) the workforce training provided to businesses and individuals; (h) participation in statewide or regional collaboration or efficiency initiatives; (i) training or other services provided to special populations or demographic groups that can be considered unique to the district; and (j) the development and implementation of a policy to award course credit for relevant educational experience or training not obtained at an institution of higher education, including skills training received during military service. The current law performance criteria were subject to 14-day passive approval by the Joint Committee on Finance.

Joint Finance: Delete provision. Instead, specify that 30% of the total amount appropriated as general aid to technical college districts would be distributed under the current law performance based criteria in 2017-18 and annually thereafter. The remaining 70% would be distributed using the current law partially equalizing general aid formula.

7. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT

Governor: Increase the number of credits for completing courses identified in the core general education courses transfer agreement from 30 to 60. Specify that, beginning in the 2018-19 academic year, the Board of Regents and the Wisconsin Technical College System Board (WTCS) would ensure that credits for completing courses identified in that agreement would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. In addition, specify that core general education courses completed by high school students enrolled in UW System institutions or other educational institutions through the early college credit

program would be included in the agreement.

Under 2013 Act 20, the Board of Regents and the WTCS Board were required to enter into and implement an agreement that identified core general education courses totaling not fewer than 30 credits by the 2014-15 academic year. The Board of Regents and the WTCS Board were required to ensure that the credits for completing those courses would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. The governing boards of tribally controlled colleges in this state and the Wisconsin Association of Independent Colleges and Universities, on behalf of private colleges, may also enter into this agreement.

Joint Finance: Delete provision as a non-fiscal policy item.

8. ANNUAL ACCOUNTABILITY REPORT

Governor: Require the System Board to submit an annual accountability report to the Governor and the Legislature by December 31 of each year. The report would be required to include the following information for each district and for the technical college system as a whole:

a. For each program that awards a diploma or degree, the graduation rate, total number of graduates, the time needed for graduation, retention rates, and placement of graduates;

b. The percentage of residents and nonresident graduates who reside in Wisconsin 10 years after graduation;

c. The number of degrees, diplomas, and certificates awarded in high-demand fields, as determined by the Department of Workforce Development and the System Board;

d. Financial reports prepared using generally accepted accounting principles;

e. A profile of enrolled students, including mean per capita family income, the percentage of resident and nonresident students who are low-income, the percentage of resident and nonresident students who are members of minority groups, the number of transfers from other institutions of higher education in Wisconsin, a description of any improvements made in the transfer of credit between institutions of higher education, the number of high school pupils who have earned credit, the published cost for resident students and the actual cost for resident students once financial aid is subtracted, and increases in available institutional financial aid for students with demonstrated need;

f. For the collegiate transfer program, the extent of access to courses required for popular undergraduate majors, improvements in overall student experience, efforts to close the achievement gap between majority and underrepresented minority students, the number of students participating in internships or cooperative work experiences, and post-graduation success;

g. A profile of the faculty, including faculty teaching loads, success or failure in

recruiting and retaining teachers, and teachers who are rated at the top of their fields;

h. Partnerships and collaborative relationships among technical colleges, employers, state and local governments, or school districts; and

i. The goals, results, and budget for each program awarded an incentive grant to support certain programs specified under current law, and a summary of this information.

The reporting requirement would take effect on the first day of the seventh month beginning after publication of the bill.

Joint Finance: Delete provision as a non-fiscal policy item.

9. PERFORMANCE FUNDING REPORT CARDS

Governor: Require each district board to annually prepare a single-page performance funding report card in a format specified by the System Board that would include the following: (a) a summary of the district's performance in the prior fiscal year with respect to the performance funding criteria and other metrics specified by the Board; (b) a comparison of the district's performance with that of other districts; and (c) any additional information the Board may require. If the Board requires districts to include performance metrics in addition to the performance funding criteria, it would be required to apply the same metrics to all districts. Require each district to prominently link to the report on the home page of its Internet site, and update the evaluation at the end of each semester.

The reporting requirement would take effect on the first day of the seventh month beginning after publication of the bill.

Joint Finance: Delete provision as a non-fiscal policy item.

10. DELETE OBSOLETE REPORT LANGUAGE

Governor/Joint Finance: Delete statutory language describing reports required to be submitted by districts and by the System Board in 1992 and 1993 regarding information on postsecondary programs and courses, student residency, and instructional staff positions.

11. ELIMINATE EDUCATIONAL APPROVAL BOARD [LFB Paper 677]

	Funding	Positions
PR	- $1,036,600	- 6.50

Governor: Delete $342,600 PR in 2017-18 and $694,000 PR in 2018-19 and 6.50 PR positions beginning in 2018-19 by eliminating the Educational Approval Board (EAB), effective January 1, 2018, or on the day after publication of the budget act, whichever is later.

Transfer functions of EAB to the Department of Safety and Professional Services (DSPS). Major responsibilities that would be transferred include the following: (a) investigating the

adequacy of courses and courses of instruction offered by schools to Wisconsin residents and establishing minimum standards for those courses of instruction; (b) investigating and establishing minimum standards for schools' facilities, equipment, instructional materials, and instructional programs; (c) establishing rules, standards, and criteria to prevent fraud and misrepresentation in the sale and advertising of courses and courses of instruction; (d) establishing rules restricting the negotiability of promissory instruments received by schools in payment of tuition and other charges; (e) establishing minimum standards for refund of the unused portion of tuition, fees, and other charges if a student does not enter a course or course of instruction, withdraws, or is discontinued from the course; (f) requiring schools offering courses and courses of instruction to Wisconsin residents to furnish information concerning their facilities, curricula, instructors, enrollment policies, tuition and other charges and fees, refund policies, and policies concerning the negotiability of promissory instruments received in payment of tuition and other charges; (g) approving courses of instruction, schools, changes of ownership or control of schools, and teaching locations meeting the requirements, standards, and rules established by the Department and publishing a list of approved schools and courses of instruction and a list of schools authorized to use the terms "college," "university," "state," or "Wisconsin" in their names, including publishing the list on the Department's Internet site; (h) issuing permits to individuals soliciting the enrollment of individuals in a school; and (i) requiring schools to furnish a surety bond in an amount as provided by rule.

Transfer PR appropriations relating to the examination and approval of proprietary school programs, student protection, and the preservation of student records to DSPS. Allow DSPS to establish and charge fees for evaluating an educational institution, which must be sufficient to cover all costs incurred in examining and approving the schools. Allow DSPS to take possession of student records in danger of being destroyed or made unavailable, and charge a fee for providing a copy of the record based on the administrative cost of taking possession of, preserving, and providing the copy.

Delete the requirement for EAB to employ a person to perform the duties of an Executive Secretary and any other employees required to carry out EAB's responsibilities. Delete the requirement that the Executive Secretary be in charge of the administrative functions of EAB, and that EAB maintain its office with the Wisconsin Technical College System Board. Provide that the Secretary of DSPS or his or her designee would replace the Executive Secretary of EAB on the Distance Learning Authorization Board. Delete current law allowing a $25 per diem for EAB members for each day on which they were engaged in the performance of their duties.

The bill specifies that EAB's assets, liabilities, tangible personal property, and records would become the assets, liabilities, property, and records of DSPS. All contracts entered into by EAB prior to January 1, 2018, remain in effect and would be transferred to DSPS. DSPS would be required to carry out any obligations under a contract until the contract was modified or rescinded, to the extent allowed under the contract. All rules and orders developed by EAB in effect on January 1, 2018, would remain in effect until their specified expiration dates or until amended or repealed by DSPS. Any matter pending with EAB on January 1, 2018, would be transferred to DSPS. All materials submitted to or actions taken by EAB would be considered to have been submitted to or taken by DSPS.

Joint Finance: Specify that EAB would be transferred to DSPS as an attached board, effective January 1, 2018. Specify that the Board would cease to exist on July 1, 2018, and instead, the duties of EAB would be performed by DSPS, as under the bill.

Specify that on January 1, 2018, all FTE positions, and the incumbent employees holding those positions, who perform duties primarily related to the functions of EAB, as determined by the Secretary of Administration, would be transferred from the WTCS Board to DSPS. Such employees would have all the rights and the same status in DSPS that they enjoyed immediately prior to the transfer. No employee who had attained permanent status in class prior to the transfer would be required to serve a probationary period. A similar transfer provision from EAB to DSPS would apply when the Board sunsets on July 1, 2018.

Additionally, specify that effective January 1, 2018, the assets, liabilities, and tangible personal property, including records, of the WTCS Board primarily related to the functions of EAB, as determined by the Secretary of Administration, would become the assets, liabilities, and property of DSPS. Any contracts entered into by the WTCS Board in effect on the effective date on January 1, 2018, that is primarily related to the functions of the EAB, as determined by the Secretary of Administration, would remain in effect and would be transferred to DSPS. DSPS would be required to carry out any obligations under such a contract until the contract is modified or rescinded by DSPS to the extent allowed under the contract. Any matters pending with the WTCS Board that is primarily related to the functions of the EAB, as determined by the Secretary of Administration, would be transferred to DSPS, and any materials submitted to or actions taken by the WTCS Board would be considered as having been submitted to or taken by DSPS. Provide that the transfer provisions in the bill from EAB to DSPS would apply on July 1, 2018, when the Board sunsets.

12. FUNDS RECEIVED FROM DIGITAL BROADCAST SPECTRUM AUCTION

Joint Finance: Authorize a technical college system board that receives funds from participation in an auction of digital broadcast spectrum administered by the Federal Communications Commission (FCC) to use the funds to provide scholarships to cover program fees for students who meet eligibility criteria established by the board.

Authorize the board to hold such funds in trust and to invest and reinvest the funds in the same manner authorized for investments under current law establishing fiduciary standards for prudent investing. Additionally, allow a technical college district to delegate investment authority over the funds to an investment manager who meets the requirements and qualifications specified in the trust's investment policy and who is registered as an investment adviser under the federal Investment Advisors Act of 1940.

Specify that funds held in trust could only be distributed from the trust in a manner consistent with state law as it applies to the technical college system and in accordance with the terms of the trust. Require any such trust to be separate from any other trust created by, or under the control of, the technical college district. Require a technical college district that establishes such a trust to annually publish a written report that includes the following information: (a) the amount in the trust; (b) the investment return earned by the trust since the last report was

published; (c) the total disbursements made from the trust since the last report was published; and (d) the name of the investment manager, if investment authority has been delegated to such an individual.

Under the FCC digital broadcast spectrum auctions, spectrum licensed by the FCC and previously used by broadcasters, including public television stations, was repurposed and sold to mobile carriers and other wireless providers. In April, 2017, it was announced that Milwaukee public television station WMVT-TV (Channel 36), which had been owned by the Milwaukee Area Technical College since 1963, was sold for $84.9 million.

13. ACADEMIC CREDIT FOR MILITARY TRAINING

Joint Finance: Require technical colleges to accept: (a) all American Council on Education credit recommendations upon receiving a student's official joint services transcript from the federal Department of Defense (DOD) and award credits in accordance with those recommendations; and (b) all credits included in a Community College of the Air Force transcript received from DOD and award academic credit to the student accordingly.

WORKFORCE DEVELOPMENT

Budget Summary

Fund	2016-17 Base Year Doubled	2017-19 Governor	2017-19 Jt. Finance	Joint Finance Change to: Governor Amount	Governor Percent	Base Amount	Base Percent
GPR	$87,629,000	$102,488,100	$102,327,800	- $160,300	- 0.2%	$14,698,800	16.8%
FED	422,924,400	406,747,600	406,747,600	0	0.0	- 16,176,800	- 3.8
PR	154,299,600	150,990,800	150,990,800	0	0.0	- 3,308,800	- 2.1
SEG	60,353,400	49,581,100	49,581,100	0	0.0	- 10,772,300	- 17.8
TOTAL	$725,206,400	$709,807,600	$709,647,300	- $160,300	0.0%	- $15,559,100	-2.1%

FTE Position Summary

Fund	2016-17 Base	2018-19 Governor	2018-19 Jt. Finance	Joint Finance Change to: Governor	2016-17 Base
GPR	148.87	150.82	150.82	0.00	1.95
FED	1,183.13	1,166.18	1,166.18	0.00	- 16.95
PR	240.25	218.25	218.25	0.00	- 22.00
SEG	67.30	66.80	67.80	1.00	0.50
TOTAL	1,639.55	1,602.05	1,603.05	1.00	- 36.50

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $654,700	0.00
FED	- 7,813,800	- 8.00
PR	- 2,826,000	0.00
SEG	- 232,500	0.00
Total	- $11,527,000	- 8.00

Governor/Joint Finance: Adjust the agency's base budget by -$336,500 GPR, -$3,743,200 FED, -$1,437,400 PR, and -$120,800 SEG in 2017-18, and -$318,200 GPR, -$4,070,600 FED, -8.00 FED positions, -$1,388,600 PR, and -$111,700 SEG in 2018-19. The adjustments are for: (a) turnover reduction (-$217,100 GPR, -$1,650,700 FED, -$475,500 PR, $90,700 SEG annually); (b) removal of noncontinuing elements from the base (-$418,400 FED and -8.00 FED positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$54,700

GPR, -$2,387,300 FED, -$668,400 PR, and $6,600 SEG annually); (d) overtime ($154,200 PR annually); (e) full funding of lease and directed moves costs (-$64,700 GPR, $294,800 FED, -$447,700 PR, and -$36,700 SEG in 2017-18, and -$46,400 GPR, $385,800 FED, -$398,900 PR, and -$27,600 SEG in 2018-19); and (f) minor transfers within the same appropriation.

2. FEDERAL APPROPRIATIONS REESTIMATE

FED	- $8,363,000

Governor/Joint Finance: Delete $4,181,500 in 2017-18 and $4,181,500 in 2018-19 to align federal expenditure authority with the amount of revenue that the Department of Workforce Development (DWD) estimates will be deposited into appropriations. The adjustments are as follows:

Appropriation	2017-18	2018-19
Workforce investment and assistance	$688,400	$ 688,400
Unemployment administration	-5,568,200	-5,568,200
Unemployment administration; apprenticeship and other employment services	-900,400	-900,400
Vocational rehabilitation; program aids and operations	1,598,700	1,598,700
Total	$4,181,500	$4,181,500

3. WORKER INJURY SUPPLEMENTAL BENEFIT FUND REESTIMATE

SEG	- $10,539,800

Governor/Joint Finance: Delete $5,269,900 in 2017-18 and $5,269,900 in 2018-19 from the Worker Injury Supplemental Benefit Fund (WISBF) to align expenditure authority within the WISBF appropriation to reflect estimated expenditure levels (down from $10.6 million to $5.4 million annually). 2015 Act 55 terminated reimbursements for supplemental workers compensation benefits paid by insurers from the WISBF beginning July 14, 2015. Instead, an insurer paying supplemental benefits after that date would be entitled to annual reimbursement from the workers compensation operations fund.

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA [LFB Paper 110]

	Funding	Positions
GPR	$0	- 0.05
PR	- 173,000	- 20.00
FED	0	- 1.95
Total	- $173,000	- 22.00

Governor/Joint Finance: Delete $86,500 PR and 1.0 vacant PR position annually associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Funding and position authority would be deleted from DWD's administrative services appropriation (-$86,500 PR and -1.0 PR positions annually). The administration indicates that the vacant PR position deleted from DWD and transferred to DOA would become an employee who is located at the Division of Personnel Management in DOA.

In addition, delete 21.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would include 0.05 GPR, 19.0 PR, and 1.95 FED, and would be deleted from the following appropriations: (a) general program operations (-0.05 GPR position); (b) interagency and intra-agency agreements (-0.1 PR position); (c) administrative services (-18.9 PR positions); (d) workforce investment and assistance (-0.95 FED positions); and (e) employment assistance and unemployment insurance administration (-1.0 FED position). Funding associated with the positions ($3,300 GPR, $1,837,500 PR, and $164,100 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

With regards to the positions transferred to DOA in 2018-19, the administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DWD but would become DOA employees rather than employees of DWD.

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

5. TRANSFER POSITION FOR STATE CONTROLLER'S OFFICE STAFFING [LFB Paper 116]

	Funding	Positions
PR	- $156,600	- 1.00

Governor/Joint Finance: Transfer 1.0 position to the Department of Administration "to better align staffing with workload changes resulting from the implementation of the enterprise resource planning system," commonly known as STAR (for State Transforming Agency Resources). Delete $78,300 annually from DWD's administrative services appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

6. TRANSFER POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING [LFB Paper 112]

	Funding	Positions
PR	- $153,200	- 1.00

Governor/Joint Finance: Delete 1.0 vacant position and $76,600 in salary and fringe benefits annually associated with the position from DWD's administrative services appropriation. Under the provision, additional position authority would be created in the Department of Administration for information technology and services procurement and purchasing. [See "Administration -- Transfers."]

Employment and Training

	Funding	Positions
GPR	$11,500,000	2.00

1. WISCONSIN FAST FORWARD [LFB Paper 690]

Governor: Provide $11,500,000 in 2017-18 to DWD's workforce training grant program appropriation. Provide 2.0 GPR positions annually to the Department's workforce training administration appropriation. No funding is associated with the additional positions. The Department could reallocate funding from supplies within the administration appropriation.

Modify the Department's existing Fast Forward workforce training program to allow DWD to award grants from the Fast Forward appropriation for any of the following additional activities:

a. Grants for collaborative projects among school districts, technical colleges, and businesses to provide high school students with industry-recognized certifications in high-demand fields, as determined by the Department.

b. Grants for programs that train teachers and that train individuals to become teachers, including teachers in dual enrollment programs.

c. Grants for the development of public-private partnerships designed to improve workforce retention through employee support and training.

d. Grants to nonprofit organizations, institutions of higher education as defined in federal law, and employers to increase the number of students who are placed with employers for internships.

e. Grants to community-based organizations for public-private partnerships to create and implement a nursing training program for middle school and high school students.

Define "dual enrollment program" to mean a program or course of study designed to provide high school students the opportunity to gain credits in both technical college and high school, including transcripted credit programs or other educational services provided by contract between a school district and a technical college. Further, define "teacher" to include an instructor at a Wisconsin Technical College System technical college.

Permit DWD to expend money from the Department's workforce training grant program appropriation as well as DWD's workforce training administration appropriation for the Department's registered apprenticeship program and for grants under the apprenticeship completion awards program. Under current law, apprenticeship-related expenditures from these appropriations are only permitted for apprenticeship completion awards.

Specify that the Department must allocate not less than $5,000,000 in 2017-18 from

DWD's workforce training grant program appropriation for grants to technical colleges for: (a) workforce training programs as described above under "a." through "e."; and (b) grants to technical colleges under the existing Fast Forward workforce training program, which permits the Department to award grants to private and public organizations for the development and implementation of programs to train unemployed and underemployed workers and incumbent employees of businesses in this state.

Specify that the Department must allocate not less than $1,500,000 in the 2017-19 biennium from DWD's workforce training grant program appropriation for grants to nursing training programs as described above under "e.".

Specify that the Department may allocate $5,000,000 in additional funding provided in 2017-18 from DWD's workforce training grant program appropriation for the expanded Fast Forward grant program as shown in the following table.

	2016-17	Governor	
	Base	2017-18	2018-19
Expanded Fast Forward grant program	$10,545,900	$16,595,900	$10,595,900
Career and Technical Education Incentive Grants	3,000,000	3,000,000	3,000,000
Grants for Technical College Workforce Training Programs		5,000,000	
Grants for Nursing Training Programs		1,500,000	
Total	$13,545,900	$26,095,900	$13,595,900

In the above table, the Department may expend the amounts indicated for the expanded Fast Forward grant program on any of the following: youth apprenticeship grants, youth summer jobs programs, employment transit assistance grants, standard Fast Forward workforce training program grants, expanded workforce training grants as described under "a." through "e." in this section, teacher development program grants (see separate entry "Teacher Development Program Grants"), mobile classrooms (provided $1,050,000 in 2017-18 and $50,000 in 2018-19, see separate entry "Grants to Create Mobile Classrooms for Job Skills Training"), career and technical education incentive grants, and various DWD-administered apprenticeship programs.

Require DWD to report annually, by December 31, to the Governor and the Joint Committee on Finance: (a) the number of students who participate in certification or training programs under "a." and "e." above; and (b) information on the number of student interns who are placed with employers as a result of the grants awarded under "d." above.

Joint Finance: Adopt the Governor's recommendations to expand the Fast Forward program and provide additional expenditure and position authority to DWD's workforce training appropriations. In addition, transfer $168,800 GPR annually from supplies and services to salaries and fringe to permanently fund the positions.

The following table shows funding allocations within the Department's workforce training grants appropriation. Refer to summary items #2 through #6 for changes made by the Joint Committee on Finance to DWD's workforce training grants appropriation.

	2016-17 Base	Joint Finance 2017-18	Joint Finance 2018-19
Expanded Fast Forward grant program	$10,545,900	$15,895,900	$10,095,900
Career and Technical Education Incentive Grants	3,000,000	3,500,000	3,500,000
Grants for Technical College Workforce Training Programs		5,000,000	
Grants for Nursing Training Programs		1,500,000	
Building Occupational Skills for Success (BOSS)		200,000	
Total	$13,545,900	$26,095,900	$13,595,900

2. GRANTS TO CREATE MOBILE CLASSROOMS FOR JOB SKILLS TRAINING [LFB Paper 690]

GPR	$1,100,000

Governor: Provide $1,050,000 in 2017-18 and $50,000 in 2018-19 to DWD's workforce training grant program appropriation, commonly referred to as Wisconsin Fast Forward. Specify that of these amounts the Department may allocate: (a) up to $1,000,000 for grants to fund the creation and operation of mobile classrooms; and (b) up to $50,000 in each of 2017-18 and 2018-19 for grants to fund the upkeep and maintenance of the mobile classrooms.

Specify that the mobile classrooms must be used to provide job skills training to individuals in underserved areas of this state, including inmates at correctional facilities who are preparing for reentry into the workforce. Further, allow the grant money to be used by the grant recipient to purchase capital equipment, such as a mobile or modular unit, that will be used as a mobile classroom, including costs to modify the equipment to make it suitable for classroom instruction, and to purchase and install any furniture, equipment, and supplies necessary or desirable for outfitting the mobile classroom for the job skills training that will be provided in the mobile classroom.

Require DWD to track job training outcomes of the mobile classrooms program, such as the number of program participants and the number of unemployed workers who obtain gainful employment, and to include these outcomes in an existing report issued annually, by December 31, by the Department to the Governor and the Joint Committee on Finance.

Specify that to implement the program, the Department must receive and review applications for the grants and prescribe the form, nature, and extent of the information that must be contained in an application for the grant.

Joint Finance: Modify the Governor's recommendation to require (instead of authorize) DWD to award up to $1,000,000 for grants, and require the grants be awarded to the Department of Corrections to fund the creation and operation of mobile classrooms.

3. TEACHER DEVELOPMENT PROGRAM GRANTS [LFB Paper 690]

Governor: Specify that DWD must award grants from the Department's Fast Forward workforce training; programs, grants and services appropriation to a school district that has partnered with one of the following entities to design and implement a teacher development

program: (a) a school of education in the University of Wisconsin System; or (b) the flexible option program in the University of Wisconsin System Extension. The bill does not specify the amount that must be awarded under the provision.

In awarding a grant, specify that DWD: (a) consult with the Department of Public Instruction (DPI) to confirm that the teacher development program satisfies certain requirements; (b) consider the methods by which the school district and partnering entity will make the teacher development program affordable to participating employees; and (c) consider whether the school district has agreed to contribute matching funds towards the teacher development program.

In applying for a grant, specify that a school district, together with a partnering entity, would be required to design the teacher development program to prepare employees of the school district who work closely with students and hold a bachelor's degree to successfully complete the requirements for obtaining a professional teaching permit or an initial teaching license, including any standardized examination prescribed by the State Superintendent as a condition for permitting or licensure.

Specify that, to implement the teacher development program, a school district would be required to allow employees who are enrolled in the program to satisfy student teaching requirements in a school in the school district, and that the partnering entity must prepare and provide intensive coursework for participating school district employees.

Allow DPI to issue an initial teaching license to an individual who completes a teacher development program under the grant program. [See "Public Instruction -- Administrative and Other Funding."]

Joint Finance: Delete the requirement that a teacher development program must be designed and implemented with either a school of education in the University of Wisconsin System or a flexible option program in the University of Wisconsin Extension.

Expand the eligibility of the teacher development program to include school districts, private schools and charter management organizations.

Require that a teacher development program be designed and implemented in partnership with an educator preparation program approved by the Department of Public Instruction (DPI), and headquartered in Wisconsin.

Permit teacher development programs to allow individuals that do not have a bachelor's degree to enter a teacher development program. An individual would still be required to have a bachelor's degree to obtain a professional teaching permit (s.118.192) or an initial teaching license (s.118.19) from DPI, as required under current law.

4. GRANT FOR BUILDING OCCUPATIONAL SKILLS FOR SUCCESS PROGRAM

Joint Finance: Require DWD to provide a grant of $200,000 in fiscal year 2017-18, from the Department's workforce training grants appropriation, to the Milwaukee Development Corporation for the purpose of supporting the Building Occupational Skills for Success (BOSS)

program that is designed to provide students with the skills and tools needed to become future business owners if all of the following are satisfied: (a) the Milwaukee Development Corporation or any other organization provides equal matching funds to support the BOSS program; (b) the Milwaukee Development Corporation agrees to make the BOSS program curriculum available, upon request, from any school board, operator of a charter school authorized under section 118.40 (2r) or (2x) of the statutes, private school, tribal school, or any nonprofit organization after the program has been implemented in Milwaukee Public Schools for one year; and (c) the Milwaukee Development Corporation agrees to submit a report to the Joint Committee on Finance that summarizes the results of the BOSS program by no later than 90 days after the program has been implemented in Milwaukee Public Schools for one year.

5. CAREER AND TECHNICAL EDUCATION INCENTIVE GRANTS

Joint Finance: Require DWD to allocate not less than $3,500,000 GPR annually for Career and Technical Education incentive grants from the Department's workforce training grants appropriation, instead of not less than $3,000,000 under current law.

6. TECHNICAL EDUCATION EQUIPMENT GRANTS

Joint Finance: Create a technical education equipment grant program and allow DWD to allocate up to $500,000 annually for technical education equipment grants to school districts from the Department's workforce training grants appropriation. Permit DWD to expend funding from the Department's workforce training administrative appropriation for the administration of the technical education equipment grant program.

Require DWD to award grants of not more than $50,000 to school districts whose grant applications are approved by the Department. Require a school district that is awarded a grant to use the grant moneys awarded for the acquisition of equipment that is used in advanced manufacturing fields in the workplace, together with any software necessary for the operation of that equipment and any instructional material necessary to train pupils in the operation of that equipment.

Require a school district that is awarded a technical education equipment grant to provide matching funds equal to 200 percent of the grant amount awarded. The match may be in the form of money, or the monetary value of equipment, contributed from private sources, the school district, or both.

Require a school district that wishes to receive an equipment grant to apply for the grant in accordance with procedures and requirements established by the Department. Require that a grant application describe the purpose and need for the grant, the projected outcomes that the school district is seeking to achieve as a result of receiving the grant, the amount and source of the required matching funds and any other information that DWD may require.

Require the DWD Secretary to appoint an advisory committee composed of five individuals from different industrial sectors of the economy and from different geographic

regions of Wisconsin, to assist DWD in reviewing and evaluating grant applications. Require DWD, in consultation with the advisory committee, to review and evaluate a grant application in accordance with procedures and criteria established by the Department.

Require each school district that receives a grant to file a report with DWD by September 1 of each of the first three fiscal years following the fiscal year in which the grant was received. The report must describe how the grant moneys were expended, describe the outcomes achieved as a result of receiving the grant, share the best practices employed by the school district regarding the training of pupils in the use of the equipment acquired with the grant moneys, include a plan for sustainability of that training, and provide such other information as the Department may require under rules promulgated by DWD.

Require DWD to promulgate rules to implement the program, including: (a) rules establishing the procedures and requirements for applying for a grant, including the information that must be submitted with a grant application; (b) rules establishing the procedures and criteria for awarding a grant; and (c) rules governing the reporting requirements, including the information that must be provided in a submitted report. Authorize DWD to promulgate the administrative rules required to implement the program as emergency rules without having to provide a finding of emergency.

Authorize DWD to award grants from the Department's workforce training grants appropriation to a school district to support building modifications needed to support a school district's technical education programs.

7. GRANTS FOR TEACHER TRAINING AND RECRUITMENT

GPR	$1,000,000

Joint Finance: Transfer $500,000 GPR annually and the Department of Public Instruction (DPI) biennial GPR Teach for America appropriation to DWD and rename the appropriation "Workforce development; grants for teacher training and recruitment." From this appropriation, require DWD to award a grant to a nonprofit organization that applies to receive a grant if all the following apply: (a) the organization is described under section 501(c)(3) or (4) of the Internal Revenue Code and exempt from taxation under section 501(a) of the Internal Revenue Code, (b) the organization operates a program to recruit and prepare individuals to teach in public or private schools located in low-income or urban school districts in Wisconsin, and (c) the organization submits an application no later than January 15 in the year for which the organization seeks a grant and includes with its application a description of the organization and its program and the manner in which grant funding will benefit or has benefited the organization in the past.

Require DWD to establish a process for evaluating and assigning a score to each organization eligible to receive a teacher training and recruitment grant. If the amount appropriated is insufficient, require DWD to give preference in evaluating teacher training and recruitment grants to a nonprofit organization for each of the following: (a) the program trains future teachers who are enrolled in an accredited college or university in Wisconsin concurrent with training; (b) the program focuses on future teachers who plan to teach in public or private

schools in Wisconsin as a profession; (c) the program provides continuing education and professional development; and (d) the program attempts to place a majority of its total participants in public or private schools located in low-income or urban school districts in Wisconsin.

Specify that DWD, when awarding a teacher training and recruitment grant, may not consider the religious affiliation, if any, of the nonprofit organization or whether the organization has received funding from the state in the past.

Require DWD, by February 15 of each year, to make its determination regarding successful applicants and notify those applicants that will receive a teacher training and recruitment grant.

Delete the DPI Teach for America grant program which authorizes DPI to grant the amounts appropriated in the schedule to Teach for America, Inc., for the purposes of recruiting and preparing individuals to teach in low-income or urban school districts in Wisconsin.

8. EARLY COLLEGE CREDIT PROGRAM [LFB Paper 518]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$2,903,800	- $1,150,300	$1,753,500

Governor: Create an annual GPR appropriation and provide $1,150,300 in 2017-18 and $1,753,500 in 2018-19 to reimburse school districts for payments under the early college credit program. Under the early college credit program, any public high school pupil could enroll in an institution of higher education for the purpose of taking one or more nonsectarian courses, including during a summer semester or session. [See "Public Instruction -- Choice, Charter, and Open Enrollment."]

Require the school board of the district in which the pupil is enrolled to pay the institution the determined tuition amount within 30 days after the end of the semester and submit to DPI an itemized report of the amount paid. Require DWD to pay to DPI a portion of the costs of tuition for a pupil attending an institution of higher education under this program on behalf of the school board, with the reimbursement percentage determined based on the type of course credit received by the pupil, as described below. Require DPI to reimburse each school board the amount received from DWD. If the appropriation under DWD is insufficient to reimburse all school districts the full amount of reimbursable tuition, the Secretary of DWD would be required to notify the State Superintendent, who would then be required to prorate the amount of the payments among eligible school districts.

Require DWD to reimburse school districts for 25% of the cost of tuition if the pupil is taking a course for high school credit, regardless of whether the pupil will also receive postsecondary credit, and if the course is not comparable to a course offered in the school district.

Require DWD to reimburse school districts for 50% of the cost of tuition if the pupil is taking a course for postsecondary credit and if the course is not comparable to a course offered in the school district.

Joint Finance: Delay creation of the early college credit program and restoration of the part-time open enrollment program until 2018-19 and as a result, delete $1,150,300 GPR in 2017-18. (See "Public Instruction" for full summary of this item.)

9. APPRENTICESHIP COORDINATOR FOR REENTRY POPULATION

Governor: Require DWD to designate an employee of the Department to serve as an apprenticeship coordinator to expand and streamline apprenticeship program offerings for inmates in correctional facilities in Wisconsin. The effective date of this provision would be October 1, 2017, or on the day after publication of the bill, whichever is later.

Joint Finance: Delete provision as a non-fiscal policy item.

10. MOBILITY GRANT STUDY

Governor: Require DWD, if funds are available from the Department's workforce investment and assistance federal appropriation, to allocate $50,000 in the 2017-19 biennium to conduct a study regarding the feasibility of establishing a program, using a social impact bond model, to assist claimants for unemployment insurance benefits by offering them mobility grants to relocate to areas with more favorable employment opportunities. While the bill does not define the term "social impact bond," the term typically refers to an alternative method for obtaining and providing public services which incorporates pay-for-performance contracting into the provision of social services.

Joint Finance: Delete provision as a non-fiscal policy item.

11. AGRICULTURAL EDUCATION AND WORKFORCE DEVELOPMENT COUNCIL TRANSFER

Governor/Joint Finance: Transfer the Agricultural Education and Workforce Development Council from the Department of Agriculture, Trade and Consumer Protection (DATCP) to DWD. Specify that the Council executive committee is to include the DWD Secretary or his or her designee. The provision does not otherwise modify the membership or duties of the Council.

The Council does not receive direct appropriations of state funding. Transfer the PR appropriation dedicated to gifts and grants received by the Council from DATCP to DWD. [See "Agriculture, Trade and Consumer Protection."]

Other Programs

1. TRANSFER WORKERS COMPENSATION HEARINGS POSITIONS TO THE DEPARTMENT OF ADMINISTRATION [LFB Paper 695]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
SEG	- 5.50	1.00	- 4.50

Governor: Transfer 5.5 positions from the Division of Worker's Compensation to the Department of Administration's (DOA) Division of Hearings and Appeals. Transfer $363,600 annually from salary and fringe to supplies, to pay DOA for the 5.5 positions.

On the effective date of the bill, specify that 5.5 FTE positions and the incumbent DWD employees holding those positions, who perform duties relating to worker's compensation hearings, as determined by the DOA Secretary, would be transferred to DOA. The administration indicates that these positions consist of: (a) 1.0 attorney position; (b) 1.5 legal associates; (c) 2.0 office operations associates; and (d) 1.0 workers compensation assistant.

Provide that transferred employees would have the same rights and status related to state employment relations under Chapter 230 of the statutes that the employee held immediately before the transfer. Transferred employees who have attained permanent status would not be required to serve a probationary period.

Funding associated with the positions would not be reduced from DWD's segregated worker's compensation operations administration appropriation, but rather reallocated to supplies and services to pay charges assessed by DOA. DWD's worker's compensation operations administration appropriation is supported with fees assessed upon and collected from worker's compensation carriers. [See "Administration -- Transfers."]

The 2015-17 biennial budget act transferred not less than 18.0 full-time equivalent (FTE) administrative law judge (ALJ) positions, and the incumbent DWD employees holding those positions, to DOA's Division of Hearings and Appeals. In determining the number of ALJ positions to be transferred, the DOA Secretary was instructed to ensure that not less than 6.0 FTE ALJ positions and 2.0 FTE legal support staff positions remain at DWD.

Joint Finance: Modify the Governor's recommendation to transfer 4.5 positions instead of 5.5 positions from DWD to DOA. Maintain 1.0 computation technician position in DWD's Worker's Compensation Claims Monitoring Unit instead of transferring the position to DOA. Decrease the funding provided to DOA, from DWD, by $65,600 PR annually. In DWD, transfer $308,600 annually from salary and fringe to supplies, instead of $363,600 under the bill, to pay DOA for the 4.5 transferred positions.

2. WORKER'S COMPENSATION POSITIONS [LFB Paper 696]

	Positions
SEG	5.00

Governor: Provide 5.0 SEG positions annually under DWD's worker's compensation operations administration appropriation. The appropriation is supported with fees assessed upon and collected from worker's compensation carriers. Base funding for this appropriation is $12,823,500 SEG and 61.30 SEG positions. The administration indicates that there is adequate expenditure authority within the appropriation to fund the additional positions.

Joint Finance: Approve the Governor's recommendation to add 5.0 positions to DWD's Division of Worker's Compensation. In addition, transfer $275,000 from supplies and services to salaries and fringe to permanently fund the positions.

3. UNEMPLOYMENT INSURANCE POSITIONS

	Positions
FED	- 7.00

Governor/Joint Finance: Delete 7.0 positions annually from DWD's unemployment insurance administration federal appropriation. No funding is deleted associated with the positions. The Department estimates that less federal funding will be deposited into this appropriation for the 2017-19 biennium. [See separate entry "Federal Appropriations Reestimates."]

4. TRANSFER CERTAIN ADMINISTRATIVE APPEALS FUNCTIONS FROM LABOR AND INDUSTRY REVIEW COMMISSION [LFB Paper 425]

Governor: Transfer responsibility for administrative review of administrative decisions related to unemployment insurance and equal rights from the Labor and Industry Review Commission (LIRC) to the DWD Administrator of the Division of Unemployment Insurance and the DWD Administrator of the Division of Equal Rights, respectively. Currently, administrative decisions related to unemployment insurance and equal rights are made by administrative law judges in the Division of Unemployment Insurance and the Division of Equal Rights at DWD. Currently, those decisions can be appealed to LIRC. Eliminate LIRC effective January 1, 2018, or on the first day of the sixth month after the effective date of the budget act, whichever is later. [See "Labor and Industry Review Commission."]

Under current law, unemployment insurance and equal rights monies are received from the federal government by DWD as FED and are transferred to LIRC as PR. On the effective date of the elimination of LIRC, modify the following DWD appropriations to remove language which authorizes the Department to transfer funding to the appropriation accounts under LIRC: (a) FED unemployment insurance administration; and (b) FED equal rights. On the effective date of the elimination of LIRC, DWD would retain all FED monies that would have otherwise transferred to LIRC. No additional position authority is granted to DWD to support the additional administrative review responsibilities acquired by the Department.

Require that a person who wants to file an appeal of an unemployment insurance or equal rights decision made by an administrative law judge at DWD, could file a petition for review by

LIRC within 21 days after the effective date of the budget bill. On the effective date of the budget bill, a person could choose to file a petition with the DWD Administrator of the Division of Unemployment Insurance or the DWD Administrator of the Division of Equal Rights. As of 21 days after the effective date of the budget bill, a person would have to file a petition with the Administrator of the appropriate DWD Division instead of with LIRC.

Authorize DWD to promulgate any rules necessary to provide for review of unemployment insurance decisions. Under current law, DWD is authorized to promulgate rules necessary to provide for review of equal rights decisions.

Authorize DWD to promulgate emergency rules to provide for review of administrative decisions under the provision. Notwithstanding current law procedures for promulgating rules, DWD would not be required to provide evidence that promulgating the rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare, and would not be required to provide a finding of emergency for promulgating the rule. The emergency rules promulgated under the provision would remain in effect for two years after they become effective, or until the date on which permanent rules take effect, whichever is sooner, and the effective date of the emergency rules could not be extended.

Provide that any of LIRC's assets and liabilities, tangible personal property, records, contracts, orders, and pending matters related to unemployment insurance and equal rights would be transferred to DWD on the effective date of the elimination of LIRC. All contracts entered into by LIRC that are primarily related to unemployment insurance and equal rights would remain in effect and be transferred to DWD. DWD would be required to carry out the obligations of the contract until the contract is modified or rescinded by DWD to the extent allowed under the contract. All orders issued by LIRC would remain in effect until their specified expiration date or until modified or rescinded by DWD. All pending matters related to unemployment insurance and equal rights submitted to or actions taken by LIRC with respect to the pending matter would be considered as having been submitted to or taken by the Administrator of the Division of Unemployment Insurance or the Administrator of the Division of Equal Rights.

Require DWD to maintain a searchable, electronic database of significant unemployment insurance decisions made by administrative law judges and the administrator. Authorize DWD (but do not require) to include in the database decisions of LIRC that were required to be maintained in the database under current law. Currently, LIRC is required to maintain a searchable, electronic database of significant unemployment insurance decisions made by LIRC.

Joint Finance: Delete the provision. Delete 7.8 vacant positions at the Labor and Industry Review Commission (LIRC) and request the Chief Justice of the Supreme Court to conduct a survey of decisions and orders of LIRC related to unemployment insurance, equal rights and worker's compensation [See "Labor and Industry Review Commission."]

5. INDEXING PAYMENT AND PERFORMANCE BOND THRESHOLDS FOR CERTAIN PUBLIC PROJECTS

Joint Finance: Delete the requirement that DWD index dollar amounts for certain cost

thresholds at which various types of payment and performance assurances are required in contracts for state and local government projects, as currently regulated under Chapter 779 of the statutes, entitled "Liens." Set the dollar amounts involved in the contracts for certain public projects at their current indexed levels and eliminate future indexing.

Eliminate future indexing of the cost threshold amounts related to payment and performance assurance requirements in contracts with the state for performing, furnishing, or procuring labor, services, materials, plans, or specifications for a public improvement or public work. Establish in statutes the current dollar amount for contracts to which varying payment and performance assurance requirements apply, as follows: (a) exceeding $16,000 but not exceeding $148,000; (b) exceeding $148,000 but not exceeding $369,000; or (c) exceeding $369,000.

Eliminate future indexing of the cost threshold amounts related to payment and performance assurance requirements in contracts with local governments for performing, furnishing, or procuring labor, services, materials, plans, or specifications for a public improvement or public work. Establish in statutes the current dollar amount for contracts to which varying payment and performance assurance requirements apply, as follows: (a) exceeding $16,000 but not exceeding $74,000; (b) exceeding $74,000 but not exceeding $148,000; or (c) exceeding $148,000.

Eliminate indexing of the $30,000 cost threshold amount related to the requirement that contracts that are for performing, furnishing, or procuring labor, services, materials, plans, or specifications for a public improvement or public work, must contain a provision under which the prime contractor agrees to maintain a list of all subcontractors, suppliers, and service providers performing, furnishing, or procuring labor, services, materials, plans, or specifications under the contract.

6. REPEAL PREVAILING WAGE

Governor: Eliminate the state prevailing wage law for state building projects and state highway projects. Building and highway projects utilizing at least $2,000 in federal funds would remain subject to the federal prevailing wage rates as determined by the U.S. Department of Labor under the Davis-Bacon Act.

Generally, under current law, laborers, workers, mechanics, and truck drivers employed on the site of certain projects of public works: (a) must be paid the prevailing wage rate, as determined by the U.S. Department of Labor under the federal Davis-Bacon Act; and (b) may not be required or permitted to work a greater number of hours per day and per week than the prevailing hours of labor, which is no more than 10 hours per day and 40 hours per week, unless they are paid 1.5 times their basic rate of pay (commonly referred to as overtime pay) for all hours worked in excess of the prevailing hours of labor. The prevailing wage laws include two separate laws: (a) a state prevailing wage law that applies to certain projects of public works to which the state or any state agency is a party; and (b) a state highway prevailing wage law that applies to projects under a contract based on bids to which the state is a party for the construction or improvement of highways. The 2015-17 biennial budget act repealed the state prevailing wage law that applied to local projects of public works (counties, villages, towns, cities, school

districts, municipal utilities and technical colleges) effective January 1, 2017. State prevailing wage requirements apply to any single-trade project of public works for which the estimated project cost of completion is more than $48,000 or any multiple-trade project of public works for which the estimated project cost of completion is more than $100,000. A "single trade project" is defined as one in which a single trade (such as a carpenter, glazier, or electrician) accounts for 85% or more of the total labor cost of the project. A "multiple-trade project" is defined as one in which no single trade accounts for more than 85% of the total labor cost of the project. The Department of Administration (DOA) administers and enforces the state prevailing wage law other than for state highway projects, which is administered and enforced by the Department of Transportation (DOT).

Retain the current law prohibition against local governments enacting or administrating their own prevailing wage laws or similar ordinances. Currently, a local governmental unit may not enact and administer an ordinance or other enactment requiring laborers, workers, mechanics, and truck drivers employed on projects of public works, or on publicly funded private construction projects, to be paid the prevailing wage rate and to be paid at least 1.5 times their hourly basic rate of pay for hours worked in excess of the prevailing hours of labor or any similar ordinance or enactment.

Retain current law provisions related to DWD's authority to receive and investigate wage claims related to state and local projects which were subject to state prevailing wage requirements. Further, retain the Department's authority to file suit against an employer and refer wage claim cases to district attorneys in the Department's attempt to equitably adjust controversies between employers and employees.

Retain current law provisions related to the prohibition of substance abuse for employees that performed prevailing wage work on projects of public works, if the project was erected, constructed, repaired, remodeled or demolished prior to the effective date of the bill. Further, retain current law provisions associated with this prohibition which specify conditions an employee must meet to commence or return to work on a project of public works or a public utility project.

Specify that for a project of public works that is subject to bidding, the prevailing wage repeal first applies to a project for which the request for bids is issued on or after the effective date of the bill.

Specify that for a project of public works that is not subject to bidding, the prevailing wage repeal first applies to a contract that is entered into on or after the effective date of the bill.

Joint Finance: Modify the Governor's recommendation to specify that these provisions take effect on September 1, 2018.

7. PROJECT LABOR AGREEMENTS

Governor: Prohibit DOA and municipalities from engaging in certain practices during certain public bidding. For DOA, this would relate to the solicitation of bids, competitive sealed

proposals and simplified bids for state procurement, and bids for state construction projects. For municipalities, this would relate to the solicitation of bids for a public contract. Prohibit DOA and municipalities from doing any of the following as part of the bidding process or a contract: (a) require that a bidder enter into or adhere to an agreement with a labor organization; (b) consider as a factor in making an award under this section whether any bidder has or has not entered into an agreement with a labor organization; and (c) require that a bidder enter into, adhere to, or enforce any agreement that requires, as a condition of employment, that the bidder or bidder's employees become or remain members of, or be affiliated with, a labor organization or pay any dues, fees, assessments, or other charges or expenses of any kind or amount, or provide anything of value, to a labor organization or a labor organization's health, welfare, retirement, or other benefit plan or program.

Define "agreement with a labor organization" to mean any agreement with a labor organization, including a collective bargaining agreement, a project labor agreement, or a community workforce agreement.

Define "bidder" to mean a person that is submitting a bid or a competitive sealed proposal or that is seeking an award.

Under current law for public contracts, "municipality" means the state or a town, city, village, school district, board of school directors, sewer district, drainage district, technical college district or other public or quasi-public corporation, officer, board or other public body charged with the duty of receiving bids for and awarding any public contracts.

Under current law, "public contract" means a contract for the construction, execution, repair, remodeling or improvement of a public work or building or for the furnishing of supplies or material of any kind, proposals for which are required to be advertised for by law.

Under current law, "labor organization" means any employee organization in which employees participate and which exists primarily for the purpose of engaging in collective bargaining with any employer concerning grievances, labor disputes, wages, hours or conditions of employment, or the promotion and advancement of the professional or occupational standards and the welfare of its members and families and any organization established for the same purposes composed of individuals or affiliates of any such employee organization.

Specify that employers or employees would not be prohibited from entering into agreements or engaging in any other activity protected by the National Labor Relations Act. For example, it would remain permissible for a private general contractor to attach an agreement with a labor organization (project labor agreement) to a government contract after winning a bid.

Specify that these provisions would first apply to bids or proposals solicited on the effective date of the bill.

Joint Finance: Delete provision as a non-fiscal policy item. This provision was subsequently introduced as a separate bill and enacted as 2017 Act 3.

8. CREATE AN ALTERNATIVE SETTLEMENT PROCEDURE FOR EQUAL RIGHTS COMPLAINTS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	$10,000	- $10,000	$0

Governor: Create statutory offers of settlement procedures for resolving complaints involving violations of Wisconsin's fair employment law, family and medical leave law, or bone marrow and organ donation leave law, hereafter referred to as "selected equal rights laws." Although the bill attaches $10,000 to this item in 2017-18, there is no indication in the bill of the purpose of the funding.

Under current family and medical leave law, an employee who believes that their employer has violated certain rights under the law, may file a complaint with DWD alleging the violation. Unless the investigation and determination of probable cause of the complaint is waived by the complainant, the Department investigates the complaint and attempts to resolve the complaint by conference, conciliation or persuasion. Under current bone marrow and organ donation leave law, an employee who believes that their employer has violated certain rights under the law, may file a complaint with DWD alleging the violation. The Department investigates the complaint and attempts to resolve the complaint by conference, conciliation or persuasion.

Currently, for family and medical leave law and bone marrow and organ donation leave law, if the complaint is not resolved and DWD finds probable cause to believe a violation has occurred, the Department must proceed with notice and a hearing on the complaint. The hearing shall be held within 60 days after the Department receives the complaint. The bill authorizes the parties to also attempt to resolve the complaint through offers of settlement, as prescribed in the bill.

Under current fair employment law, if DWD finds probable cause to believe that any discrimination has been or is being committed, that unfair honesty testing has occurred or is occurring, or that unfair genetic testing has occurred or is occurring, it may attempt to eliminate the practice by conference, conciliation, or persuasion. If DWD is unable to eliminate the discrimination, unfair honesty testing, or unfair genetic testing the Department issues and serves a written notice of a hearing before an examiner. The bill authorizes the parties to also attempt to resolve the complaint through offers of settlement, as prescribed in the bill.

Under current fair employment law, if the hearing examiner finds that the respondent has engaged in discrimination, unfair honesty testing, or unfair genetic testing, the examiner shall make written findings and order an action by the respondent in accordance with the fair employment law, with or without back pay liability. The bill provides that no attorney fees or costs be awarded to a complainant under the fair employment law if no reinstatement, monetary relief, or other substantive or tangible benefit is ordered.

Definitions

"More favorable award" would mean an order under selected equal rights laws to which either of the following applies: (a) the order includes an order of reinstatement, or for some other substantive or tangible benefit besides a mere finding that the law was violated, that was not provided for in a settlement offer made under this section; or (b) the order includes a monetary award to the complainant that, exclusive of the complainant's pre-offer costs and post-offer costs, exceeds the compensation provided for in a settlement offer made under this section.

"Prejudgment interest" would mean interest at an annual rate equal to one percent plus the prime rate in effect on the date of the settlement offer.

"Pre-offer costs" and "post-offer costs" would include reasonable attorney fees, filing fees, subpoena fees, copying costs, court reporter fees, reasonable investigative costs, reasonable travel expenses, and all other similar fees and expenses related to litigating the complaint.

Offers of Settlement

Provide that unless otherwise specified, a settlement offer is an offer to resolve all claims between the parties. Specify that settlement offers must be construed as including all compensation that may be awarded under selected equal rights laws or in a civil action under selected equal rights laws.

Specify that at any time between 10 days after a complaint is filed under selected equal rights laws and 10 days prior to commencement of a hearing under those laws, any party may serve an offer upon any other party to the action for settlement to be entered in accordance with the terms and conditions stated at that time. Specify that a settlement offer must satisfy all of the following: (a) be in writing; (b) identify parties making the offer and the parties to whom the offer is made; (c) identify generally the claim the offer is attempting to resolve; (d) state the terms and conditions of the offer; (e) state the deadline by which the offer must be accepted; (f) include a provision that requires the accepting party and, if the accepting party is represented by an attorney, the accepting party's attorney, to indicate acceptance of the offer by signing a statement that the offer is accepted; (g) be signed by the offeror or the offeror's attorney of record; (h) include a certificate of service and be served by certified mail; (i) be served on all parties to whom the offer is made; and (j) include one of the following:

(1) If the complainant is making the offer, the statement "In accordance with and subject to the offers of settlement statutes, if this offer is not accepted and a more favorable award is obtained by the complainant, prejudgment interest will attach to the final award from the date this offer was received."

(2) If the respondent is making the offer, the statement "In accordance with and subject to the offers of settlement statutes, if this offer is not accepted and the complainant fails to obtain a more favorable award, the respondent will be entitled to post-offer costs and fees, including attorney fees, from the date this offer was received."

Provide that a settlement offer may be made subject to a confidentiality requirement and

such other reasonable conditions, including the execution of appropriate releases, indemnities, and other documents, as are typical of such settlement agreements.

Specify that all terms and conditions included in a final and fully executed settlement agreement are presumed to be reasonable.

Provide that if a settlement offer is declined by the offeree because of a condition the offeree believes to be unreasonable, and the condition is later determined by the Department to be unreasonable under the circumstances of the case, the offer may not be the basis for an award of post-offer costs or prejudgment interest.

Specify that if a complainant fails to obtain a more favorable award, the monetary amount in the settlement offer shall be considered reasonable.

Provide that service of a settlement offer suspends the offeror's obligations regarding discovery, responsive pleadings, and other investigative and litigation obligations until one of the following occurs: (a) the offeree accepts or declines the offer as provided under the "*Accepting or Declining an Offer*" section below; or (b) if the offer expires as provided under the "*Accepting or Declining an Offer*" section below, the offeree acknowledges receipt of the offer in writing, with the signature of the offeree and, if the offeree is represented by an attorney, the offeree's attorney.

Specify that a settlement offer may be withdrawn in writing at any time prior to acceptance by the offeree. Once withdrawn, the offer is void.

Provide that any settlement offer, the acceptance or declination of any such offer, and any negotiations related to such offers may not be proffered or accepted as evidence nor mentioned in a hearing under selected equal rights laws or in any other proceedings relating to the claim, except as provided under "*Evidence of a Declined Settlement Offer*."

Accepting or Declining an Offer of Settlement

Require that any acceptance of a settlement offer shall be in writing, be promptly delivered to the offeror or the offeror's attorney, and include the signature of the accepting party and, if represented, the accepting party's attorney. Upon acceptance, the parties are obligated to enter into good faith negotiations to memorialize the terms of the settlement and execute documents necessary to effectuate the settlement. Specify that if a settlement offer is accepted, the parties shall promptly file with DWD a notice that settlement has been reached between the parties, together with the complainant's request for dismissal of the complaint, and the Department shall enter the settlement and dismissal of the complaint accordingly.

Require that any declination of a settlement offer shall, be in writing, be promptly delivered to the offeror or the offeror's attorney, and include the signature of the offeree and, if represented, the offeree's attorney. If a settlement offer is not accepted or declined prior to a hearing or within 10 days after it is served, whichever occurs first, the offer shall expire and shall be deemed declined.

Consequences of Not Accepting a Settlement Offer

Provide that if a respondent's settlement offer is not accepted and the complainant fails to obtain a more favorable award, the complainant shall not recover any post-offer costs and shall pay the respondent's post-offer costs from the date of the offer. In addition, specify that the complainant would be required to pay a reasonable sum to cover the costs of services of any expert witness who is not a regular employee of any party that are actually incurred and reasonably necessary in preparation for the hearing or during the hearing. Provide that this provision supersedes any statute awarding post-offer costs and fees to a prevailing complainant. Specify that if a respondent's settlement offer is not accepted and the complainant fails to obtain a more favorable award, the respondent's post-offer costs (including costs of expert witness services) would be deducted from any award made in favor of the complainant. Further, specify that if the post-offer costs of the respondent exceed the amount awarded to the complainant, the net amount shall be awarded to the respondent and the award shall be entered accordingly.

Specify that if a complainant's settlement offer is not accepted and the complainant obtains a more favorable award, the Department must: (a) award prejudgment interest on the final award from the date of the offer; and (b) require the respondent to pay a reasonable sum to cover the costs of services of any expert witness who is not a regular employee of any party that are actually incurred and reasonably necessary in preparation for the hearing or during the hearing, in addition to the complainant's costs.

Evidence of a Declined Settlement Offer

Provide that after DWD makes an order under selected equal rights laws, either party may make a subsequent motion to introduce evidence of a valid settlement offer made under this section that was declined. Require that the motion must be made within 10 business days after the date of the award and must identify the parties in the offer, who made the offer, the amount of the offer, the date of the offer, and the date it was declined. Require that the motion also identify the effect the declined offer has on the final award and how the Department should proceed. Provide that a nonmoving party may file a response to the motion within five business days after the movant files the motion.

Other Provisions

Provide that police officers must be permitted to testify as expert witnesses for the purposes of this section. For purposes of this section, "complainant" includes a cross-complainant and "respondent" includes a cross-respondent.

Joint Finance: Delete provision as a non-fiscal policy item. Delete $10,000 GPR in 2017-18.

9. DELETE UNANIMOUS VOTE REQUIREMENT

Governor/Joint Finance: Specify that, if the DWD Division of Equal Rights finds, instead of currently finds by unanimous vote, that an employee of a governmental unit filed a frivolous complaint regarding certain retaliatory actions against the employee due to a disclosure

of certain information. It appears this is a technical correction of language dating from the time certain responsibilities were transferred from the former Personnel Commission to the Division of Equal Rights, when the Personnel Commission used to take certain actions by unanimous vote.

10. STUDY ON CHRONIC ABSENTEEISM AND PUBLIC ASSISTANCE

Governor/Joint Finance: Require DWD to collaborate with other agencies to prepare a report on the population overlap of families that receive public benefits and children who are absent from school for ten percent or more of the school year. The other agencies involved in the report would include the Departments of Children and Families, Health Services, and Public Instruction, and any other relevant programs or agencies the departments identify as appropriate. Require the report to be submitted on or before December 30, 2018, to the Governor and appropriate standing committees of the Legislature.

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LEGISLATIVE FISCAL BUREAU

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