STATE OF WISCONSIN

BUDGET IN BRIEF

TONY EVERS, GOVERNOR



FEBRUARY 2019

DIVISION OF
EXECUTIVE BUDGET AND FINANCE
DEPARTMENT OF ADMINISTRATION

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Development of the 2019-21 Budget

I. DEVELOPMENT OF THE 2019-21 BUDGET

A. OVERVIEW

Governor Evers' first state biennial budget will invest in the people of the great state of Wisconsin and reflect the interests of the citizens of our state to build "A Wisconsin for Us."

In the weeks following their election, as they began to assemble their staff, cabinet and policy team, Governor-elect Evers and Lieutenant Governor-elect Barnes held five separate budget listening sessions around our state in Green Bay, La Crosse, Milwaukee, Superior and Wausau. Collectively, these open roundtable events were known as the "Building the People's Budget" tour. These conversations were attended by hundreds of hard-working Wisconsin residents, who took time out of their busy lives to share their thoughts, priorities, and interests.

While there were numerous, diverse responses, common themes emerged around providing a quality education for our kids; making certain all Wisconsin residents have access to high quality and affordable health care; identifying and funding a sustainable approach to fixing our roads; protecting our environment and natural resources; and building a stronger economy that works for all us and not just a select few.

The recommendations provided by the attendees of these sessions; and other input received from Wisconsin residents helped shape Governor Evers 2019-21 biennial budget. Governor Evers is committed to enabling citizens to have input in our budget process because he recognizes the importance of having diverse voices providing commonsense solutions to the issues we face.

With wise investments in our people, State Government can enhance the natural ability for our residents to be innovators who can build a stronger and more sustainable future. Unfortunately, much of the past decade has been an exercise in the politics of division with a focus on providing tax cuts to the wealthiest among us at the expense of investment in the futures of children and students. As economic disparities in our state have grown wider, services for our most vulnerable have been diminished, our roads and highways have suffered and our natural resources have faced increased peril. Wisconsin values and Wisconsin priorities have too often taken a back seat to rewarding a select few at the expense of many others.

In addition to making important investments, Governor Evers heard from residents around the states that we must act to ensure that middle class families in Wisconsin receive real and sustainable benefit. Rather than merely focusing tax relief on corporations or wealthy residents, this budget provides meaningful and immediate support for the hard-working residents of our state who have been left on the sidelines in recent years.

Recent budget decisions have also resulted in an erosion of the ability for local elected officials to make important decisions at the local level. The result has been a steady reduction in their authority to establish regional transportation networks, determine living wages, provide local employees with a say in their workplace environment, set property tax levies, and take other steps to determine where communities can and should go. The Governor's budget seeks to restore local control measures wherever possible, because he trusts local non-partisan officials to address the problems in their communities. Local voices are critically important in building and sustaining a Wisconsin that works for us and grows with us.

The Governor's budget is built upon the principles of responsibility, transparency, accountability and sustainability. In assembling this budget, Governor Evers has affirmed his commitment to "connecting the dots" in ways that amplify the impact of our investments and ensure that silos within State Government are a thing of the past. A student's school performance is directly tied to access to affordable housing, health care and adequate nutrition. A strong state economy is closely linked to access to high speed broadband in our schools, businesses and homes, to a reliable transportation network, and to adequate

wages and workplace safety measures. Finally, a robust tourism industry in every corner of Wisconsin is connected to a continued responsibility to our precious natural resources and a healthy respect for both our common interests and the diversity in heritage and background that make Wisconsin a truly unique place to live, work and play.

"The People's Budget" is a return to Wisconsin priorities of maintaining an effective and efficient enterprise that builds up Wisconsin workers and makes critical investments in education, health care, public safety, transportation and our state's natural resources. These investments will continue to make our state a stronger place to pursue an education, start a small business, or raise a family. Governor Evers started this budget journey confident that good ideas can come from any resident of our state, and this Budget reflects the values that he has heard and shares with people across our state.

B. REVENUE AND EXPENDITURE OUTLOOK

The revenue estimates released by the Legislative Fiscal Bureau on January 30, 2019, reflect an outlook of continued moderate growth for Wisconsin. The bureau projects revenues will increase by $529.7 million (3.3 percent) in the current fiscal year, by $693.0 million (4.2 percent) in fiscal year 2019-20, and by $392.9 million (2.3 percent) in fiscal year 2020-21.

These increases demonstrate Wisconsin's steady economic growth, mirroring the national trend. Individual income tax revenues are expected to grow 1.0 percent this year, 4.4 percent in fiscal year 2019-20 and 3.4 percent in fiscal year 2020-21. Sales tax revenues are also expected to increase this year and in each year of the upcoming biennium, with growth of 4.9 percent this year, 4.2 percent in fiscal year 2019-20, and 0.8 percent in fiscal year 2020-21. In fiscal year 2020-21, sales and use tax collections will be reduced by the repeal of the sales tax on internet access services, mirroring a requirement under federal law, that takes effect on July 1, 2020. Corporate income tax revenues are expected to grow strongly with 10.8 percent growth in the current year from the prior year actuals and then grow by 6.1 percent in fiscal year 2019-20 and 2.4 percent in fiscal year 2020-21.

The Governor's 2019-21 biennial budget provides significant relief to middle income taxpayers while ensuring that the state has sufficient resources to fund large new investments in education, health care and transportation, as well as other key priorities.

C. "CONNECT THE DOTS"

The people of Wisconsin want to see politicians on both sides of the aisle working together to find common sense solutions to expand access to affordable healthcare, fully fund our schools, reform our criminal justice system, and address our infrastructure challenges.

In order to address these issues, we must first acknowledge that our challenges are interconnected. The Governor's budget reflects his commitment to connecting the dots on these critical issues facing our state so we can make meaningful progress.

"Connecting the dots" means seeing the connection between how lack of access to affordable housing affects kids in the classroom. It's about seeing the connection between drug and alcohol addiction and our burgeoning criminal justice system. It's about seeing the connection between a budding entrepreneur who wants to start their own business and how the rising costs of health insurance might push that dream out of reach. It's about how a reliable transit system helps to not only connect workers and employers, but helps build stronger, more connected communities where people can safely and affordably visit their doctors, libraries and local parks.

This budget is about connecting those dots.

Summary of Governor's

Major Budget Initiatives

II. SUMMARY OF GOVERNOR'S MAJOR BUDGET INITIATIVES

A. "HEALTHY COMMUNITIES"



- Expand Medicaid under the federal Affordable Care Act by covering all low-income Wisconsin residents who earn incomes between 0 and 138 percent of the federal poverty level. Medicaid Expansion will provide healthcare coverage to 82,000 additional Wisconsinites while saving $320 million GPR over the biennium, funds which have been reinvested to improve the health and well-being of all Wisconsinites.

- Establish a prescription drug importation program to reduce costs and generate savings from importing low-cost generic prescription drugs from abroad.

- Repeal the childless adult demonstration project to remove work requirements, premiums, copayments and health risk assessments for enrollees.

- Repeal 2017 Wisconsin Act 370 to preserve the constitutional authority of the executive branch to submit federal waivers and state plan amendments under the Medicaid program.

- Provide $365 million to hospitals that serve Medicaid recipients through: (1) disproportionate share hospital payments; (2) acute care hospital access payments; (3) critical care hospital payments; (4) pediatric supplemental payments; and (5) rural critical care supplemental payments.

- Create a Medicaid community health benefit that invests $45 million for non-medical services to reduce and prevent health disparities that result from economic and social determinants of health. Services include but are not limited to housing referral services, stress management and nutritional counseling.

- Increase access to dental services in the state: (1) create a mid-level dental provider to address dental provider shortages in Wisconsin, and provide $1,500,000 over the biennium to educational institutions to fund the development of dental therapist training programs. (2) Provide $275,000 in the first fiscal year and $450,000 in the second fiscal year to expand the school-based Seal-A-Smile dental program. (3) Provide $18 million in fiscal year 2019-20 and $20.5 million in fiscal year 2020-21 to provide Medicaid dental incentive payments through reimbursement rate increases to dental providers that serve Medicaid recipients and repeal the dental reimbursement pilot project. (4) Provide $425,000 in fiscal year 2019-20 and $850,000 in fiscal year 2020-21 to fund low-income dental clinics that provide dental services to Medicaid recipients and the uninsured. (5) Provide $2 million in fiscal year 2019-20 and $3 million in fiscal year 2020-21 to reimburse dental providers who serve Medicaid recipients with both physical and mental disabilities. (6) Provide $60,000 in each year of the biennium to increase funding for dental loan repayments for dentists who provide services in rural areas.

- Establish medical service delivery through telehealth under the Medicaid program. Provide $2.3 million in fiscal year 2019-20 and $3.5 million in fiscal year 2020-21 to fund the increase of services due to increased access under the telehealth delivery model.

- Fully fund the Wisconsin Healthcare Stability Plan to stabilize the individual healthcare market and lower premiums for Wisconsinites. Provide $200 million in fiscal year 2020-21 to reinsure high-cost individuals across all healthcare exchanges.

- Provide $69 million to fund non-institutional mental health, behavioral health and psychiatric services.

- Establish a requirement across all health insurance exchanges that guarantees health insurance for individuals with preexisting conditions, so all Wisconsinites receive the same quality healthcare without the additional cost associated with preexisting conditions.

- Reduce the incidence of childhood lead poisoning in our state by: (1) increasing blood lead testing; (2) creating a health service initiative to provide funding to abate lead hazards in homes where Children's Health Insurance Program (CHIP) participants reside; (3) providing a grant for lead abatement in non-CHIP eligible homes; and (4) providing 1.14 FTE positions to administer the health service initiative; (5) expanding Birth to 3 services to children that are lead poisoned. Fund these initiatives with $24,996,000 in fiscal year 2019-20 and $27,158,700 in fiscal year 2020-21.

- Improve mental health treatment in our state by: (1) funding a portion of the non-federal share of the Medicaid Crisis Intervention benefit; (2) creating a grant to establish five regional crisis stabilization centers; (3) allowing the Crisis Program Enhancement grant to be used be used to establish or expand a crisis program; and (4) expanding the definition of crisis to include any crisis not just a mental health crisis. Fund these initiatives with $9,210,100 in fiscal year 2019-20 and $30,547,900 in fiscal year 2020-21.

- Establish a medical marijuana program in our state to help individuals suffering from debilitating medical conditions. Provide $840,600 in fiscal year 2019-20 and $400,600 in fiscal year 2020-21 as well as 4.0 FTE positions to operate the medical marijuana program.

- Provide $105,900 GPR annually to continue to provide dispatcher assisted cardiopulmonary resuscitation services in our state.

- Fully fund the Supplemental Security Income and Caretaker Supplement benefits.

- Reduce funding for the administration of the Medicaid and FoodShare programs to account for various program changes.

- Fully fund the SeniorCare pharmacy benefit.

- Reduce funding for the FoodShare Employment and Training program to reflect changes in work requirements.

- Fully fund the peer run respite center for veterans. The facility will provide peer support services and hospital diversion services at no cost to veterans struggling with a mental health or substance abuse disorder.

- Fully fund a youth crisis stabilization facility. The facility will provide residential mental health services to children whose needs are greater than what is available in their community but not severe enough to warrant commitment to an institution.

- Invest in a healthy women, healthy babies initiative to improve birth outcomes, including: (1) providing $426,700 in fiscal year 2020-21 to create a Medical Assistance reimbursement for doula services in certain regions of the state and provide $192,000 GPR in grants for training doulas in fiscal year 2019-20; (2) increasing funding for the Women's Health Block Grant by $193,600 GPR and remove the restrictions on which organizations Title V and X funding can be supplied; (3) allocating 5.0 FTE positions to create an Infant Mortality Prevention Program to address disparities in birth outcomes in our state; (4) expanding postpartum eligibility for women in the Medicaid program from 60 days to 12 months by providing $22,9880,000 in fiscal year 2020-21; and (5) providing an additional $1,012,500 TANF in fiscal year 2019-20 and $2,175,000 TANF in fiscal year 2020-21 to expand home visiting to support expecting mothers and mothers with infants and small children.

- Provide an additional $3.3 million GPR annually for tobacco cessation activities.

- Provide an additional $250,000 GPR annually through the Minority Health Grant to improve the health of minority populations in our state.

- Fund the development of a comprehensive mental health consultation program with $66,700 GPR in fiscal year 2019-20.

- Increase funding for the Wisconsin Well Woman Program by $100,000 GPR annually and restructure language related to multiple sclerosis services.

- Create a $250,000 GPR grant to provide healthy aging programs.

- Provide $898,800 in fiscal year 2020-21 to develop a Hub-and-Spoke treatment model utilizing the Medicaid Home Health Benefit at three opioid treatment centers across our state.

- Provide increased funding for caregivers through: (1) providing $14.8 million in each year to increase the direct care and services portion of the capitation rates the department provides to long-term care managed care organizations in recognition of the direct caregiver workforce challenges facing the state; (2) providing $3.3 million in fiscal year 2019-20 and $13.4 million in fiscal year 2020-21 to fund rate increases for personal care direct care services; and (3) providing $8.7 million in fiscal year 2019-20 and $17.8 million in fiscal year 2020-21 for a 2.5 percent general rate increase for nursing homes with a 1.5 percent increase targeted to direct care workforce.

- Ensure that all eligible children receive service under the Children's Long-Term Support waiver program, providing long-term services to children with intellectual, physical and/or developmental disabilities, and severe emotional disturbances. This creates parity between long-term care eligibility for children and adults.

- Provide $2.1 million in fiscal year 2019-20 and $2.4 million in fiscal year 2020-21 to reduce bureaucracy and help families of children with disabilities identify available services and supports in the community that will meet their needs.

- In recognition of the growing incidence of dementia in the state due to an aging population, provide $2.8 million annually to expand the dementia care specialists program to all aging and disability resource centers in the state.

- Provide 3.0 FTE positions and $182,200 in fiscal year 2019-20 and $242,900 in fiscal year 2020-21 to the Board on Aging and Long-Term Care for supervisory staff to manage the increasing caseload of persons age 60 and older who are consumers of Wisconsin long-term care programs.

- Provide $1,000,000 GPR in each year to continue two family medicine residency training programs at the Medical College of Wisconsin covering northeast Wisconsin. These programs produce well-trained, board-certified family physicians. The funding will allow for additional faculty hires to ensure long-term programmatic accreditation, enhanced resident rotations and expansion of residents at each site.

- Provide $640,000 PR-S of tribal gaming revenue in fiscal year 2019-20 to fund architectural plans for a youth substance abuse treatment center led by the Great Lakes Inter-Tribal Council.

- Increase funding for the following homeless prevention programs, consistent with the recommendations of the Interagency Council on Homelessness: (a) $500,000 GPR in each fiscal year for the Homelessness Prevention Program and $300,000 GPR in each year for the creation of a new diversion program; (b) $500,000 GPR each fiscal year for the State Shelter Subsidy Grant; (c) $900,000 GPR in each fiscal year for the Housing Assistance Program; (d) $500,000 TANF in each fiscal year for the Homeless Case Management Services Grant; (e) $250,000 GPR in each fiscal year for the Skills Enhancement Grant at the Department of Children and Families; (f) $500,000 GPR in each fiscal year to create a new Housing Quality Standards grant; and (g) $300,000 GPR in each fiscal year to create a grant for housing navigation. Also, repurpose funding from the Employment Services Grant program to support 1.0 FTE position within the Department of Administration's Division of Energy, Housing and Community Resources to support the expanded programs and convert a 1.0 federal FTE position to program revenue service funded with TANF.

B. "SAFE AND JUST COMMUNITIES"



- Decriminalize small amounts of marijuana by eliminating the penalty for possession, distribution or manufacture of 25 grams of marijuana or fewer. A person serving a sentence or on probation for the possession, distribution or manufacture of 25 grams of marijuana or fewer may request dismissal of the conviction. Provide a means for persons convicted under prior law to petition a court for the expungement of their conviction.

- Raise the age of adult jurisdiction in circuit and municipal court to 18 years of age, effective January 1, 2021.

- Provide $1 million GPR in each fiscal year for grants through the Department of Justice to municipal police departments. The grants would help offset overtime costs incurred through beat patrol and community policing efforts in the ten cities with the highest violent crime rate in the state.

- Provide additional assistant district attorney positions across the state by: (1) providing an additional 19.6 FTE assistant district attorney positions in each fiscal year; (2) providing 6.9 FTE to increase part-time positions in 14 counties; and (3) converting 7.5 FTE positions from PR to GPR for positions where grant funding had run out.

- Increase the private bar rate at the State Public Defender Board to $70 per hour effective January 1, 2020. Further, create an indexing provision that would allow the private bar rate to increase at the rate of inflation, with the adjustment made in each biennial budget. Provide the State Public Defender Board with $9,031,500 GPR in fiscal year 2019-20 and $16,612,700 in fiscal year 2020-21 to cover the increased costs associated with the rate increase.

- Provide $77,600 GPR in each fiscal year for full funding of interpreter costs at the State Public Defender Board.

- Provide an additional $1 million GPR in each fiscal year for the Treatment, Alternatives and Diversion (TAD) program. Of the $1 million, set aside $500,000 for counties that currently do not have a TAD program.

- Provide $261,000 GPR in each fiscal year to continue the nonviolent offender pilot program and extend the sunset of the pilot program from July 1, 2019, to July 1, 2021. Provide an additional $250,000 in each fiscal year to expand the pilot program to the city of Milwaukee.

- Expand the Opening Avenues to Reentry Success (OARS) program by providing $4,001,300 GPR and 1.0 FTE GPR position in each fiscal year. The additional funding would expand the OARS program to all 72 counties and strengthen the program in southeastern Wisconsin.

- Provide $75,000 GPR in each fiscal year to create four new job centers at correctional institutions.

- Provide $200,000 GPR in each fiscal year to allow the Department of Corrections to update and modernize its current career technical education operations.

- Provide $240,000 GPR in each fiscal year to properly staff technical training mobile labs at the Department of Corrections.

- Provide $420,900 GPR and 11.25 FTE GPR in fiscal year 2020-21 to staff the new inmate programs building at the Wisconsin Secure Program Facility. The building helps meet the educational, programing, library and religious needs of inmates.

- Provide $186,300 PR in fiscal year 2019-20 and $52,500 PR in fiscal year 2020-21 to establish data exchange capabilities between the Department of Health Services Wisconsin Ambulance Run Data System and the Prescription Drug Monitoring Program. This will ensure administered naloxone is accurately recorded in both systems and prescribers will know whether the patient has potentially misused opioids in the past, encouraging escalated caution in prescribing opioids.

- Provide $17,500 PR in fiscal year 2019-20 and $4,400 PR in fiscal year 2020-21 to incorporate opioid naïve alerts into the Prescription Drug Monitoring Program. Alerts will notify prescribers that the patient has likely never been prescribed opioids, encouraging increased caution in prescribing opioids.

- Provide $126,800 GPR in fiscal year 2019-20 and $168,800 GPR in fiscal year 2020-21, and 1.0 FTE GPR forensic toxicology faculty position at the State Laboratory of Hygiene, to surveille trends in opioids, novel psychoactive substances and other drugs.

- Provide 1.0 FTE SEG position and $63,800 SEG in fiscal year 2019-20 and $60,400 SEG in fiscal year 2020-21, funded from the police and fire protection fund, to be utilized as the Wisconsin Public Safety Broadband/FirstNet subject matter expert and would assist with other interoperable projects. In addition, transfer the Office of Emergency Communication and all related responsibilities to the Department of Transportation.

- Provide $1 million annually on a one-time basis to the Wisconsin Disaster Assistance program for costs related to the replacement of the cable that brings electricity to Washington Island.

- Create two new appropriations to fund costs associated with juvenile justice programming. The first appropriation will be sum-sufficient with a base of $5 million GPR starting in fiscal year 2020-21 and used to reimburse counties for the increased costs associated with raising the age that a circuit court or municipal court exercises adult court jurisdiction from 17 to 18. The second appropriation will reimburse one-time start-up costs for counties that create secured residential care center for children and youth and have a budget of $3.5 million GPR in fiscal year 2020-21. Expenses eligible for reimbursement will be determined by the Department of Children and Families in consultation with representatives of the counties.

C. "WHAT'S BEST FOR KIDS"



- Reform our school finance system and provide $618,822,000 in state general aid across the biennium. To ensure that state support goes directly to districts, transfer the school levy tax credit and first dollar tax credit into general equalization aids beginning in fiscal year 2020-21, to be paid as a delayed payment in July 2021. Transfer high poverty aid into general equalization aid in fiscal year 2020-21.

- Create a sum sufficient hold harmless aid program to ensure no school district receives less overall state support as a result of school finance reforms.

- Restore the requirement that the state provide at least two-thirds funding of partial school revenues. The Governor's budget achieves this benchmark in both years of the biennium.

- Reform state aid calculations to reflect changing cost pressures and pupil populations as follows: (a) guarantee a minimum amount of state aid of $3,000 per pupil; (b) incorporate a poverty factor of 0.2 FTE per economically disadvantaged student into the determination of property value per member; (c) increase the secondary cost ceiling from 90 percent to 100 percent of the statewide average shared costs per member, which reduces the aid penalty faced by 110 districts with above-average property values; and (d) increase special adjustment aid from 85 percent of prior year general aid to 90 percent of prior year general aid, which would have increased state aid for at least 56 districts had it been in effect in fiscal year 2018-19.

- Provide a revenue limit adjustment of $200 per revenue limit member in fiscal year 2019-20 and $204 in fiscal year 2020-21, and beginning in fiscal year 2021-22 index revenue limit adjustments to the change in the consumer price index. Additionally, increase revenue limit equity for low-spending districts by increasing the low revenue ceiling to $9,700 in fiscal year 2019-20 and $10,000 in fiscal year 2020-21. Increasing the low revenue limit ceiling helps an estimated 125 frugal districts that have been confined to lower revenue limit authority for several years.

- Increase the state general equalization aid and revenue limit four-year-old (4K) membership calculations for school districts, independent charter schools, and private schools participating in the state's parental choice programs that provide a full-day 4K program to 1.0 FTE beginning in fiscal year 2020-21.

- Increase special education aid by $75,060,900 GPR in fiscal year 2019-20 and $531,060,900 GPR in fiscal year 2020-21 to reimburse eligible special education costs at 30 percent and 60 percent in those fiscal years, respectively. State funds available for reimbursement have remained unchanged since fiscal year 2008-09 while eligible expenses have increased, resulting in a current reimbursement rate of 25 percent.

- Convert high-cost special education aid to a sum sufficient appropriation (ensuring that aid is not prorated) and modify the reimbursement rate for costs over $30,000 per student from 90 percent to 100 percent to ensure school districts are able to fund services for students with the greatest need.

- Increase funding for special education transition readiness grants by $3,500,000 GPR in each year to expand the number of grants awarded and include community engagement as an eligible use of grant funding.

- Increase funding to address the need for access to mental health services for school-age youth as follows: (a) $22,000,000 GPR in each year to expand the mental health categorical aid program to include reimbursement for expenditures for any school-based pupil services in schools; (b) $7,000,000 in each year to increase the number of school-based mental health collaboration grants provided; (c) $2,580,000 in each year to expand training for school personnel in various mental health interventions; and (d) $150,000 in each year for data system to store results of the youth risk behavior survey. In addition, support the Department of Public Instruction's administration of these programs by providing $72,100 GPR in fiscal year 2019-20, $95,500 GPR in fiscal year 2020-21 and 1.0 FTE GPR position in each year.

- Specify that grants for bullying prevention shall go to the Children's Hospital of Wisconsin, which received the grant in both years of the 2017-19 biennium.

- Provide $5,000,000 GPR in fiscal year 2020-21 to support the expansion and creation of early childhood education programs in the five largest school districts in the state. This program is intended to reduce achievement gaps in these districts by ensuring children are ready to start school. Research points to the importance of early childhood investments in improving student readiness and lifelong outcomes.

- Increase learning time and reduce "summer melt" by providing $3,600,000 GPR in each year for summer school grants in Green Bay, Kenosha, Madison, Milwaukee and Racine.

- Recruit and retain high quality teachers by providing $571,200 GPR in fiscal year 2019-20 and $652,900 GPR in fiscal year 2020-21 for master educator and national board-certified teachers in high poverty schools. Funding will triple the size of continuing grants to qualified teachers in high poverty urban schools and double the size of the continuing grant for teachers at high poverty schools throughout the state, which increases the incentive for over 130 highly qualified teachers to continue teaching in schools with high levels of poverty.
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- Train, coach and support urban district principals by providing $250,000 GPR in each year for the Wisconsin Urban Leadership Institute to create new cohorts of principals ready to lead. Principals supported by a network of experts and peers can be better prepared to lead within their schools and communities.

- Help school districts begin to address student needs related to health, housing, transportation and more that impact student achievement in the classroom by supporting community partner collaborations with $1 million GPR in each year.

- End the flat funding of bilingual-bicultural categorical aid by providing $8,510,200 GPR in fiscal year 2019-20 and $26,810,200 GPR in fiscal year 2020-21 to increase reimbursement of bilingual-bicultural program costs to 15 percent in fiscal year 2019-20 and 30 percent in fiscal year 2020-21. These increases are a significant boost over the current 8 percent reimbursement rate and will aid districts educating over 26,000 students who are English Learners throughout the state.

- Create a new $2.4 million GPR program in fiscal year 2020-21 that provides $100 per English Learner to smaller and rural districts that are not eligible to receive bilingual-bicultural categorical aid because they have too few students who are English Learners. According to the Department of Public Instruction's 2018 Report on the Status of Bilingual-Bicultural Programs, over 23,000 children may need additional education support as a student learning English, but their school districts receive no state aid. State law acknowledges that there is an obligation to serve all pupils who are English Learners, and through the new supplemental bicultural bilingual aid program the state fulfills this commitment.

- Close English Learner achievement gaps by providing $3,400,000 GPR in fiscal year 2020-21 to create a targeted aid program for students who are English Learners classified at levels 1, 2 or 3 on a scale of 1 to 6 on the annual English Learner Proficiency Assessment. Students who are English Learners have the lowest achievement scores among any pupil subgroup and school districts currently lack capacity to fully address the needs of these students. Approximately 34,000 students who are English Learners classified at the three lowest levels of English proficiency could be provided more support through this funding according to the Department of Public Instruction.

- Encourage school districts to support and expand educational programming for students who are English Learners and bilingual-bicultural education opportunities in schools by investing $2,500,000 in fiscal year 2020-21 in discretionary grants.

- Support the unique needs of rural schools by providing $9,786,100 GPR in fiscal year 2020-21. Increased funding will allow for the creation of a second tier of sparsity aid at $100 per pupil for districts with 746 pupils or more who have sparse student populations beginning in fiscal year 2020-21, and full funding of all grants. To mitigate the aid cliff for districts near 746 pupils, provide stopgap payments equal to 50 percent of the district's prior year aid payment for one year to districts who no longer meet eligibility requirements.

- Fully fund eligible high-cost pupil transportation aid expenditures in fiscal year 2020-21 by providing $2,700,000 GPR. Additionally, allow stopgap funding to truly reflect 50 percent of aid received in the prior year by eliminating the $200,000 cap on total stopgap payments.

- Freeze the number of slots available in the Milwaukee parental choice program, which are almost entirely state funded, in fiscal year 2020-21 and thereafter based on fiscal year 2019-20 pupil headcount. The use of the fiscal year 2019-20 pupil headcount allows schools participating the Milwaukee parental choice program to count full-time 4K students as 1.0 FTE. The freeze will not end the program; as students graduate high school or choose to return to public schools, slots will open. The freeze results in GPR savings of $3 million in fiscal year 2020-21.

- Freeze the number of slots available in the Wisconsin and Racine parental choice programs in fiscal year 2020-21 and thereafter based on fiscal year 2019-20 pupil headcount. The use of the fiscal year 2019-20 pupil headcount allows schools participating in the Wisconsin and Racine parental choice program to count full-time 4K students as 1.0 FTE. New students may join the program as current students graduate or choose to return to public schools. Under current law, new students in these programs are funded through general aid reductions, which a school district may recoup through property taxes. The decision to freeze enrollment reduces property taxes by $24.9 million in fiscal year 2020-21.

- Prohibit new students from participating in the special needs scholarships program beginning in fiscal year 2020-21. Current law allows participating schools to receive 90 percent reimbursement of costs, which is much higher than the 25 percent reimbursement public schools receive. Through an increase in the reimbursement rate of eligible special education expenditures the need for an unequally funded program with unaudited costs is reduced. Additionally, private schools are not required to provide special education services under federal law, and there are no state or federal standards regarding any services a private school may provide. The decision to phase out this program, which was created without the opportunity for a public hearing, reduces property taxes by $4.6 million in fiscal year 2020-21 relative to current law.

- Implement reforms to increase the accountability of participating special needs scholarship program schools and improve student protections within the program as follows: (a) repeal the actual cost basis by which a school can request an unverified sum for reimbursement and reinstate a per pupil aid payment; (b) require new schools that begin participating in fiscal year 2020-21 and thereafter to participate in another parental choice program through which they are accredited; (c) require that a school participating in the program may not charge tuition to a student whose income does not exceed 220 percent of the federal poverty line to provide consistency with the parental choice programs; and (d) require that schools participating in the program must allow students to opt out of the religious activity upon written request to protect the rights of students.

- Ensure only high-quality schools join the state's parental choice programs by requiring participating schools to be fully accredited, instead of pre-accredited, beginning in fiscal year 2021-22. The accreditation process examines whether a school is financially viable and prepared to educate Wisconsin students.

- Protect Wisconsin students by requiring teachers at a school participating in a private school choice program to be licensed as of July 1, 2022. Currently, teachers who work at private choice schools that participate in a private choice program are not required to be licensed by the Department of Public Instruction, unlike teachers in public school districts. Experienced teachers who have continuously taught in a participating private school for at least five years may apply for a waiver.

- Create consistency in per pupil payments by indexing to positive revenue limit adjustments and increases in per pupil aid payments. The indexing change applies for all voucher programs, the special needs scholarship program, independent charters, open enrollment and whole grade sharing aid.

- Provide property tax transparency by including information about the gross state general aid deducted from a school district is general aid for private choice programs, which a district may choose to increase property taxes to replace, on an individual's property tax bill. Current law funds the six choice and charter programs with five different combinations of payment sizes, aid reductions, GPR payments and membership counting. Providing citizens with clear information may reduce confusion of how choice programs impact state funding and property taxes.

- Preclude independent charter school authorizers from authorizing new schools from enactment of the budget through July 1, 2023, unless the school submitted an intent to participate to the Department of Public Instruction by February 1, 2019. Independent charter schools with existing contracts may continue to add students and grades.

- Create new afterschool and out-of-school time grants, and provide $10,000,000 GPR annually, to address unmet community needs for high quality programming in underserved communities.

- Provide $2,000,000 GPR in fiscal year 2020-21 to encourage local education agencies to expand access to drivers education courses for students who face barriers to taking such courses. Students who complete drivers education coursework gain an increased ability to travel to school and work. Award local education agencies up to $200 per student based on the number of economically disadvantaged students who completed an approved drivers education course that includes behind the wheel training and for whom fees were reduced or eliminated.

- Provide $10,000,000 GPR in fiscal year 2020-21 to support a partnership between Milwaukee Public Schools and the University of Wisconsin – Milwaukee to select, train, place and support a mathematics teacher leader in each school building.

- Increase funding for gifted and talented programming capacity in school districts by providing an additional $762,800 GPR each year; provide districts the flexibility to use grant funds to provide professional development for gifted and talented teachers; and ensure the program is focused on serving historically underrepresented students including economically disadvantaged students, students of color, English Learners and students with disabilities.

- Enhance the impact of tribal language revitalization grants by providing $362,200 PR in fiscal year 2020-21 to support the development of the young learners tribal language revitalization initiative. Additionally, provide $100,000 PR-S in fiscal year 2020-21 for operations of programs in partnership with Great Lakes Inter-Tribal Council, Inc.

- Provide $250,000 GPR in each year to fully fund anticipated demand for robotics league participation grants.

- Address student hunger by fully funding reimbursements to school districts under the school breakfast program at $0.15 for each breakfast as required by current law ($2,789,500 GPR in fiscal year 2019-20 and $2,889,500 GPR in fiscal year 2020-21) and the Wisconsin school day milk program ($382,900 GPR in each year). Additionally, permit reimbursements to be paid to: (a) independent charter schools; (b) Wisconsin educational services program for the deaf and hard of hearing; (c) Wisconsin center for the blind and visually impaired; and (d) residential care centers for children and youth.

- Support state public libraries by fully funding the operations and maintenance of public library services ($2,500,000 SEG in fiscal year 2019-20 and $4,000,000 SEG in fiscal year 2020-21), library service contracts ($133,200 SEG in fiscal year 2019-20 and $168,100 SEG in fiscal year 2020-21), and Badgerlink and Newsline for the Blind levels of service ($345,800 SEG in fiscal year 2020-21). Additionally, permit the Department of Public Instruction's WISELearn appropriation to fund digital archiving for public libraries.

- Increase funding to support Special Olympics of Wisconsin ($25,000 GPR in each year) and Very Special Arts of Wisconsin ($25,000 GPR in each year).

- Restore funding for the Wisconsin Reading Corp at $700,000 GPR in each year as the program expands one-on-one tutoring services in Racine and Milwaukee.

- Adjust expenditure authority of school library aids by $900,000 SEG in fiscal year 2019-20 and $1,800,000 SEG in fiscal year 2020-21 based on reestimates of interest earnings from the common school fund.

- Consolidate numerous programs that impact school districts into the Department of Public Instruction including: (a) Office of School Safety from the Department of Justice; (b) career and technical education incentive grants from the Department of Workforce Development; (c) career and technical education completion awards from the Department of Workforce Development; (d) technical education equipment grants from the Department of Workforce Development; (e) teacher development program grants and grants for teacher training and recruitment from the Department of Workforce Development (to be merged into a single appropriation); and (f) a new minority teacher grant program to recruit teachers of color.

- Enhance instructional quality and teacher morale by requiring teachers to be provided with the greater of 45 minutes or a single class period for preparation time each day.

- Support fair reimbursement of costs by repealing actual cost basis for payments for students with special needs who open enroll to a nonresident school district.

- Trust our locally-elected school boards by eliminating current law restrictions on the number of referenda a district may hold in a calendar year.

- Ensure teachers are fully prepared to teach students by repealing the alternative education preparation program in which teachers can become licensed without in-classroom teaching time.

- Authorize school districts to rehire a retired annuitant teacher to address teacher shortages, particularly in rural districts, if: (a) at least 30 days have passed since the teacher left employment with a district; (b) at the time of retirement the teacher does not have an agreement with any school district to return to employment; and (c) upon returning to work the teacher elects to not become a participating employee and continue receiving their annuity.

- Increase funding for Children and Family Aids by $15 million GPR beginning in calendar year 2020, as well as funding the cost related to the 2.5 percent foster care rate increase included in the 2017-19 biennial budget.

- Create a program that will help youth in foster care be able to drive by covering the cost of drivers education classes, license costs and insurance. Fund this program with $89,700 GPR in fiscal year 2019-20 and $289,200 GPR in fiscal year 2020-21.

- Fund Tribal Family Services with tribal gaming revenues instead of GPR and increase expenditure authority by $446,700 PR-S in fiscal year 2019-20 and $595,600 PR-S in fiscal year 2020-21 to parallel increases to Children and Family Aids in the 2017-19 biennium and the 2019-21 biennium.

- Provide $247,200 TANF in fiscal year 2019-20 and $770,500 TANF in fiscal year 2020-21 for a 2 percent increase in kinship care rates and $258,300 GPR/FED in fiscal year 2019-20 and $777,900 GPR/FED in fiscal year 2020-21 for a 2 percent increase in foster care rates in each calendar year.

- Increase funding for runaway and homeless youth shelters by $250,000 GPR in each fiscal year to expand services in rural areas.

- Ensure child care is more affordable and accessible for parents by providing $22,922,800 TANF in fiscal year 2019-20 and $23,494,600 TANF in fiscal year 2020-21 for a targeted rate increase to bring all maximum reimbursement rates in Wisconsin Shares within the 50th percentile of market rates.

- Provide an additional $1,700,000 TANF in each fiscal year to the Wisconsin Shares program to increase funding for certified providers, most of whom are in rural areas of the state, such that their rates are 100 percent of licensed provider rates.

- Provide $1,000,000 TANF in fiscal year 2020-21 to expand Transitional Jobs to four additional rural counties.

- Provide $1,140,000 TANF in each fiscal year to increase the capitated payment from $400 to $800 in the Children First program to ensure noncustodial parents who are in arrears in meeting their child support are receiving adequate services to help them meet their child support order.

- Provide $575,000 TANF in each fiscal year to replace one-time Department of Justice funding for the Department of Children and Families' Offender Reentry demonstration project, which serves formerly incarcerated males, who are noncustodial parents age 18 or older and returning to certain inner-city neighborhoods in Milwaukee.

- Expand funding to the Boys and Girls Clubs by $1,400,000 TANF in each year for the BE GREAT: Graduate program to ensure Wisconsin students are graduating.

- Create an Internet assistance program and provide $5,300,000 TANF in each fiscal year to aid eligible Wisconsin Works (W-2) families in obtaining affordable Internet access subscriptions.

- Ensure affordable and quality child care in economically disadvantaged areas within the city of Milwaukee by providing $655,000 TANF in fiscal year 2019-20 and $749,000 TANF in fiscal year 2020-21 for a grant to a child care provider and additional funding for the TEACH and REWARD programs and Milwaukee Area Technical College training program.

- Increase funding by $415,000 TANF in fiscal year 2019-20 and $535,000 TANF in fiscal year 2020-21 for Pyramid Model coordination, which provides professional development and resources focused on trauma-informed practices for daycare providers to reduce challenging behavior in young children.

- Increase the support custodial parents receive for their children's needs by providing an additional $750,000 GPR in fiscal year 2019-20 and $1,500,000 GPR in fiscal year 2020-21 to support county child support agencies' efforts in establishing and enforcing child support orders. In addition, eliminate the practice of birth cost recovery, allowing money, that would be collected to repay Medicaid expenses for the child's birth, to go to the direct needs of children in the form of child support to the custodial parent. Further, increase the custodial parent child support filing fee from $25 to $35, as is required by federal law.

- Provide $500,000 GPR in each fiscal year to create Transform Milwaukee for childless adults, which will mirror the current Transform Milwaukee program.

- Provide $25,000 TANF in each fiscal year to the We Got This program in the city of Milwaukee to support mentorship and work activities for young males.

- Provide $20,000,000 GPR in fiscal year 2019-20 and $25,000,000 GPR in fiscal year 2020-21 for University of Wisconsin System institutions to undertake initiatives around student success and attainment. Initiatives supported by these increases are intended to enhance student success in areas including, but not limited to, time to degree, advising and participation in high impact practices such as internships, undergraduate research and community partnerships.

- Prohibit the Board of Regents from charging resident undergraduate academic fees in the 2019-20 and 2020-21 academic years that are more than the fees charged in the 2018-19 academic year. The University of Wisconsin System will receive $16,800,000 GPR in fiscal year 2019-20 and $33,600,000 GPR in fiscal year 2020-21 to offset the fiscal effects of the tuition freeze.

- Provide $2,500,000 GPR in each year to University of Wisconsin Colleges for student support services.

- Improve local access to research and expertise of the University of Wisconsin – Extension by providing $1,500,000 GPR in fiscal year 2019-20, $2,000,000 GPR in fiscal year 2020-21 and 20.0 FTE GPR positions, to support new county-based University of Wisconsin – Extension agricultural positions.

- Address the nurse educator shortage by providing $10,000,000 GPR in one-time continuing funding for student fellowships or student loan repayment assistance to students who: (a) are pursuing doctor of nursing or doctor of philosophy in nursing degrees; and (b) commit to teach nursing at a University of Wisconsin institution for at least three years.

- Exempt a person who is a citizen of another country from nonresident tuition at both the University of Wisconsin System and the Wisconsin Technical College System if that person: (a) graduated from a Wisconsin high school or received a high school graduation equivalency declaration from this state; (b) was continuously present in this state for at least three years following the first day of attending a Wisconsin high school or immediately preceding the receipt of a declaration of equivalency of high school graduation; and (c) enrolls in a University of Wisconsin System institution or Wisconsin technical college and provides the institution or college with proof that the person has filed or will file an application for a permanent resident visa with the U.S. Citizenship and Immigration Services as soon as the person is eligible to do so.

- Adjust the University of Wisconsin System's expenditure authority to reflect base year tuition revenue increases of $93,504,500 PR in each year. Additionally, increase the system's position count by 219.84 FTE in fiscal year 2019-20 and fiscal year 2020-21.

- Increase support for the Wisconsin Technical College System by increasing general aid $6 million GPR in fiscal year 2019-20 and $12 million in fiscal year 2020-21.

- Align the technical college revenue limit adjustment with that of municipalities and counties by permitting institutions to increase revenues by 2 percent or the change in property value due to net new construction, whichever is greater.

- Provide $5,668,700 GPR and $24,100 PR in fiscal year 2019-20, and $11,620,600 GPR and $49,400 PR in fiscal year 2020-21, for a total of $17,289,300 GPR and $73,500 PR over the biennium, for need-based Wisconsin Grants. These funds offset a portion of the burden of the cost of higher education for students who enroll at the University of Wisconsin System, any Wisconsin Technical College System campus, members of the Wisconsin Association of Independent Colleges and Universities, and Tribal schools.

D. "CLEAN COMMUNITIES"



- Create a Bureau of Natural Resources Science with a director that reports directly to the secretary. Provide an additional 5.0 FTE SEG science positions to research water and source of contamination. Of the positions, at least 2.0 FTE must work on PFAS contamination issues.

- Authorize $40 million in GPR-supported bonding for the replacement of up to 50 percent of the cost to replace lead service lines through the Safe Drinking Water Loan Program. It is estimated that there are 170,000 lead service lines in Wisconsin. The lead service line program would be structured as a forgivable loan.

- Invest an additional $800,000 in each fiscal year for the well compensation program. Increase the maximum income limit for eligibility from $64,000 per family to $100,000 per family and establish a hardship program for families making less than the state median household income. Align contamination eligibility standards under the grant program with federal clean water regulations and create a prioritization list so that the most contaminated wells are remediated first.

- Provide $150,000 GPR in fiscal year 2019-20 to develop a model to identify and prioritize sites with likely PFAS contamination.

- Provide $50,000 GPR in fiscal year 2019-20 to conduct a survey of local and state emergency responders on the use of PFAS-containing firefighting foam.

- Authorize $6.5 million in bonding authority for the Targeted Runoff Management (TRM) program at the Department of Natural Resources. The TRM program provides municipalities with financial assistance for infrastructure projects to reduce nonpoint source pollution.

- Provide $400,000 SEG in each fiscal year to fund noninfrastructure projects in the TRM program.

- Authorize $4 million in bonding authority in the urban nonpoint source and storm water grant program, and the municipal flood control program.

- Authorize $4 million in bonding authority to provide grants to implement pollution control measures in Total Maximum Daily Load areas.

- Provide 4.0 FTE four-year project positions for Total Maximum Daily Load coordination.

- Provide $730,000 SEG in each fiscal year for Department of Natural Resources contractual services related to nonpoint source pollution control.

- Authorize $3,550,000 in GPR-supported general obligation bonding for the Safe Drinking Water Loan Program.

- Extend the maximum loan period under the Safe Drinking Water Loan Program from 20 years to 30 years. The Governor also recommends the issuance of revenue bonds to fund the state match requirements and additional loans in the Safe Drinking Water Loan Program. This change will result in future increased loan capacity for more drinking water projects and a reduction in general obligation debt service.

- Authorize $25 million in bonding authority to clean up contaminated sediment in five areas of concern in the Great Lakes Basin.

- Provide the Department of Natural Resources with $425,000 PR in each year and 5.0 FTE PR positions for the regulation of Concentrated Animal Feeding Operations (CAFO).

- Authorize $10 million in bonding authority for the Soil and Water Resource Management (SWRM) program at the Department of Agriculture, Trade and Consumer Protection.

- Eliminate the June 30, 2021, sunset date for the Private On-Site Wastewater Treatment System Replacement or Rehabilitation Program. The program will continue to assist residence owners and small commercial establishments meeting certain income and eligibility criteria to repair or replace eligible failing private on-site wastewater treatment systems.

- Provide $250,000 GPR in each of fiscal year 2019-20 and fiscal year 2020-21 for the University of Wisconsin – Stevens Point to administer an environmental education program.

- Establish a statutory goal that all electricity produced within the state should be 100 percent carbon-free by 2050.

- Establish the Office of Sustainability and Clean Energy within the Department of Administration by transferring State Energy Office functions and 5.0 FTE positions from the Public Service Commission. The office will carry out existing State Energy Office duties and will also promote the development and use of clean and renewable energy across the state, advance innovative sustainability solutions that improve the state's economy and environment, diversify the resources used to meet the state's energy needs and generate family supporting jobs by promoting the expansion of Wisconsin's clean energy economy. Create an unclassified director position, appointed by the Governor, to serve as director of the office.

- Create a $4 million renewable and clean energy research grant administered by the new Office of Sustainability and Clean Energy and funded by the Environmental Fund.

- Allocate 60 percent of the remaining $25 million in Volkswagen emissions settlement funds to be dedicated to the replacement of public transit vehicles and 40 percent towards electric vehicle charging stations through the grant program administered by the Department of Administration. Additionally, modify statute to reduce the percentage of the total grant award returned to the state through a shared revenue reduction by the Milwaukee County and city of Madison public transit systems from 75 percent to 20 percent, aligning these systems with those from other Wisconsin municipalities.

E. "GOOD GOVERNMENT"



- Restore the ability of the Attorney General to settle cases without receiving the approval of the Legislature.

- Remove the ability of the Legislature to intervene in lawsuits as a matter of right.

- Restore a private individual's authority to bring a qui tam claim against a person who makes a false claim against the state.

- Address fiscal responsibility by moving forward the $75,000,000 delayed equalization aid payment to school districts that has occurred for over 20 years into fiscal year 2019-20.

- Invest $71,900 GPR in each fiscal year of the biennium in additional grants to individuals or organizations engaged in the arts, and to arts incubators.

- Reestablish the Percent for Art program, which enhances new or remodeled state buildings by allocating a small portion of a project's total budget for procurement of art to be displayed in the buildings.

- Attach the Labor and Industry Review Commission to the Department of Workforce Development to better align agencies with overlapping areas of expertise.

- Modernize the main information technology platform of the Department of Safety and Professional Services by upgrading credentialing systems and customer portals to provide a more efficient and effective system and increased customer satisfaction. Provide $2,995,000 PR in fiscal year 2019-20 and $2,030,000 PR in fiscal year 2020-21 to accomplish the modernization.

- Provide $1,477,300 PR in fiscal year 2019-20 and $1,969,800 PR in fiscal year 2020-21, an increase of $3,447,100 PR over the biennium, and 20.0 FTE PR positions to assist in processing professional credentials and investigating professional regulation violations. Additional staff will allow for faster case resolution, protecting the public from credential holders performing below the minimum standard of care, and decrease processing times for initial and renewal professional licenses.

- Provide $43,100 GPR in fiscal year 2019-20, $56,800 GPR in fiscal year 2020-21 and 1.0 FTE GPR to support a curator of Native American Indian collections at the State Archive Preservation Facility. The curator will assist the public with access to the collections, which includes arrowheads, fossils and pottery.

- Create government efficiency by moving grant programs intended for school districts from the Department of Workforce Development to the Department of Public Instruction, which interfaces with and sends payments to school districts regularly. Transferred programs include career and technical education incentive grants, career and technical education completion awards, technical education equipment grants, and teacher training, recruitment and development grants.

- Provide $82.1 million GPR over the biennium for a general wage adjustment for most state employees of two percent on January 1, 2020, and an additional two percent on January 1, 2021.

- Provide $12.1 million GPR over the biennium for targeted market and parity wage adjustments for state employees within certain classifications to better align their wages to those paid by private and other public sector employers.

- Institute a pay progression system for correctional officers, correctional sergeants, psychiatric care technicians and youth counselors within the Department of Corrections and Department of Health Services, which will cost an additional $23.8 million GPR over the biennium. The new pay system will increase the starting hourly wage for correctional officers, reduce pay compression issues and reduce overtime worked by correctional officers.

- Increase the minimum hourly wage for all permanent and project state employees to $15 by January 1, 2021.

- Institute a pay progression system for the technical staff at the State Crime Lab in the Department of Justice. The new pay plan would help the department address recruitment and retention issues.

- Establish a committee to study and report on the feasibility of the development of a private sector retirement security plan administered by the Department of Employee Trust Funds that would be open to all state residents who elect to participate.

- Expand broadband access by increasing funding for the Broadband Expansion Grant Program at the Public Service Commission to $78.6 million over the biennium, compared to $16 million during the 2017-19 biennium. The $78.6 million in biennial funding is comprised of:
  - $30.4 million GPR in fiscal year 2019-20 and $20 million GPR in fiscal year 2020-21.
  - A cash balance transfer of $6.9 million in fiscal year 2019-20 and $17.3 million in fiscal year 2020-21 from the Department of Administration's federal e-rate funds.
  - The statutorily-required minimum of at least $2 million annually in funding from the state's Universal Service Fund.

- Extend the Department of Administration's Technology for Educational Achievement (TEACH) infrastructure grant sunset date from July 1, 2019, to June 30, 2021, and adjust the expenditure limit total for the grant to $3 million annually.

- Create a statutory statewide broadband speed goal of 25 megabits per second download and 3 megabits per second upload for all homes and businesses by 2025.

- Provide $1,000,000 GPR over the biennium for census preparation and activities for the upcoming 2020 Census to ensure a complete count of Wisconsin's citizens, which is vital in determining congressional apportionment and states' federal funding.

- Direct the nonpartisan Legislative Reference Bureau to redraw legislative and congressional redistricting maps and appropriate $10,000 GPR biennially for that purpose.

- Repeal statutory modifications made in 2017 Wisconsin Act 369 during the extraordinary session in December 2018 related to the expansion of legislative powers and duties including: (a) advice and consent of the Senate in relation to gubernatorial nominations; (b) ability of the Legislature to retain legal representation for legislators, legislative staff and the Legislature; (c) administrative rule and guidance documents modifications; (d) additional requirements for agency publications; and (e) approval of Capitol security changes.

- Require the Elections Commission to work with the Department of Transportation to facilitate automatic voter registration and implement the initial registration of all eligible voters as quickly as practicable.

- Modify statutory language related to university identification cards used for voting, identification card receipts, and in-person absentee voting, to address the federal court enjoinder. The University of Wisconsin System and technical colleges are required to issue student identification cards that qualify for voter identification.

- Increase funding for the County and Municipal Aid Program by 2 percent starting in 2020. This action will provide each county and municipality a 2 percent increase over the amounts received in 2019. This action will also reduce pressure to raise property taxes by finally growing what has been a stagnant county and municipal revenue source.

- Modify the valuation factor under county and municipal levy limits to allow county and municipal governments to increase levies by the greater of the percentage change in equalized value due to new construction less improvements removed or 2 percent beginning with levies set in 2019. This alternative minimum valuation factor will give municipalities and counties important flexibility in determining their budgets while preserving protections for property taxpayers.

- Implement reforms to assessment practices to clarify the assessment of leased property to specify that real property be assessed for property tax purposes at its highest and best use and that real property includes leases, rights and privileges pertaining to the property. Under these reforms, properties that are vacant or unoccupied beyond the normal period for property in the same real estate market segment, colloquially referred to as "dark stores" or "dark property," are not considered comparable to assessed occupied properties. The Governor also recommends that the Department of Revenue provide training and assistance to local assessors for the implementation and application of these provisions. These changes will help to preserve local tax bases and keep property tax rates lower for ordinary property taxpayers.

- Require the Wisconsin Economic Development Corporation to post a searchable database of all final contracts and amendments to contracts on its Website within 30 days of the finalization of such contracts or the amendment to such contracts. Also require the corporation to include terms in each of its tax credit contracts over $5 million in total value specifying that the recipient must provide a full update of its project plans for employment and investment if there are any material changes to the activities negotiated in its contract. Further require that the corporation notify the Joint Committee on Finance when there are such changes in contracted plans or due to amendments to contracts entered into by both the corporation and the tax credit recipient.

- Adopt recommendations from the Legislative Audit Bureau's 2017 audit report requiring the corporation to transmit within one week any repaid tax credits to the Department of Administration for deposit in the general fund.

- Adopt recommendations from the Legislative Audit Bureau's 2017 audit report regarding improving program evaluation by requiring that the corporation report only the creation and retention of those jobs that meet the salary, benefit and other requirements of the programs for which they are being reported.

- Require that no loan, grant or tax credit awarded by the Wisconsin Economic Development Corporation may be used to relocate jobs outside Wisconsin or reduce net employment by a recipient in Wisconsin. Further require that any recipient to provide appropriate notification to the corporation when such job relocation or job reduction measures are taken.

State Budget Overview

III. STATE BUDGET OVERVIEW

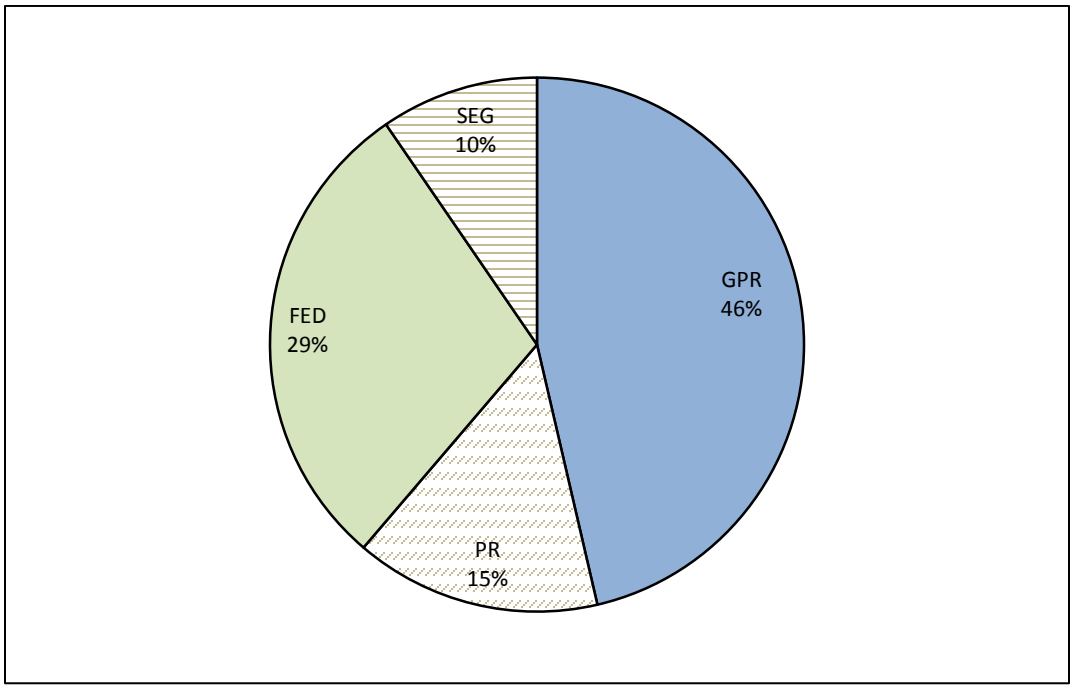
A. PRESENTATION OF THE GOVERNOR'S 2019-21 BUDGET

The Governor's recommended budget for the 2019-21 biennium is presented in its customary components. The operating budget for all agencies and their programs is submitted to the Legislature in the budget bill, the Executive Budget Book and this Budget in Brief. The capital budget will be submitted as a budget amendment after the State Building Commission has approved a recommended building program for the 2019-21 biennium.

B. EXPENDITURES

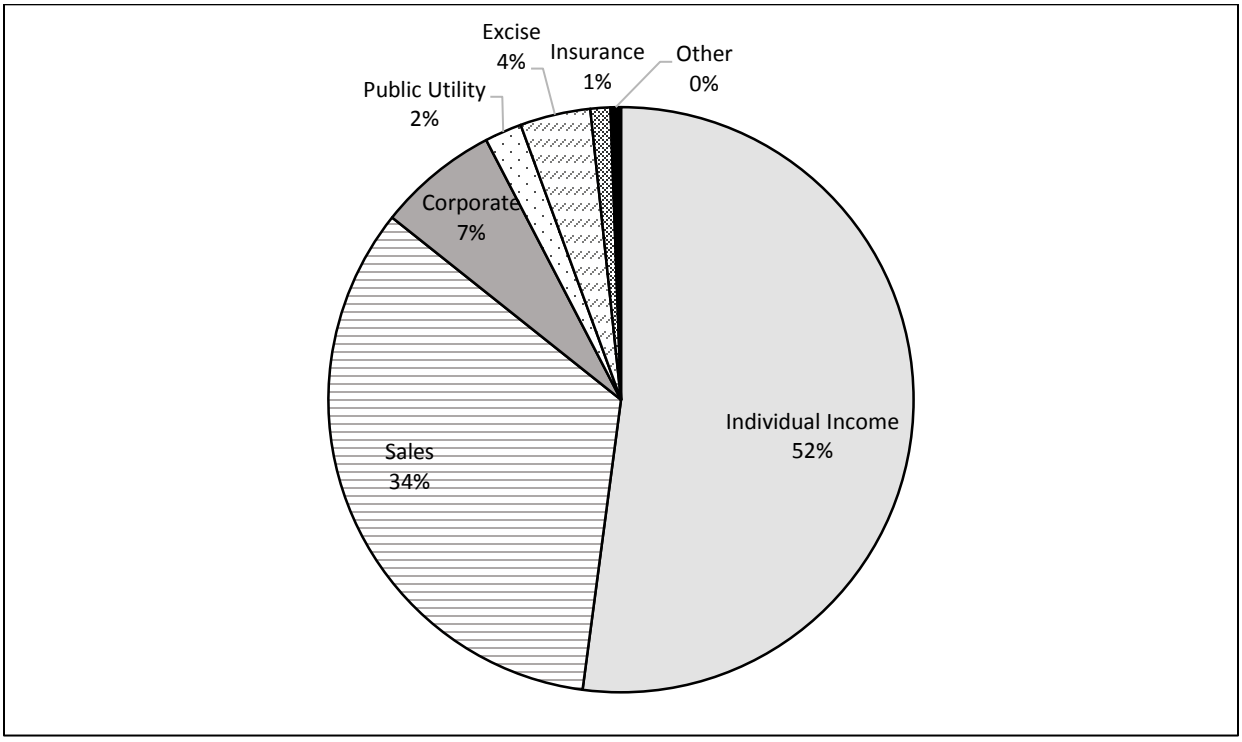
The Governor recommends an operating budget of $40.7 billion in fiscal year 2019-20 and $42.7 billion in fiscal year 2020-21. These figures include all four major funding sources and all state agencies and programs (see Chart 1). On an annual basis, the Governor's all funds budget for fiscal year 2019-20 represents an increase of $2,078.4 million (5.4 percent) over the fiscal year 2018-19 adjusted base, and the budget for fiscal year 2020-21 represents an increase of $2,006.9 million (4.9 percent) compared with fiscal year 2019-20.

CHART 1: FISCAL YEAR 2020-21 BUDGET BY FUND SOURCE



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

CHART 2: FISCAL YEAR 2020-21 GPR TAX REVENUE BY TYPE



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

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

Segregated revenues (SEG-O) include revenues from such sources as the motor fuel tax, hunting and fishing license fees, and lottery ticket sales. These revenues are deposited in segregated funds such as the Transportation Fund, the Conservation Fund and the Lottery Fund, which are credited with any interest they earn. Segregated revenues can only be used for specific purposes and are not general revenues of the state.

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

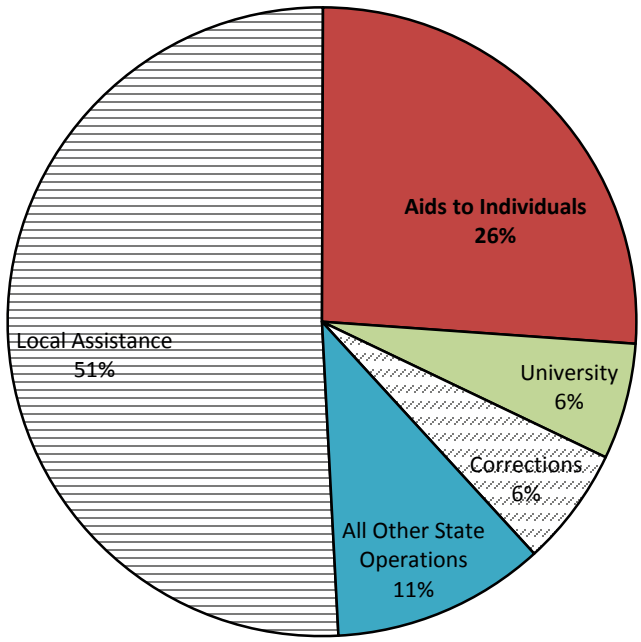
Department of Public Instruction	$1,593
Department of Health Services	329
Shared Revenue and Tax Relief	280
Department of Corrections	151
University of Wisconsin System	127
All Other Changes	227
TOTAL	$2,707

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

	FY21 Budgeted	Percent of Total	Cumulative Percent
General and Categorical School Aids	$7,346.5	37.1%	37.1%
Medical Assistance and Related Programs	3,346.0	16.9%	53.9%
Corrections	1,248.8	6.3%	60.2%
State Property Tax Credits	1,191.7	6.0%	66.3%
University of Wisconsin System	1,185.0	6.0%	72.2%
Shared Revenue	849.1	4.3%	76.5%
Technical College System	531.8	2.7%	79.2%
Community and Social Service Aids	351.1	1.8%	81.0%
Economic Development Tax Credits	295.2	1.5%	82.5%
Homestead, Earned Income and Other Individual Income Tax Credits	240.5	1.2%	83.7%
Top Ten Program Total	$16,585.6	83.7%	83.7%
Debt Service (not included above)	284.2	1.4%	85.1%
Debt Service for Appropriation Obligation Bonds	417.0	2.1%	87.2%
All Other Programs	2,534.3	12.8%	100.0%
GPR Total	$19,821.2		

Detail may not add due to rounding.

CHART 3: FISCAL YEAR 2020-21 GPR BUDGET ALLOCATION BY PURPOSE



The Governor recommends a GPR budget of $18.5 billion in fiscal year 2019-20 and $19.8 billion in fiscal year 2020-21. On an annual basis, the Governor's GPR budget for fiscal year 2019-20 is a spending increase of $669.9 million (3.8 percent) over the fiscal year 2018-19 base, and for fiscal year 2020-21 is a spending increase of $1,367.7 million (7.4 percent) over fiscal year 2019-20.

C. POSITIONS

The Governor's budget recommendations include authorization for 71,990.57 FTE state positions from all fund sources by the end of the next biennium (fiscal year 2020-21). This represents an increase of 701.02 FTE positions from the fiscal year 2018-19 adjusted base of 71,289.55. From GPR funds, the budget provides 35,669.96 FTE positions, an increase of 390.81 from the fiscal year 2018-19 adjusted base of 35,279.15.

Table 3 demonstrates the changes from the adjusted base level FTE positions to the second year of the biennium (fiscal year 2020-21).

TABLE 3: FISCAL YEAR 2020-21 FTE POSITION CHANGES OVER BASE

	GPR	FED	PR	SEG	All Funds
Adjusted Base	35,279.15	10,670.25	20,477.27	4,862.88	71,289.55
Agency Requests	540.64	-48.17	389.73	25.75	907.95
Governor's Recommendation	-149.83	-9.04	-77.06	29.00	-206.93
TOTAL	35,669.96	10,613.04	20,789.94	4,917.63	71,990.57

Positions are increased in the following key areas:

- Increase treatment capacity and improve mental health treatment services to juveniles who need services by providing 50.5 FTE positions and $3.1 million in fiscal year 2020-21 for a 14-bed expansion at the Mendota Juvenile Treatment Center.

- Provide 51.0 FTE positions and $6 million annually to create a new medical admissions unit and add night and weekend supervisors at the Winnebago Mental Health Institute to address staffing concerns and provide a safe environment for patients.

- In response to the dramatic increase in the number of inmates admitted to prison for opioid and methamphetamine offenses, provide 34.8 FTE GPR positions and $3.2 million GPR annually to fund a new unit at the Wisconsin Resource Center to better serve the mental health and alcohol and other drug abuse needs of inmates of the Department of Corrections.

- Provide 36.5 FTE positions and $3.4 million in fiscal year 2020-21 to continue to fund a forensic treatment unit at the Sand Ridge Secure Treatment Facility, as part of the forensic treatment program at the Mendota Mental Health Institute, through the end of fiscal year 2020-21.

- Provide 12.0 FTE positions in the Department of Health Services and 3.0 FTE ombudsman supervisor positions in the Board on Aging and Long-Term Care to administer the increasing numbers of assisted living facilities and better serve consumers of Wisconsin long-term care programs.

- Provide 38.7 FTE positions in the Department of Corrections to staff several new units at adult correctional facilities, including new health services units at Columbia and Racine Correctional Institutions, and a restrictive housing unit at Columbia Correctional Institution.

- Improve local access to research and expertise of the University of Wisconsin – Extension by providing 20.0 FTE GPR positions and related funding, to support new county-based University of Wisconsin – Extension agricultural positions.

- Increase the University of Wisconsin System's position count by 219.84 FTE PR positions to reflect the Board of Regents' approved 2018-19 operating budget for academic student fees.

D. BUDGET BALANCE

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

	2019-21 Governor's Budget			2021-23 Estimates	
	FY19	FY20	FY21	FY22	FY23
OPENING BALANCE, JULY 1	$588.5	$691.5	$937.9	$105.3	-$725.9
REVENUES AND TRANSFERS					
Taxes	$16,673.9	$17,794.3	$18,115.5	$18,182.7	$18,145.2
Departmental Revenues					
Tribal Gaming Revenues	26.1	27.4	28.3	28.3	28.3
Other	473.7	497.6	521.5	521.5	521.5
Total Available	$17,762.2	$19,010.8	$19,603.2	$18,837.9	$17,969.2
APPROPRIATIONS, TRANSFERS AND RESERVES					
Gross Appropriations	$17,683.5	$18,453.5	$19,821.2	$19,856.4	$19,903.5
Compensation Reserves	52.1	24.9	94.4	127.6	127.6
Transfers	41.6	10.0	0.0	0.0	0.0
Less Biennial Appropriation Spend Ahead	-1.1				
Less Estimated Lapses	-705.4	-415.5	-417.6	-420.3	-415.3
Total Expenditures	$17,070.7	$18,072.9	$19,497.9	$19,563.8	$19,615.8
BALANCES					
Gross Balance	$691.5	$937.9	$105.3	-$725.9	-$1,646.6
Less Required Statutory Balance	-75.0	-80.0	-85.0	-90.0	-95.0
Net Balance, June 30	$616.5	$857.9	$20.3	-$815.9	-$1,741.6
Structural Balance	$103.0	$246.5	-$832.6	-$831.2	-$920.7

Detail may not add due to rounding.

The estimated four-year fund condition statement is balanced through fiscal year 2020-21. The estimates for the 2021-23 biennium do not assume any projected growth in revenues or expenditures. However, prospective tax impacts and commitments to additional expenditures made in this biennium for the next are addressed in the estimates for fiscal years 2021-22 and 2022-23.

State statute also requires showing the impact of the Governor's budget on the state's budget balance under generally accepted accounting principles (GAAP). Unlike the modified accrual basis of the budget as published in the statutes, these principles require that revenue and expenditures be accounted for when they occur.

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

The Governor's budget recommends converting the school levy and first dollar property tax credits to general school aids to increase transparency around state support for schools. While the funding level and timing of payments remains the same as current law, the payment of aids only to school districts, rather than school districts and other local governmental units, impacts the treatment under generally accepted accounting principles because the school year, during which the costs are accrued, aligns with the state's fiscal year.

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

	2018-19	2019-20	2020-21
Opening Balance	-$1,253.5	-$1,209.9	-$1,077.6
Revenue			
Estimated Taxes	$16,673.9	$17,794.3	$18,115.5
Departmental Revenues and Transfers	473.7	497.6	521.5
Tribal Gaming Revenue	26.1	27.4	28.3
Total Revenue	$17,173.7	$18,319.3	$18,665.3
Total Available	$15,920.2	$17,109.4	$17,587.7
Less Total Appropriations (Net)	$17,070.7	$18,072.9	$19,497.9
Balance Before Change in Adjustments to GAAP	-$1,150.5	-$963.5	-$1,910.2
Net Contributions to Balance Adjustments in GAAP (change from prior year)			
Wisconsin Healthcare Stability Plan	-$36.1	-$36.1	$0.0
Medical Assistance	15.3	24.8	25.0
School Aids	0.0	75.0	0.0
Convert Property Tax Credits to School Aids	0.0	0.0	-279.0
County and Municipal Aids	0.0	-7.5	0.0
Tax Credits	0.0	-106.0	-14.4
Accrue/Defer Tax Revenues	-38.6	-64.3	-20.9
Estimated Closing Balance	-$1,209.9	-$1,077.6	-$2,199.5

Detail may not add due to rounding.

E. DEBT MANAGEMENT

State debt management is necessary to ensure that long-term capital needs can be met at an affordable level. State debt management historically looks at various standards, including, but not limited to, annual GPR debt service as a percentage of GPR tax revenues. These standards help ensure that annual debt service does not consume a burdensome share of the state's budget and that overall indebtedness

remains within reason for the State. In addition to annual debt service that is paid from GPR, other annual debt service is paid from various program revenue and segregated fund sources.

In the next biennium, the standard relating to annual GPR debt service will be reduced compared to the percentages for the 2017-19 biennium. Projected annual debt service payments, as a percentage of GPR tax revenues, is 3.17 percent for the second year of the 2019-21 biennium, compared to 3.33 percent for the second year of the 2017-19 biennium. This reflects proactive debt management of the State as the tax-exempt municipal bond market has experienced, and continues to experience, a period of historically-low interest rates. Like refinancing a mortgage, the State takes advantage of these low interest rates to lower its debt service costs.

The 2019-21 executive budget is prepared on the assumption that the State's market access and bond ratings will continue to improve. Wisconsin's general obligation bonds were upgraded in 2017 by three of the four rating agencies and the State currently carry ratings of Aa1/AA/AA+/AA+ from Moody's, S&P, Fitch, and Kroll, respectively. In addition, Wisconsin's bonds are received favorably by the investment community. Investors and rating agencies recognize the State's increased liquidity position and the strength of its fully-funded pension program.

Specific bonding recommendations for the building program will be included in the capital budget bill, which will be submitted later. In addition to proposed borrowing in the 2019-21 executive budget, future bond issues of the State will also include previously authorized but unissued debt for previously approved projects and multiyear commitments.

F. CASH MANAGEMENT

While the 2019-21 biennial budget is balanced as required by state law, cash shortfalls may occur at various times during the year. They arise from the difference between the "statutory/budgetary basis" on which the budget is built and the "cash basis" on which the state must pay its bills. There are significant differences in the timing of receipts and payments, particularly on dates of major state aid payments.

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

The State uses a similar approach. Cash shortfalls are accommodated through short-term borrowing. Most often, this borrowing occurs automatically by using the balances of other state funds. In the past, operating notes have been issued if there is a significant need for cash or if the operating notes are cheaper than using the cash of other state funds. Due to increased liquidity of state funds, an operating note has not been issued by the state since fiscal year 2011-12.

Budget Initiatives

By Subject Area

IV. BUDGET INITIATIVES BY SUBJECT AREA

A. "HEALTHY COMMUNITIES"

HEALTH SERVICES

The Governor's budget moves us toward a healthier Wisconsin. For too long, Wisconsin's most vulnerable have had to choose between health care coverage and paying their bills. Expanding Medicaid to 138 percent of the federal poverty level, which in 2019 is $34,638 annually for a family of four, ensures affordable coverage for 82,000 Wisconsinites. Some estimates project that up to half of the individuals who will be newly eligible for Medicaid coverage are currently uninsured, living in fear that one illness or accident could devastate them financially, physically or emotionally. This human crisis demands immediate action and the initiatives of this budget help to address this fundamental need.

Had Wisconsin expanded Medicaid when the Affordable Care Act first passed, the state could have saved $1.6 billion in state funding. Those resources could have been used on middle class tax relief, investments in education or in a healthier Wisconsin. This budget moves us forward by strategically investing the $325 million GPR in savings from Medicaid expansion in provider rate increases for urban and rural hospitals, important investments in behavioral health treatment, rate increases for the state's nursing homes and in the direct care workforce, and other initiatives that aim to improve the health of our communities.

Specifically, the Governor's budget makes a substantial investment in a healthier Wisconsin, as outlined in the bullets below. This budget:

- Expands Medicaid coverage, ensuring access to quality health care coverage for all low-income individuals in our state.

- Reduces the cost of prescription drugs and increases transparency of drug costs and quality data by creating a Drug Transparency Review unit at the Office of Commissioner of Insurance.

- Invests in behavioral health to increase access and reduces the financial burden on counties to provide services.

- Increases provider rates to increase access to affordable care.

- Ensures every child in need of long-term supports receives the services they require.

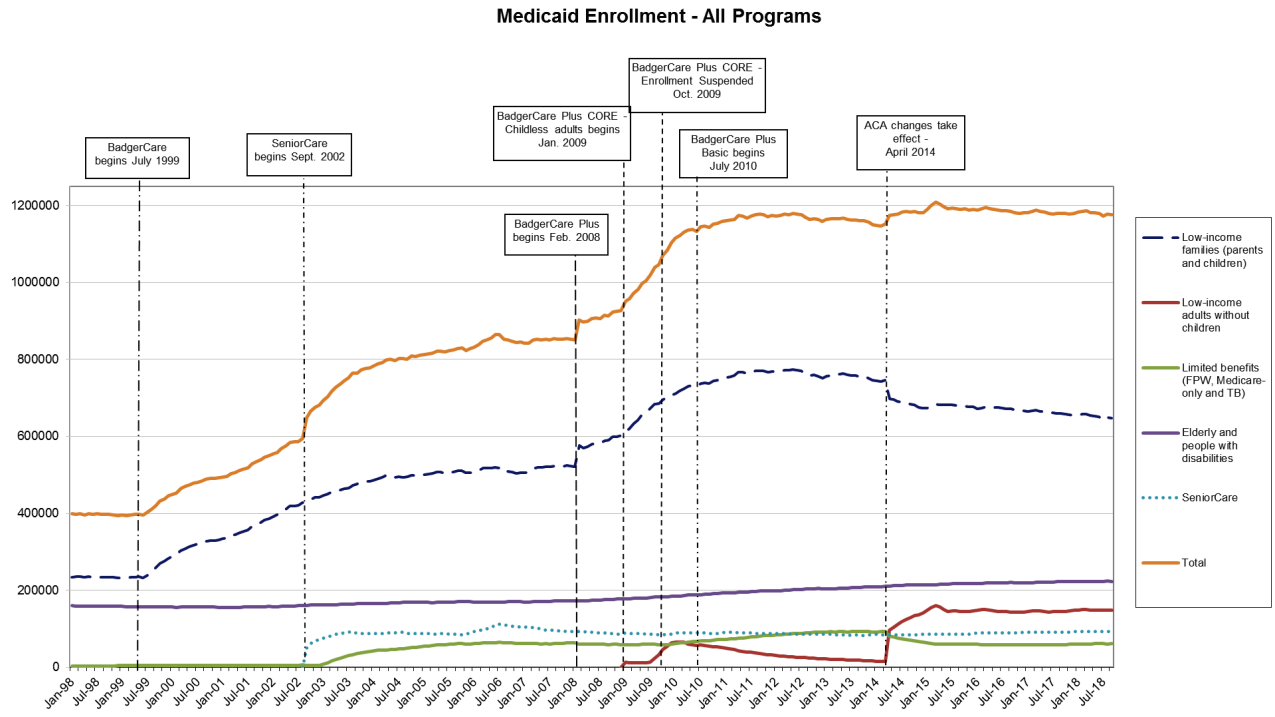
- Expands dental access, coverage options, and incentivizes providers to accept Medicaid patients.

- Provides the largest investment in lead testing and abatement in the last 20 years, helping to break the cycle of lead poisoning of children in Wisconsin.

As Wisconsin has slowly recovered from the greatest economic crisis since the Great Depression, and while unemployment has been at all-time lows, many of the jobs created do not provide a family supporting wage. The state's Federal Medical Assistance Percentage (FMAP), or the percentage at which the federal government subsidizes states' Medicaid programs, has increased in recent years, an indicator that on average, Wisconsin's per capita income is worse than the national average, and worse than many of Wisconsin's Midwest neighbors.

Chart 4 shows that enrollment in Medicaid has not only not returned to pre-2008 level, it has increased even after the sunset of the American Recovery and Reinvestment Act (ARRA).

CHART 4: MEDICAID ENROLLMENT TRENDS

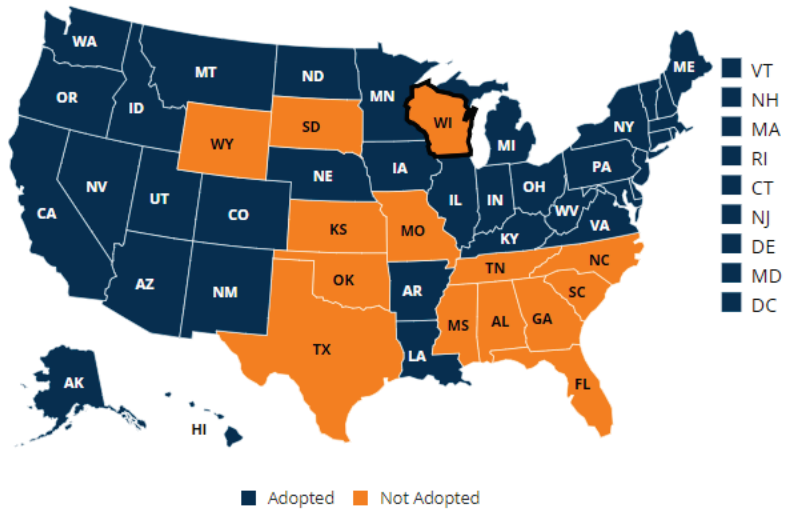


IMPROVING ACCESS TO AFFORDABLE HEALTHCARE

To provide healthcare coverage to 82,000 low-income families and lower state healthcare costs associated with Medicaid expenditures, the Governor recommends accepting the federal Affordable Care Act's provision for Medicaid expansion and repealing the federal waiver for childless adults so that the program can be uniform across all eligible groups. Medicaid expansion reduces the fiscal burden associated with healthcare costs for many more Wisconsin residents and unites Wisconsin with the 36 other states that have expanded Medicaid and increased access to health care. States that have not expanded Medicaid have fallen behind the rest of the country, causing the closure of rural hospitals and less access even to insured residents. Hospital closures not only affect patients, they lead to less professional jobs in rural areas, lowering wages and directly affecting the local economy. Chart 5 highlights the few remaining states that have not expanded Medicaid.

Access to affordable health care will also help address the state's opioid crisis and mental health needs. States that have not expanded Medicaid have left many people with mental illness and substance use disorders without access to needed health care and treatment. Under BadgerCare Plus, the Governor recommends increasing noninstitutional rate increases for physicians and medical clinics that provide mental health, behavioral health and psychiatric services. The $69 million investment will provide more services for Medicaid recipients who seek mental health and behavioral health care.

CHART 5: STATUS OF MEDICAID EXPANSION ACROSS THE US



Source: Kaiser Family Foundation

The Governor recommends that the $300+ million in state savings saved in the 2019-21 biennium through Medicaid expansion be reinvested back to the providers and institutions serving Medicaid recipients. The state is investing $580 million overall back into Medicaid providers through the BadgerCare Plus program:

- The Governor recommends increasing payments to hospitals that provide a disproportionate share of services to Medicaid recipients to compensate for high levels of uncompensated care across the state. The additional $142 million over the biennium will supplement hospital payments for 91 hospitals and clinics that serve a higher than average share of Medicaid recipients.

- To compensate for the relatively low reimbursement rates under Medicaid, the state provides supplemental payments through access payments that provide additional funding for services provided by acute care hospitals and critical access hospitals to Medicaid recipients. The Governor recommends increasing hospital supplemental payments by $100 million to account for the increase in services provided under Medicaid expansion.

- A relatively small number of facilities serve most children under BadgerCare Plus. This accounts for a large amount of uncompensated care and bad debt for pediatric hospitals. The Governor recommends increasing the supplement to pediatric facilities by $20 million over the biennium to cover costs associated with serving Medicaid children.

- Some rural healthcare facilities are unable to receive disproportionate share hospital (DSH) payments because they do not meet federal requirements. In most cases, rural hospitals and clinics do not provide obstetrics services, which precludes them from receiving this funding. The rural Critical Care Supplement provides payments to rural healthcare facilities that would otherwise receive DSH payments but do not due to this issue. The Governor recommends increasing the total funding by $600,000 in each year of the biennium and restructuring the requirements so the supplement impacts more facilities. Presently, the supplement reaches seven facilities, but under new guidelines the increased funding will impact an estimated 20 rural healthcare facilities.

In the United States, there are significant disparities in health outcomes for individuals of different ethnicities and genders. Economic and social factors impact an individual's health that may include an

individual's living environment, type of employment, food diet and access to transportation. The Governor recommends the establishment of the Medicaid community health benefit to address these nonmedical determinants of health. The $45 million investment will provide nonmedical support such as housing referral services, stress management, nutritional counseling, transportation coordination, etc., to BadgerCare Plus recipients and reduce health disparities among Wisconsin residents.

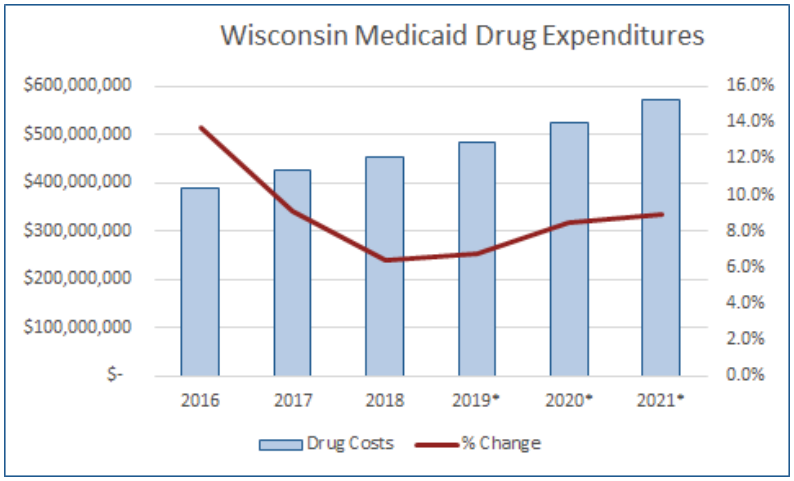
WISCONSIN HEALTHCARE STABILITY PLAN

Due to negligence at the federal level with elimination of the cost-sharing reduction payments formerly provided by the federal government and the repeal of the individual mandate, the individual healthcare market has been in disarray. The destabilization has caused increases to premiums and has caused insurers to leave the marketplace in Wisconsin. The Governor recommends fully funding the $200 million reinsurance program to bring stability to Wisconsin's health insurance exchange and ensure the continuation of a healthy marketplace.

CUTTING COSTS OF PRESCRIPTION DRUGS

Prescription drug expenditures continue to rise and account for over 10 percent of all healthcare spending in the U.S. Prescription drug price increases peaked in 2014 with a year-over-year increase of 25 percent, and in Wisconsin prices are expected to increase 5-8 percent each year of the biennium (see chart 6 below).

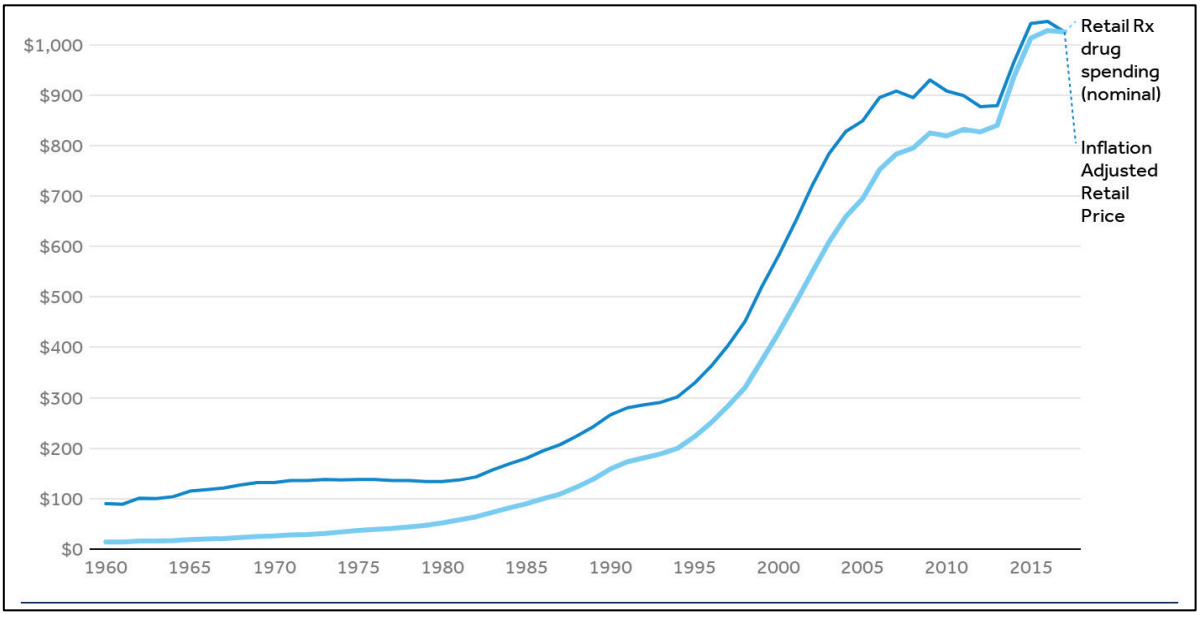
CHART 6: MEDICAID DRUG EXPENDITURES



Source: Department of Health Services

In 2019, Wisconsin's projected prescription drug costs are estimated to be $1.35 billion. Insurers have responded to increasing drug prices by imposing coinsurance and high copayments and restricting access. In a recent survey, the Kaiser Family Foundation found that one in four families that have a member taking a prescription drug has skipped doses or cut pills in half due to cost. The effects of high prescription drug costs are not limited to the health of individual patients. Not taking needed medications can lead to increased costs to the health care system in the form of unnecessary hospitalizations, emergency services and physician visits.

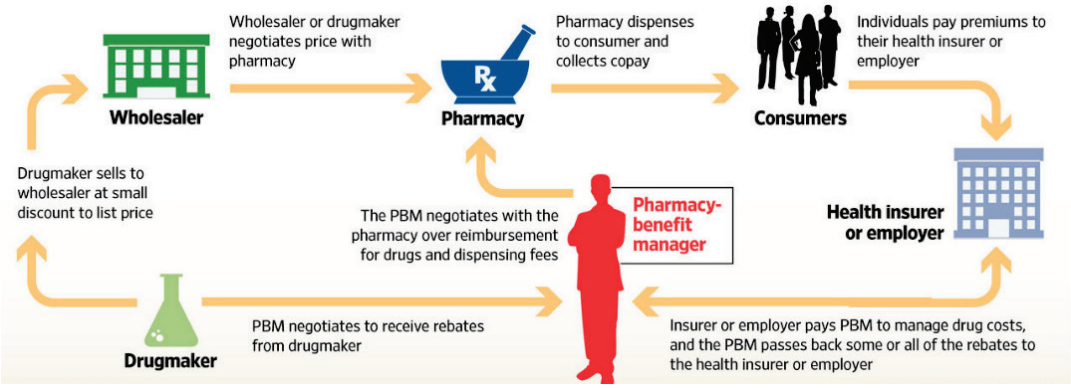
CHART 7: NOMINAL AND INFLATION-ADJUSTED PER CAPITA SPENDING ON RETAIL PRESCRIPTION DRUGS, 1960-2017



Source: Kaiser Family Foundation

To address skyrocketing prescription drug price increases, and hold pharmaceutical manufacturers accountable, the Governor recommends requiring drug companies to justify their price increases, disclose production and marketing costs and report rebates. This requirement will bring transparency to the prescription drug industry's "black box" approach to drug price negotiations. The Governor also recommends requiring pharmacy benefit managers to register with the state and to disclose price concessions they receive from drug companies. Under this prescription drug transparency initiative, the Office of the Commissioner of Insurance is required to manage pharmacy benefits managers operating in Wisconsin and publish reports and documents publicly disclosing price justification for prescription drugs and emerging trends in prescription drug prices.

CHART 8: PRESCRIPTION DRUG DISTRIBUTION AND PRICE NEGOTIATION



Source: The Wall Street Journal

Prescription drug prices and spending are consistently much higher in the U.S. than in other high-income countries. Studies show Americans pay at least three times more for prescription drugs than residents in

other high-income countries. To reduce rising prices of prescription drugs and create a more competitive prescription drug market in Wisconsin, the Governor recommends importing generic, off-brand drugs from abroad into Wisconsin. To be eligible, imported drugs must generate a significant savings to the state, have no more than three domestic competitors and maintain Federal safety requirements.

The Governor's budget will fully fund the SeniorCare program. SeniorCare is a pharmacy benefit program available to any resident of our state age 65 years or older. In 2018, 92,371 individuals participated in the program, and participation is expected to increase over the biennium.

HEALTHY AGING

According to the American Association of Retired People (AARP), across all states, home care aides live disproportionately in poverty. These hard-working individuals make, on average, slightly more than $11 per hour and for a family of three, this would qualify them for Medicaid, FoodShare and other benefits for low-income families. In this budget, the Governor is taking action to address this disparity by increasing rates paid to personal care workers by 1.5 percent year over year. Additionally, $14.8 million is added to the Family Care program and is targeted for direct care workers.

The Governor's investment in our workforce is not limited to home care aides. His budget also provides the largest rate increase for nursing homes in over a decade. The 2.5 percent year over year increase included in this budget consists of 1.0 percent for acuity and 1.5 percent which will be required to be used to increase wages for direct care workers. These hands-on front line workers are the lifeblood of nursing homes and care for our state's most vulnerable individuals.

Research shows that making relatively small changes in living spaces and daily strategies can keep seniors in their own homes longer, and out of costly assisted living and nursing facilities. To that end, the Governor recommends providing $250,000 GPR for a healthy aging grant for providing programming related to falls prevention and chronic disease management.

The Governor is also investing in programs that advocate on behalf of consumers in Wisconsin's long-term care programs by providing position and expenditure authority to the Board on Aging and Long-Term Care for supervisory staff in the board's ombudsman program due to the increasing caseload of persons age 60 and older who are consumers of Wisconsin long-term care programs. The ombudsman program provides specialized services to clients who either live in licensed or certified long-term care settings, or who receive their home and community-based services via the state's Family Care, Partnership, PACE or IRIS programs.

The Governor also recommends expanding the successful dementia care specialists program to all aging and disability resource centers. The Governor also recommends providing funding for an Academic Detailing training pilot program in dementia. Academic Detailing is a method that teaches health care experts techniques for engaging in interactional educational outreach to other health care providers and clinical staff to provide information on evidence-based practices and successful therapeutic interventions with the goal of improving patient care.

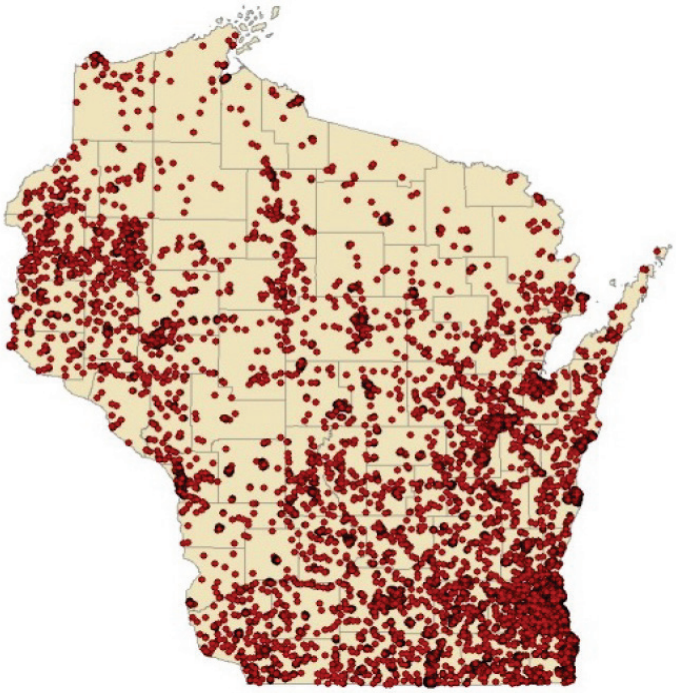
Wisconsin has seen a surge in the number of assisted living facilities opening in our state. As a result, the Governor's budget will provide 12.0 FTE positions to the Bureau of Assisted Living to effectively manage the increasing workload. The Bureau of Assisted Living conducts the initial certification, licensure surveys and complaint investigation for all assisted living facilities.

LEAD POISONING PREVENTION

The rate of childhood lead poisoning in Wisconsin has consistently been higher than the national average. The primary source of lead poisoning in our state is lead based paint in older homes. Lead exposure to children under age 6 can lead to developmental delays. There are racial and geographic disparities in the incidence of lead poisoning.

Lead poisoning occurs when lead builds up in the body, often over months or years. Even small amounts of lead can cause serious health problems, especially in children younger than 6, who are especially vulnerable to lead poisoning. In these young people, lead poisoning can severely affect mental and physical development, and at high levels can be fatal. Children with lead poisoning often face developmental delays and learning difficulties, and pregnant women who are lead poisoned can give birth prematurely and have babies with low birth weight.

CHART 9: ADDRESSES WHERE CHILDREN <72 MONTHS OLD WERE LEAD POISONED IN WISCONSIN, 1996-2016



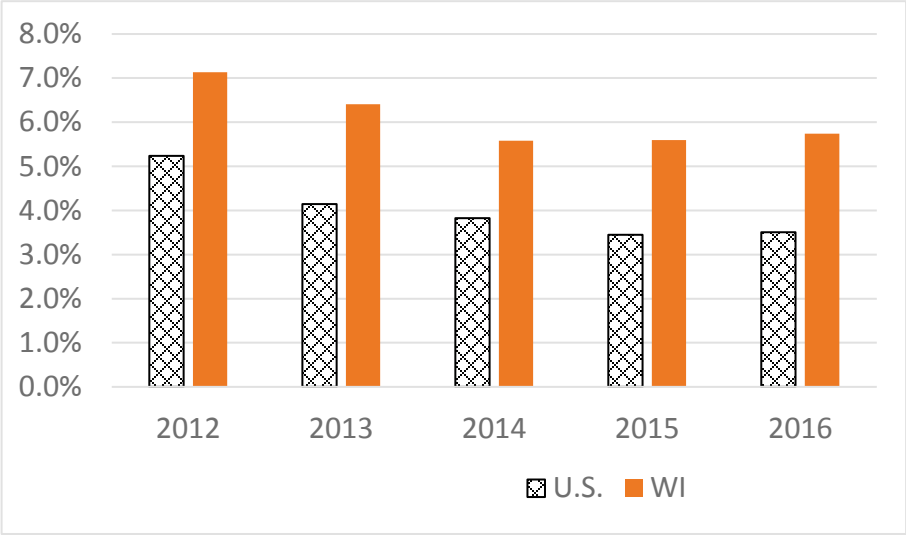
Source: Department of Health Services, Report on Childhood Lead Poisoning in Wisconsin 2016

To address the childhood health crisis of lead poisoning, the 2019-21 executive budget makes a number of investments in lead poisoning prevention. First, this budget creates a Health Service Initiative to fund lead testing and lead paint abatement in the homes of Children's Health Insurance Program (CHIP) eligible children and pregnant women. This initiative is projected to abate roughly 2,250 homes over the biennium. Furthermore, this initiative will receive federal funds at the enhanced Federal Medical Assistance Percentage rate.

The Governor has drafted a Medicaid State Plan Amendment to begin serving families as soon as is possible, which is currently being reviewed by the Joint Committee on Finance. Once approved, the plan amendment will be submitted to the federal government and the state can move forward with planning to administer this program.

Chart 10 demonstrates that Wisconsin continually ranks above the national average as it relates to the percent of children who have an elevated blood lead level. While counties are required to conduct an assessment for any child enrolled in Medicaid that is blood lead poisoned, counties lack resources to conduct abatement for the property, which kicks the can down the road and puts at risk other children who may live in the home.

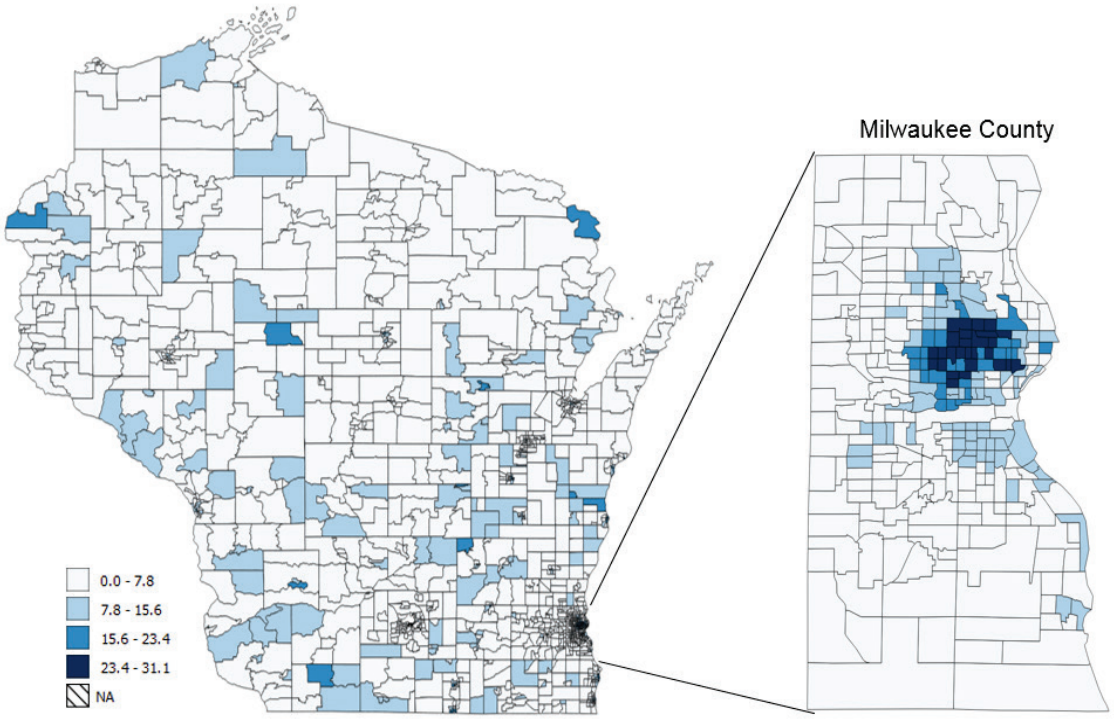
CHART 10: PERCENT OF TESTED CHILDREN <72 MONTHS OLD WITH A BLOOD LEAD LEVEL OVER 5 MCG/DL



Source: Centers for Disease Control and Prevention, National Surveillance Data 2012-2016

We know that many of the addresses, especially in our urban centers, where children test positive for lead are rental properties. Chart 11 shows, by census tract, the incidence of lead poisoning in our state. When a rental property is not abated, the likelihood is high that future tenants with young children will face the same probability of becoming lead poisoned.

CHART 11: PERCENT OF TESTED CHILDREN <72 MONTHS WITH A BLOOD LEAD LEVEL OVER 5 MCG/DL BY CENSUS TRACT IN 2013



Source: Department of Health Services, Environmental Public Health Data Tracker, Childhood Lead Poisoning 2013-2016

The first step in addressing this crisis is bolstering the workforce of abatement workers. The Governor is creating a grant program to increase the lead abatement workforce in Wisconsin. Lead abatement companies can apply for funds to offset the cost of the training and certification of newly hired lead abatement workers.

We know that not all properties with lead hazards are low-income, which is why the Governor is investing $1 million GPR to fund lead abatement of homes that are not Medicaid CHIP eligible. This grant is projected to abate roughly 143 homes over the biennium.

A Medicaid pay for performance initiative will be created to incentivize Health Maintenance Organizations to comply with blood lead testing standards. This initiative will increase the Medicaid pay for performance rate by 0.25 percent. Health Maintenance Organizations can receive this payment if they test pediatric patients for lead poisoning twice before age 2 (the "two by two" standard).

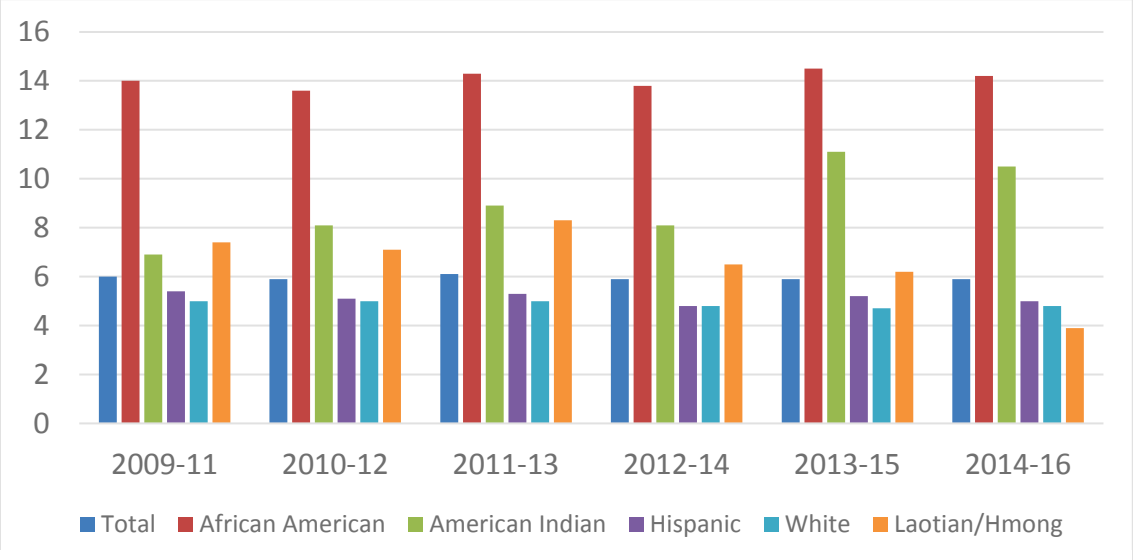
In addition, a Provider Outreach Program will be established to increase blood lead testing among at-risk children and HMO compliance with the "two by two" standard.

Lastly, additional funding will be allocated to the Birth to 3 Program, an early intervention program for children with developmental delays. Eligibility criteria will be lowered from a blood lead level of 10 mcg/dL to 5 mcg/dL to allow more children to receive services. The additional funding relates specifically to providing services to children newly eligible for the program due to the change in the blood lead level criteria.

HEALTHY WOMEN, HEALTHY BABIES; IMPROVING WISCONSIN BIRTH OUTCOMES

Wisconsin has a higher than average infant mortality rate and the worst African-American infant mortality rate in the nation. According to the Centers for Disease Control and Prevention, African-American babies born in our state die before age 1 at a higher rate than any other state in the country. Due to myriad risk factors facing African-American mothers, their infants are 2.4 times more likely to die than non-Hispanic Caucasian infants even when receiving the same first trimester prenatal care. Staggeringly, African-American infants whose mothers have a graduate degree are 1.5 times more likely to die than non-Hispanic Caucasians with an 8th grade education.

CHART 12: WISCONSIN INFANT MORTALITY RATE PER 1,000 BIRTHS BY RACE/ETHNICITY



Source: Department of Health Services, Annual Wisconsin Birth and Infant Mortality Report 2016

The Governor's budget seeks to improve birth outcomes through several key initiatives.

The American College of Obstetricians and Gynecologists (ACOG) recommend that postpartum care should become an ongoing process to optimize the health of women and infants, and discussions between doctors and patients should include the woman's reproductive life plans. Under current law, pregnant women are covered up to 300 percent of the federal poverty level during pregnancy and for 60 days after the birth of the child. After that time, the parent's eligibility for Medicaid is reduced to 100 percent of the federal poverty level, leaving some women scrambling for health care coverage.

In this budget, the Governor will seek a waiver from the Centers for Medicare and Medicaid Services to extend the postpartum Medicaid eligibility of women receiving coverage through the Children's Health Insurance Program (CHIP) up to 300 percent of the federal poverty level. The waiver will extend eligibility from 2 months postpartum to 12 months postpartum. This policy will affect roughly 6,500 women and follows the ACOG general recommendations for postpartum care.

The Governor's budget will create an Infant Mortality Prevention Program which will be responsible for working with Medicaid, health care providers and communities to reduce the infant mortality rate and other poor birth outcomes.

The Governor recommends doula services as an allowable Medicaid reimbursement. A doula does not replace a medical professional yet is trained in supporting a birthing person and their family during labor and birth through emotional and physical support. One study from the Journal of Perinatal Education states that doula-assisted mothers were four times less likely to have a low birth weight baby, were two times less likely to experience birth complications, and were significantly more likely to initiate breastfeeding. The Governor is providing a one-time grant in fiscal year 2019-20 to organizations that provide community-based doula services to identify and train local community worker to mentor pregnant women. In fiscal year 2020-21 the Medicaid program will begin providing reimbursement for doula services provided to eligible individuals who live in Milwaukee, Rock, Dane, Brown and Sheboygan counties as a pilot.

The budget also increases funding available for home visiting programs so that more mothers and infants can access these support services. The Governor recommends increasing the Minority Health Grant by $250,000 annually. The grant is awarded to organizations that provide services to disadvantaged minority populations. Preference will be given to organizations that provide maternal and child services.

Dispatcher Assisted Cardiopulmonary Resuscitation

The Governor recommends providing ongoing funding to train dispatchers at public safety answering points on administering dispatcher assisted cardiopulmonary resuscitation (CPR). Rates of dispatcher assisted CPR in our state, 20 percent, are far lower than the national average, 36 percent.

Women's Health

The Governor believes health decisions that a woman makes should reside with her, her family and her physician – not politicians. These are individual choices we should trust women to make. While some politicians may think they may know what's best, there's no question that Wisconsin women really know what's best for themselves.

The Governor's budget will restore Women's Health Block Grant Funding to $1,935,600 GPR annually. Funds are granted to entities that provide pregnancy testing; perinatal care coordination and follow-up; cervical cancer screening; sexually transmitted infection prevention, testing, treatment and follow-up; and general health screening.

The Governor's budget will repeal the prohibition on Title V, Title X and Women's Health block grant funding being provided to an entity that provides abortion services or an organization that has an affiliate that provides abortion services. Funds are granted to entities that provide pregnancy testing; perinatal

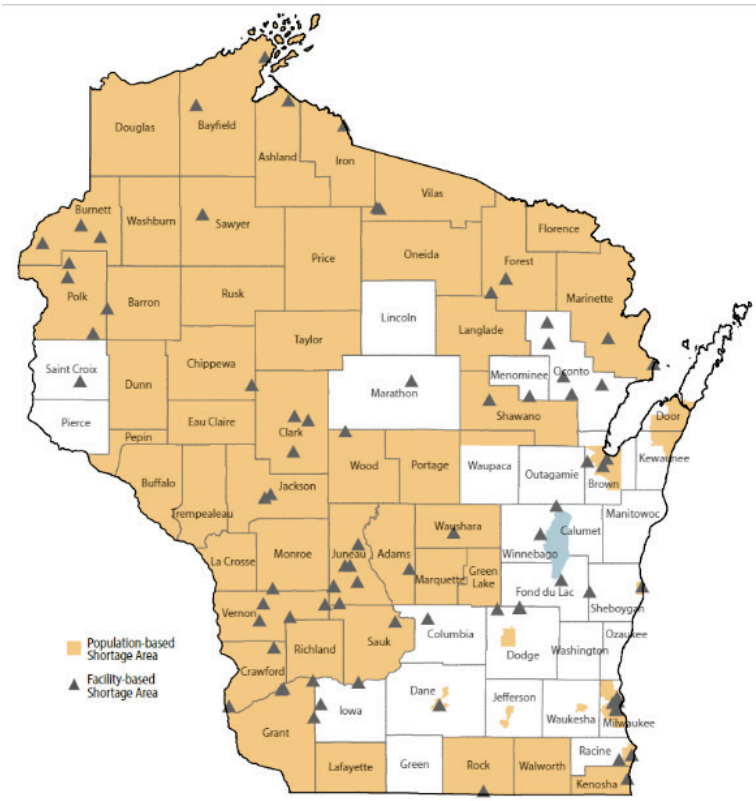
care coordination and follow-up; cervical cancer screening; sexually transmitted infection prevention, testing, treatment, and follow-up; and general health screening. Additionally, the Title V and Title X definition of family planning and family planning services will be expanded to include the provision of nondirective information related to pregnancy termination.

The Governor's budget will provide an increased level of funding for the Well Woman Program. The Wisconsin Well Woman Program provides preventative health screening services to women age 45 to 64 with an income below 250 percent of the Federal Poverty Level. Covered screens include but are not limited to mammograms, pap tests, cervical cancer screening and multiple sclerosis testing. Additional changes will allow the Wisconsin Well Woman Program to expend up to $60,000 on multiple sclerosis services. Currently the program must expend at least $60,000 on multiple sclerosis services. Due to a lack of program participants with multiple sclerosis the department has been unable to meet the required level of spending. This change allows unused funds to be utilized for other services in the program.

Medicaid Dental Access

Wisconsin ranks 45th among states providing dental services to Medicaid members. Approximately, 35 percent of all members receive preventive care. In 2017, 37 percent of all dentists are Medicaid enrolled providers; however, 57 percent of these Medicaid dental providers provided services to a patient base with less than 4 percent Medicaid patients. The promotion of preventive oral health care is warranted, as some infections, diseases, conditions, and cancers present orally, and routine dental visits enable early detection, treatments, and patient education. Research generally supports the conclusion that early interventions yield lower future utilization and costs. The Governor's budget addresses Wisconsin's poor dental access by investing $43 million to expand dental services under BadgerCare Plus and the Medicaid program.

CHART 13: WISCONSIN DENTAL PROFESSIONAL SHORTAGE AREAS



Source: U.S. Department of Health and Human Services

Currently, there is a dental workforce shortage in Wisconsin and around the nation. According to data published by the U.S. Department of Health and Human Services, Wisconsin would need 204 dental providers to remove the dental provider shortage area designations. To address the dental provider shortage in Wisconsin reflected in the low utilization rate of dental services, the Governor recommends the expansion of Wisconsin's dental workforce, that reflects changes in states like Minnesota and Michigan, by establishing a new dental provider referred to as a dental therapist. Dental therapists, a mid-level provider similar to a physician's assistant in the medical career field, provide both preventive and restorative services. In addition to establishing this new provider, the Governor also recommends that the budget include $1.5 million for educational institutions to implement a training program to certify dental therapists. This initiative would put Wisconsin on the cutting edge of this emerging career field as the nation faces a shortage of dental therapy training programs.

Wisconsin ranks in the bottom five states for dental reimbursement rates to providers. On average, Wisconsin compensates dental providers 34 percent of costs associated to providing dental services to children. Over the past three years, Wisconsin invested in higher reimbursement rates for dental providers in Brown, Marathon, Polk and Racine counties through the dental reimbursement pilot. This program did not provide enough evidence that a broad reimbursement rate increase affected dental access in those counties, and as a result, the Governor recommends ending the dental pilot program. To address the statewide low reimbursement rates, the Governor recommends increasing rates to dentists through Dental Access Incentive Payments, modeled off states like Minnesota, to compensate dentists for services provided to Medicaid patients. Rate increases will target both nonprofit and for-profit providers to increase dental access across the state.

TABLE 6: AVERAGE WISCONSIN MEDICAID DENTAL REIMBURSEMENT AS A PERCENTAGE OF CHARGES

Dental Service Area	Children	Adult
Diagnostic	34%	32%
Preventive	37%	36%
Restorative	30%	28%
Endodontic	31%	30%
Periodontic	37%	33%
Orthodontic	33%	29%
Surgical	38%	31%
Adjunctive	43%	42%
Total	34%	32%

Source: Department of Health Services

To ensure dental access is widespread across Wisconsin both in urban centers and rural areas, the Governor is providing funding toward programs that serve Wisconsin's low-income residents:

- The Governor recommends the expansion of the Seal-A-Smile Program to expand services and outreach across Wisconsin's schools, and increase the delivery of both preventive and restorative dental services to children. Presently, 700 of 1,400 eligible schools receive school-based services, and the additional $450,000 ($275,000 in 2020) a year will go towards providing more services in more schools.

- The Governor recommends expanding the current grant program for low-income dental clinics to expand services and deliver better access to dental services for low-income patients. The $850,000 in additional investment will serve clinics that provide services for both Medicaid recipients and the uninsured.

- The Governor recommends expanding the rural dental loan repayment program to provide loan repayment to dentists at the same level as physicians practicing in rural areas. Dentists will earn $100,000 over three years for providing services in rural areas.

- The cost of providing dental services to individuals with disabilities is high because of additional equipment needed and additional services required such as anesthesia. To compensate for the high costs of services, the Governor recommends providing $3 million annually to dental providers that provide dental services to Medicaid recipients that have disabilities.

Medicaid Delivery Model Reform Through Telehealth

Technology is advancing at a rapid pace in the 21st century, and to take advantage of technological advancements, the Governor recommends that Wisconsin's Medicaid program reimburse providers for integrating emerging trends in healthcare delivery to provide greater access to medical services for Medicaid recipients. There are rural counties across the state that lack certain providers altogether and patients have to travel for hours to receive necessary care. Through telehealth service delivery, physicians need not be collocated with their patient, and patients can receive medical care and monitoring in the comfort of their own home. Additionally, a portion of the investment will reimburse physician-to-physician consultation to provide specialized care in a timely manner. Investing $10.8 million to provide an increase to access through telehealth will bring Wisconsin's Medicaid program on par with private sector healthcare.

Improving Mental Health and Substance Abuse Services

According to Kaiser Family Foundation 37 percent of Wisconsinites self-reported having poor mental health. That number is above the national average and has been on the rise since 2014. The rate of overdose death in Wisconsin has drastically increased over the last ten years, especially deaths involving opioids. The Governor's budget makes many investments in mental health and substance abuse treatment services.

The Governor recommends the state begin to pay a portion of the nonfederal share of Medicaid Crisis Intervention services. County Crisis Intervention programs must include telephone services, mobile crisis services, walk-in services, short-term voluntary or involuntary hospitalization services, services for children and adolescents, and linkage services. Under the previous administration these services were paid for exclusively by counties. The Governor's budget proposes to begin sharing the cost of these critical services between the state and the counties. Moving forward counties will provide a 75 percent maintenance of effort payment based on calendar year 2017 expenditures, which will give counties freedom to provide services to additional individuals and expand the services they offer. The Governor's budget will create a new grant program to establish five regional crisis stabilization facilities, these facilities will help individuals in crisis and reduce involuntary commitments at state run institutions. Finally, the definition of crisis will be expanded to include substance abuse and dementia related crises.

The Governor's budget will provide ongoing funding for the youth crisis stabilization facility. The facility will provide residential mental health services to children whose needs are greater than what is available in their community but not severe enough to warrant commitment to an institution. The Governor's budget also recommends providing ongoing funding for the peer run respite center for veterans. The facility will provide peer support services and hospital diversion services at no cost to veterans struggling with a mental health or substance abuse disorder.

The Governor's budget will begin to develop a Hub-and-Spoke model of treatment by using a Medicaid Home Health benefit to provide care coordination for individuals at three opioid treatment centers and allow methadone as an appropriate treatment at these clinics. The Hub-and-Spoke model relies on regional hubs to support an individual's initial treatment and spokes to provide maintenance treatment in local communities.

The Governor recommends that the Medical College of Wisconsin, in partnership with the Department of Health Services, create an impact paper to determine what resources are necessary to create a comprehensive mental health consultation program. The program would be similar in nature to the Child Psychiatry Consultation program.

Under BadgerCare Plus, the Governor recommends increasing noninstitutional rate increases for physicians and medical clinics that provide mental health, behavioral health and psychiatric services. The $69 million investment will provide more services for Medicaid recipients who seek mental health and behavioral health care.

FoodShare Work Requirements

Currently most able-bodied adults without dependents who receive FoodShare are required to meet an 80 hour per month work requirement. If an individual does not meet the work the requirement, they may only receive three months of FoodShare benefits in a three-year period of time.

Individuals can meet a work requirement through employment or participation in the FoodShare Employment and Training (FSET) program. The program offers vocational training, job search assistance and job shadow programs. The majority of FSET participants are voluntary, not subject to a work requirement. The Governor's budget will provide additional funding to ensure these individuals receive the support they deserve.

Numerous studies have proven that low-income individuals are no more likely to use illegal drugs than the population as a whole. Despite this, the prior administration implemented drug testing requirements that have been proven costly to administer with little to show except an increase in Wisconsinites who lack access to food. The dollars spent on unnecessary drug testing can be better invested in our communities. As a result, this budget repeals the drug screening and testing requirements for able-bodied adults seeking to participate in the FoodShare program.

Additionally, the Governor's budget will take the following actions:

- Repeal the work requirement placed on able-bodied adults with dependents age 6 to 18.
- Repeal the FoodShare eligibility requirement that requires individuals be in compliance with child support orders or cooperate in the paternity determination of a child.
- Repeal the pay for performance incentive for FoodShare Employment and Training program vendors.

Repeal of Onerous Eligibility Requirements Under Medicaid

Public benefit reform under the previous administration created an 80 hour per month work requirement for childless adults seeking coverage through our state's Medicaid program. If an individual did not meet that requirement, they may only receive Medicaid coverage for 48 months. The Governor's budget will repeal this burdensome and ineffective approach by taking the following actions.

- Repeal the Medicaid childless adult work requirement.
- Repeal the Health Risk Assessment for childless adults seeking Medicaid coverage.
- Repeal the Medicaid eligibility requirement that requires individuals to be in compliance with child support orders or cooperate in the paternity determination of a child.
- Repeal Medicaid premiums for childless adults.
- Repeal the copayment for nonemergency use of emergency services.

- Repeal the Medicaid Health Savings Account program.

Children's Long-Term Care

This budget invests in children and completes what the prior budget was unable to accomplish by assuring families that all eligible children who apply, receive the long-term care services they need.

The Children's Long-Term Support (CLTS) waiver program is a home and community-based services waiver program that provides Medicaid funding for children who have substantial limitations in their daily activities and need support to remain in their home or community. Eligible children include those with developmental disabilities, severe emotional disturbances, and physical disabilities.

The Governor recommends ensuring that any child who is eligible and who applies for the CLTS program receives CLTS program services. The Governor also recommends streamlining the intake, application and screening functions for children's long-term care programs by implementing a statewide contract to administer all Katie Beckett Medicaid screens and all initial screens for the CLTS program and the Children's Community Options Program.

As part of a statewide contract, the Governor recommends providing for children's services navigators and children's disability resource specialists to help direct families towards available community resources, programs, and services. The Governor also recommends providing for children's disability ombudsmen to provide advocacy services for children with long-term support needs.

Winnebago Mental Health Institute

After a patient death at the Winnebago Mental Health Institute in 2017, a state and federal investigation and inspection of the facility found unsafe staffing shortages, gaps in care plans and other hazards that showed the hospital could not ensure a safe environment for patients. The Centers for Medicare and Medicaid Services (CMS) notified the facility after its inspection it was out of compliance with standards required for receiving federal funds, making it at risk of losing its certification and losing its eligibility to receive Medicare and Medicaid funding.

The Department of Health Services contracted for a strategic workforce assessment to address staffing concerns raised during inspections. The department is implementing a new staffing model that is intended to provide a core of stability, while also allowing for the staffing flexibility required to manage population surges.

To support the department's efforts to address its staffing concerns and provide a safe environment for patients, the Governor recommends providing position and expenditure authority for the creation of an admissions medical education unit and additional supervisory staff to oversee evening and overnight shifts.

The Governor also recommends providing funding for the facilities administered by the Division of Care and Treatment Services and Division of Medicaid Services to reflect a reestimate of overtime costs to ensure that adequate staffing is provided at all of the state's health institutions.

Wisconsin Resource Center

Between 2009 and 2016, the number of inmates admitted to prison for opioid offenses increased from 280 to 998, comprising 10.9 percent of total prison admissions in 2016. Admissions for methamphetamine offenses rose from 69 admissions in 2010 to 429 in 2016. In line with these increased admissions for specific drug classes, the number of inmates admitted with a substance use disorder has also increased.

The Governor recommends providing position and expenditure authority for an expansion of the Wisconsin Resource Center to serve the mental health and alcohol and other drug abuse needs of inmates of the Department of Corrections. Requested staff would operate the expansion and maintain a patient-to-staff ratio within the National Commission on Correctional Health Care parameters, which provides the Wisconsin Resource Center a national accreditation that ensures the facility's care and operations meet best practice standards.

Sand Ridge Secure Treatment Center

The Mendota Mental Health Institute (MMHI) primarily provides forensic treatment services to male patients. Forensic patients are referred through the criminal court system. Services include court-ordered mental health competency evaluations, treatment to competency services, and treatment for those found not guilty of criminal activity by reason of mental illness.

Demand for forensic treatment services at MMHI has exceeded bed capacity, resulting in a forensic admission wait list, which was at 74 individuals as of January 24, 2019. Renovations are currently under way at MMHI to create a 40-bed permanent forensic patient space, set to be completed in the autumn of 2020. During the renovation, a 20-bed vacant unit the Sand Ridge Secure Treatment Center (SRSTC) was opened on a temporary basis. To meet the ongoing demands of the forensic wait list, the Governor recommends providing staffing and funding to retain the forensic patient unit operating at the SRSTC through the end of fiscal year 2020-21 as part of the forensic treatment services program at the Mendota Mental Health Institute.

Mendota Juvenile Treatment Center

To address concerns that were raised at the Lincoln Hills School and the Copper Lake School for Girls, the Legislature passed 2017 Wisconsin Act 185. Among other changes, the act provided additional bonding authority to expand the Mendota Juvenile Treatment Center, operated by the Department of Health Services, by no fewer than 29 beds. A 14-bed unit will be available to the Mendota Juvenile Treatment Center in fiscal year 2020-21 when a renovation is complete at the Mendota Mental Health Institute. The Governor recommends providing position and expenditure authority for this expansion in fiscal year 2020-21. This investment provides the additional mental health resources needed to continue to provide care to those juveniles who need it most.

Tobacco Use Prevention

Roughly 16 percent of the population in our state uses tobacco, slightly higher than the national average. A Department of Health Services report estimated that 7,356 lives are lost annually in Wisconsin due to tobacco use, the annual healthcare cost due to tobacco in our state is $3.0 billion and the annual cost of lost productivity is $1.6 billion.

The Governor's budget will provide an additional $2,300,000 for the Wisconsin Tobacco Quit Line which provides counseling on how to quit and referral to local resources. An additional $500,000 will be invested in the Wisconsin Nicotine Integration Project to address tobacco use among individuals with mental illness and substance use disorder. Finally, $500,000 will also be invested to improve outreach and cessation resources for individuals with adverse childhood experiences. In total, an additional $3.3 million GPR annually will be invested in tobacco cessation.

Medical Marijuana

The Governor believes it is time to join the 23 other states that have legalized medical marijuana. For many Wisconsinites, medical marijuana will alleviate chronic pain, which is why organizations like the American Legion support legalization because of the documented health benefits for our veterans. Several studies have observed, in states that have legalized medical marijuana, lower rates of opioids being prescribed and lower opioid overdose rates.

The Governor recommends the Department of Health Services regulate the individuals who are certified to use medical marijuana. Individuals would have to have a debilitating medical condition with symptoms such as chronic pain or nausea, examples include cancer or post-traumatic stress disorder. Tetrahydrocannabinol (THC), the active chemical in marijuana, has been shown to increase appetite, reduce nausea, decrease pain and reduce inflammation. Individuals who wish to use medical marijuana must receive a written certification from a physician or practitioner under the direction of a physician. Individuals will pay a fee to the Department of Health Services and receive a card that identifies them as a qualified user of medical marijuana.

Individuals can purchase medical marijuana from a dispensary, the Department of Agriculture, Trade and Consumer Protection will have oversight over dispensaries. Dispensaries will be allowed to grow marijuana or purchase marijuana from an entity certified by the department to grow marijuana. All the medical marijuana consumed in our state must be grown in our state and individuals operating a dispensary must have been a Wisconsin resident for at least two years. These regulations will protect Wisconsin businesses and farmers. The department will require all medical marijuana sold is tested for mold, fungus, pesticides and other contaminates by testing laboratories.

Previously only individuals with a doctor's certification could possess and use cannabidiol, also known as CBD. Cannabidiol is usually sold as an oil, and it has been shown to reduce inflammation and help control seizure disorders. The Governor's budget allows the general public to possess and use CBD oil.

Department of Administration – Homelessness Initiative

According to the report issued by the Interagency Council on Homelessness, in 2017, at least 21,000 people were experiencing homelessness in Wisconsin, 17,905 people stayed in emergency shelters and at least 3,470 people were sleeping in places not meant for human habitation during winter months in 2017. The Governor's budget funds the council's request, including:

- $500,000 annually for the Homelessness Prevention program, which provides assistance to homeless families and individuals to help defray housing costs;

- $300,000 annually for a new diversion program to help families avoid becoming homeless;

- $500,000 annually for the State Shelter Subsidy Grant program to renovate or expand shelter facilities;

- $900,000 annually for the Housing Assistance program, which provides grants to operate housing and associated support services for the homeless across the state;

- $500,000 annually for the Homeless Case Management Grant program for those living in emergency shelters;

- $250,000 annually for the Skills Enhancement Grant program at the Department of Children and Families, which helps low-income parents overcome barriers to employment;

- $500,000 annually to create a new Housing Quality Standards Grant program (rather than a loan forgiveness program as requested by the council) that will provide small grants to landlord to address housing deficiencies; and

- $300,000 annually to create a new grant to support the hiring of housing navigators throughout the state.

The funding provided in this budget will significantly increase the state's current investment in housing assistance. In addition, demonstrating his commitment to addressing this problem, the Governor recently appointed himself as the chair of the Interagency Council on Homelessness.

The Governor also believes that affordable, decent housing is a critical, and often missing, component that impacts the lives and opportunities of many other people in our state. The Governor's budget includes a first-time homebuyer savings account described later in this document. This is a perfect example where we need to connect the dots between programs as the lack of affordable housing negatively impacts Wisconsin's economy.

COMMITMENT TO VETERANS

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

Funding for Veterans Services

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

Rather than seek a solution, prior budgets became increasingly reliant on transfers of unallocated program revenue balances from the appropriation that supports operations of the veterans homes to the Veterans Trust Fund. Notably, a total of $48 million has been transferred from the veterans homes to the fund between fiscal years 2015-16 and 2018-19. Over the next biennium, the demands on the Veterans Trust Fund will continue to increase without a viable revenue source. Meanwhile, the unallocated program revenue balances from the appropriation that supports operations of the veterans homes continues to decline as a result of the increasing transfers. The Governor is proposing to end transfers from the veterans homes to the Veterans Trust Fund by fiscal year 2020-21 and is allocating $15.8 million GPR to support the fund while the department works toward a long-term solution.

Veterans Benefits

The Wisconsin Veterans Homes are one of the longest running services the state provides to veterans. The Wisconsin Veterans Home at King was first established in 1887. Ensuring that the care and services provided to our veterans in the State Veterans Homes are of the highest quality is a top priority of the Governor and the Department of Veterans Affairs. To maintain quality at the veterans homes, the Governor recommends increasing expenditure authority to fund costs associated with increased utilization of contracted supplemental nurses at the Wisconsin Veterans Home at King and the Wisconsin Veterans Home at Union Grove.

The Governor recommends providing permanent position and expenditure authority to continue the Veterans Outreach and Recovery Program, which provides outreach mental health services and support to veterans who may have a mental health condition or substance abuse disorder.

The Governor also recommends improving the efficiency of operations at the Department of Veterans Affairs. First, the Governor recommends consolidating three appropriations providing grants to county veterans service officers into a single appropriation. Second, the Governor recommends eliminating the self-amortizing mortgage loans for veterans program. This program is no longer needed because the department closed on a deal to sell its mortgage loan portfolio to the Wisconsin Housing and Economic Development Authority in November 2018. Third, the Governor recommends converting the home exchange appropriation and the cemetery operations appropriation from annual to continuing to allow the department to better manage its revenue and expenditure authority. Finally, the Governor recommends adjusting position and expenditure authority to properly align positions with their appropriate funding.

B. "SAFE AND JUST COMMUNITIES"

Criminal Justice Reform

Our current criminal justice system is based in policies from the 1980s and 1990s which disproportionately punish African Americans. While violent crime has fallen drastically across the country, our prison system continues to grow and African Americans continue to be 10 times more likely than whites to be imprisoned in Wisconsin. We are also facing an explosion in opioid and methamphetamine addiction in all corners of our state. We must revisit measures that were enacted in moments of crisis to determine what makes sense in today's society.

The Governor's budget will use sound, evidence-based practices to focus our criminal justice resources on programs that work, while moving away from solely punitive programs that have been shown to do little to rehabilitate offenders.

Community policing initiatives allow officers to build relationships in communities and better interact with citizens. Often these beat patrol officers can head off crime before it happens by addressing the root causes of criminal behavior. The Governor recommends $1 million GPR in each fiscal year for grants through the Department of Justice to municipal police departments. The grants would help offset overtime costs incurred through beat patrol and community policing efforts in the ten cities with the highest violent crime rates in the state.

In a related effort, the Governor's budget provides $261,000 GPR in each fiscal year to continue the nonviolent offender pilot program. The program provides grants to three police departments to provide pre-arrest diversion for nonviolent offenders. The goal of the pilot program is to develop a model that routes nonviolent offenders to appropriate treatment options rather than to jail. The pilot program is currently scheduled to end on July 1, 2019. The budget would extend the pilot program for two more years and provide an additional $250,000 in each fiscal year to expand the pilot program to the city of Milwaukee.

Part of the "tough on crime" initiatives of the 1990s was the reclassification of 17-year-olds as adults in criminal proceedings. Wisconsin adopted this change in 1995 yet advances in the research of brain development suggests that this was a misguided change. Juveniles tend to be more impulsive, and their personality traits are more transient than in adults. Further, 17-year-old offenders are denied many of the educational and treatment programs provided to juvenile offenders. Wisconsin is currently only one of five states that treat 17-year-olds as adults. The state of North Carolina is increasing to an 18-year-old adult jurisdiction effective December 1, 2019, and the state of Missouri is increasing to an 18-year-old adult jurisdiction effective January 1, 2020. This would leave Wisconsin as only one of four states in the nation that treats 17-year-olds as adults. The Governor believes that Wisconsin should undo this mistake and recommends raising the age of adult jurisdiction to 18 years of age effective January 1, 2021. To show his commitment to this change, the budget provides sum sufficient funding to the counties to cover eligible costs associated with returning these youth to the juvenile justice system.

Opioids, methamphetamine and other drugs have had a devastating impact on our communities. Often times drug addiction leads to crime and arrests. The Governor aims to focus on treatment instead of a punitive response to the epidemic. The Governor's budget would provide $1 million GPR in each fiscal year for the Treatment, Alternatives and Diversion (TAD) program. The TAD program provides nonviolent offenders with substance abuse treatment and case management as an alternative to jail or prison. A 2014 study from the University of Wisconsin found that for every $1.00 spent on TAD, the criminal justice system saves $1.96. The Governor's budget would continue $250,000 GPR annually in one-time funding for TAD and provide an additional $750,000 GPR annually, with $500,000 set aside for counties that currently do not have a TAD program.

Many states, including our neighbors in Illinois, Michigan and Minnesota, have either legalized or decriminalized marijuana. The Governor recommends the decriminalization of small amounts of marijuana by eliminating the penalty for the possession, distribution or manufacture of 25 grams of

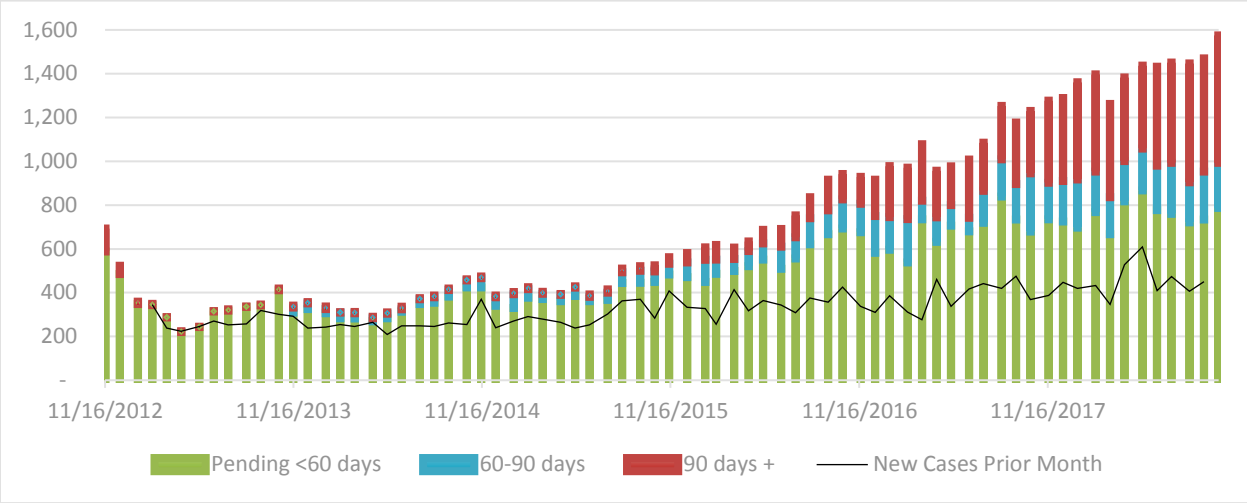
marijuana or less. Additionally, a person serving a sentence or on probation for the possession, distribution or manufacture of 25 grams of marijuana or fewer may request dismissal of the conviction. The budget would also provide a means for persons convicted under prior law to petition a court for the expungement of his or her conviction.

District attorneys are on the frontline of the criminal justice system yet for years, county district attorney's offices have been understaffed. The Governor's budget provides an additional 19.6 FTE assistant district attorney positions in each fiscal year. The budget also provides 6.9 FTE to increase part-time positions in 14 counties. Further, the budget would convert 7.5 FTE positions from PR to GPR. These permanent positions were originally supported by grants, but the grant funding has subsequently run out. In past budgets, positions have been eliminated as grant funds were no longer available. This budget allows district attorneys to keep staffing in place. In all, 34 of Wisconsin's counties would see an increase in staffing and 3 counties would retain existing staffing.

In addition to the district attorneys, the Department of Justice helps to investigate and prosecute cases of statewide importance. The Governor provides 2.0 FTE PR positions for the Internet Crimes Against Children (ICAC) Task Force. The ICAC Task Force protects children from the on-line threat of sexual predators by coordinating local, state and national law enforcement agencies. In addition to providing new positions, the budget would provide the department with $750,000 GPR in each fiscal year in order to carry out investigations related to Internet crimes. The Governor's budget would expand the department's public integrity unit, by providing it with an additional 3.0 FTE GPR positions to focus on white-collar crime. Further, the budget would create a 1.0 FTE GPR sexual assault resource prosecutor position.

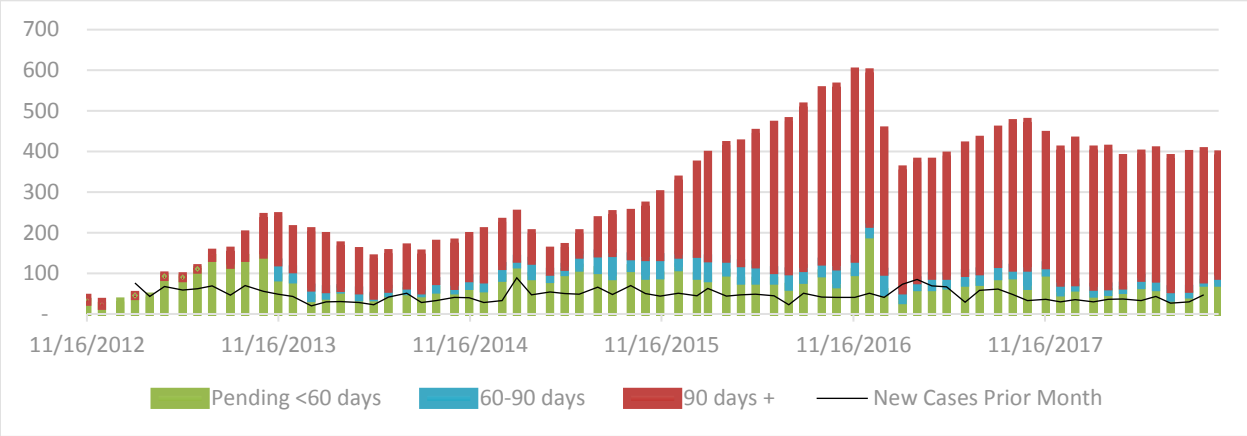
The Department of Justice operates three crime laboratories, one each in Madison, Milwaukee and Wausau. The Wisconsin crime laboratories are a vital part of the criminal justice system, providing unbiased, factual information for police, prosecutors and the courts. Over the past eight years, backlogs at the crime laboratories have increased, jeopardizing investigations and delaying justice.

CHART 14: DNA ANALYSIS PENDING CASES



Source: Wisconsin Department of Justice

CHART 15: FIREARMS PENDING CASES



Source: Wisconsin Department of Justice

The Governor's budget would provide an additional 17.0 FTE crime lab analyst positions. Of the positions, 3.0 FTE would be reallocated from other departments within the Department of Justice. To help attract and retain quality staff, the Governor recommends establishing a pay progression plan for the technical staff in the state crime laboratories via the compensation plan.

At $40 per hour, Wisconsin has the lowest reimbursement rate for private bar attorneys that represent indigent criminal defendants. Under our system of due process, everyone has a constitutional right to legal representation yet the low reimbursement rate has caused major concerns as to whether all Wisconsinites are being properly represented. The budget would increase the private bar rate to $70 per hour, effective January 1, 2020. Further, the budget would create an indexing provision that would allow the private bar rate to increase at the rate of inflation. The Governor's budget provides the State Public Defender Board with $9,031,500 GPR in fiscal year 2019-20 and $16,612,700 in fiscal year 2020-21 to cover those costs associated with the rate increase.

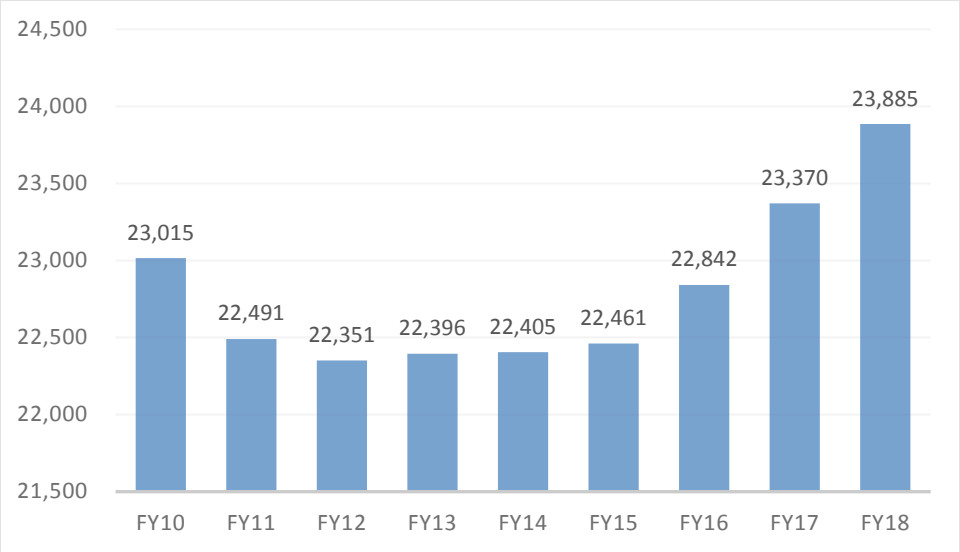
Offender Reentry

On average, the Department of Corrections releases approximately 9,000 inmates from custody each year. Gainful employment is a key component to reducing recidivism. The Department of Corrections and the Department of Workforce Development jointly operate a job center at Oakhill Correctional Institution that allows inmates to review and apply for jobs through the Job Center of Wisconsin. The budget would provide $75,000 GPR in each fiscal year to create four additional job centers at correctional institutions over the biennium.

In addition to providing the avenue to find work prior to release, skills training is also a critical piece for long-term employment success and reduced recidivism. The Governor's budget invests in vocational training, as well as the development of the soft skills needed to maintain employment. The windows-to-work program looks at the needs of inmates and helps them develop constructive skills and general workplace expectations that will prepare them for gainful employment. The budget would expand the windows-to-work program and allow the Department of Corrections to operate the program in all minimum and medium security institutions. The department currently operates vocational training programs in its institutions; however, the programs are out of date and do not properly train inmates for today's workplaces. The budget would provide $200,000 GPR in each fiscal year to update and modernize current career technical education operations. The budget also includes $240,000 GPR in each fiscal year to properly staff technical training mobile labs that are jointly operated by the Department of Corrections and the Department of Workforce Development.

The Opening Avenues to Reentry Success (OARS) program is a collaborative effort between the Department of Corrections and the Department of Health Services to support inmates living with a serious and persistent mental illness who have a medium-to-high-risk of reoffending. The budget would expand the OARS program by providing $4,001,300 GPR and 1.0 FTE GPR position in each fiscal year. Currently, the program is not available in northern or southwestern Wisconsin. The additional funding would allow the OARS program to operate in all 72 counties and strengthen the program in southeastern Wisconsin.

CHART 16: ADULT INSTITUTION POPULATION



Source: Wisconsin Department of Corrections

In addition, the Governor's budget provides $575,000 TANF in each fiscal year to replace one-time Department of Justice funding for the Offender Reentry demonstration project, which is overseen by the Department of Children and Families and serves formerly incarcerated males who are noncustodial parents age 18 or older and returning to certain inner-city neighborhoods in Milwaukee.

Juvenile Justice

After years of scandal at the state's Lincoln Hills and Copper Lakes schools, 2017 Wisconsin Act 185 established a new approach for juvenile justice in Wisconsin. Rather than primarily housing juveniles at a single centralized site in northern Wisconsin, the new system would create a local, community focused system. Lincoln Hills and Copper Lake would close, and juveniles would be transferred to either a new state-run facility (type 1) or to a county-based facility. Because the previous administration did not immediately begin the work to include all of the necessary agencies at the table, concerns have been raised about the feasibility of the current timeline. Nevertheless, the Governor has instructed the Department of Corrections, Department of Children and Families, Department of Health Services, and the Department of Administration to collaborate to find efficiencies in the process of closing Lincoln Hills and Copper Lake schools and the creation of new facilities as soon as possible. In partnership with the legislative authors of 2017 Act 185, the Governor is committed to finding the fastest and safest path to closing the facilities and relocating the children.

The budget would require the Department of Corrections to transfer juveniles from Lincoln Hills and Copper Lake as soon as appropriate replacement facilities are available. Lincoln Hills and Copper Lake schools will be closed as soon as it is possible to ensure a safe and appropriate placement for all youth. This standard, which puts kids and their needs first, will replace the previous January 1, 2021, closure date for Lincoln Hills and Copper Lake schools.

Under Act 185, most juvenile offenders would be placed in county-operated facilities. Unfortunately, the act provided only $40 million in funding for counties to build new facilities. This level of funding does not come close to funding the projected construction costs. The Governor recommends providing an additional $60 million in bonding authority so that counties can construct new facilities. The budget would also move the deadline for counties to apply for funding back by three months to provide counties with a more realistic timeline for submitting grant proposals. The Governor also proposes allowing counties that do not need additional time to submit grant requests to submit their requests on an expedited time line.

While most juvenile offenders will be placed with counties under the framework of Act 185, a significant number would remain in state custody at type 1 facilities. Based on the projected number of serious juvenile offenders and adult commitments, the Governor recommends the construction of three new type 1 facilities to replace Lincoln Hills. One facility would be located in Milwaukee and another facility in the Fox Valley. The Department of Corrections and the Department of Administration would continue to work to identify a suitable location for the third facility. Act 185 originally set aside $25 million in bonding authority for the construction of the new type 1 facilities. With a cost of over $30 million per type 1 facility, the Governor recommends providing an additional $90 million in bonding authority to construct the facilities.

In addition to the Act 185 policy changes, the act also provided additional bonding authority to expand the Mendota Juvenile Treatment Facility, operated by the Department of Health Services, by no fewer than 29 beds. A 14-bed unit will be available to the Mendota Juvenile Treatment Center in fiscal year 2020-21 when a renovation is complete at the Mendota Mental Health Institute. The Governor recommends providing position and expenditure authority for this expansion in fiscal year 2020-21. This investment provides the additional mental health resources needed to care for the juveniles who need it most.

Returning 17-year-olds to the juvenile justice system would increase the cost to run county juvenile detention facilities. To show his commitment that counties will not be left with an unfunded mandate as a result of this important policy change, the Governor's budget includes a GPR sum sufficient appropriation to pay for these costs in this biennium. The budget allocates $5 million GPR in fiscal year 2020-21 for this purpose. The Department of Children and Families will consult with counties on what costs are eligible for reimbursement from this appropriation.

In addition, the budget includes $3.5 million GPR in fiscal year 2020-21 to assist counties with start-up costs of establishing secured residential care centers. The Department of Children and Families and counties shall also discuss what costs are eligible for reimbursement related to this provision.

Finally, with this significant change in the juvenile justice system, it is appropriate that the Department of Children and Families and counties also examine potential modifications to the overall Youth Aids formulas, which have not been fully reevaluated since its creation.

C. "WHAT'S BEST FOR KIDS"

CHAMPIONING CHILDREN

K-12 Public Schools

Wisconsin's youth are exceptional. The class of 2018 graduated at a decade-high rate of 89.6 percent, with significant gains in graduation rates for English Learners. Our students outperform the national average on advanced placement tests, with 66 percent earning scores of 3 to 5 (qualified to extremely well-qualified) compared to the national average of 56 percent. Wisconsin 11th graders earned the highest average composite score of states administering the ACT test to 100 percent of graduates in 2018. The percentage of elementary students scoring proficient or advanced in mathematics has gone up over the last three years. In addition to significant academic accomplishments, students also increasingly embrace unique learning opportunities. The number of students participating in youth

apprenticeships has grown by almost 80 percent in the last five years, notably in health science and agricultural fields as well as manufacturing.

The exceptionalism demonstrated by our youth is inextricably linked to our state's strong public school system and excellent teachers and school leaders. In 2018, Wisconsin was one of twelve states with over 100 new National Board Certified professional teachers, and has more such teachers than Minnesota and Iowa combined. As our student population evolves, school districts have had to creatively adapt to best serve students within the confines of limited budgets and staff shortages. Limited budgets continue to affect teacher compensation, further hindering teacher recruitment and retention.

Further, while some investments in public schools have been made, many critical state support programs such as special education aid, bilingual-bicultural aid and school meal program funding have been held flat for a decade or more or even cut. With this budget, the Governor reiterates his position that making changes on the margins is no longer tenable for our public school students, and the challenges facing our public schools demand investment and reform.

Most significantly, this budget includes two key school finance reforms: (a) Fair Funding For Our Future, a powerful proposal to fix the school funding formula without causing a single school district to lose general state aid, and (b) the recommitment to state funding of two-thirds of partial school revenues.

Currently, the general school aid formula has several flaws – and these flaws have real impacts that make it more difficult for all Wisconsin students to have the academic opportunities that every student deserves. Some districts receive little or no state aid. The formula does not reflect whether students, and therefore school district families, are economically disadvantaged. School districts educating four-year-old children for a full day are not able to include them in formula counts accordingly.

The Fair Funding initiative addresses these and other issues in several ways:

- Each district is guaranteed a minimum of $3,000 for every student.

- Districts may count low-income pupils as 1.2 in the general aid formula to calculate property value per member, which generates more aid to reflect the ability of district families to pay property taxes.

- Districts receive additional aid at the second tier of the formula as a result of increasing the secondary cost ceiling.

- Tax credits are placed into the general aid formula, which increases transparency around school funding and sends the dollars directly to schools.

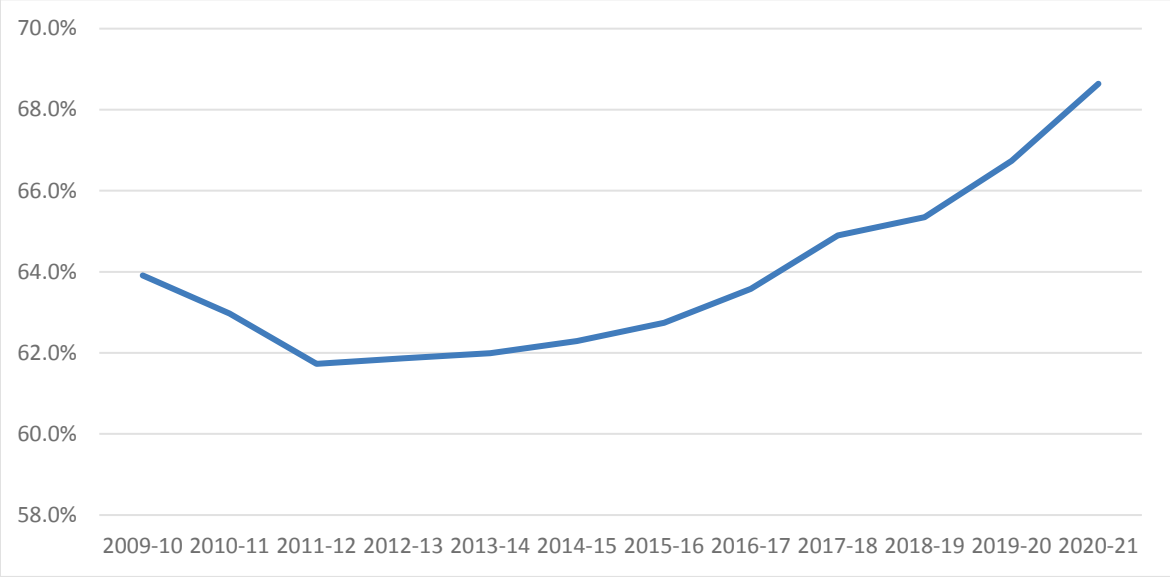
- Hold harmless aid is provided to ensure all districts receive at least the level of general aid under Fair Funding as under current law. Similarly, special adjustment aid (another form of hold harmless aid) will be set at 90 percent instead of 85 percent of prior year aid.

- Districts that offer four-year-old kindergarten on a full-day basis will be permitted to recognize the costs associated with such a program by counting the pupils as 1.0 FTE.

The Governor's proposal also includes a revenue limit adjustment of $200 per member in fiscal year 2019-20 and $204 in fiscal year 2020-21 (with future adjustments indexed to the change in the consumer price index), as well as increasing the low revenue ceiling thresholds to $9,700 in fiscal year 2019-20 and $10,000 in fiscal year 2020-21. For several years, school revenue limits have been held flat, and instead the ability of districts to increase spending was provided through per pupil aid. However, compared to revenue limit authority, per pupil aid is unpredictable and entirely subject to what happens in the Capitol. Revenue limit authority provides districts with the flexibility to spend only what they wish and protects future budgets through base-building increases.

The state began to fund two-thirds of K-12 partial school revenues in fiscal year 1996-97. This statutory commitment was repealed after fiscal year 2002-03, and since that time state support has generally remained well below two-thirds. Recently, the state share has come closer to two-thirds, but this has been done in large part due to freezing revenue limits and increasing property tax credits that do not go directly to schools, and per pupil aid. In short, school budgets have been mostly held constant, resulting in many districts having to go to referenda to maintain their existing programming for their students. Notably, the Governor's budget promises to fund two-thirds of partial school revenues through bona fide investments directly in our children.

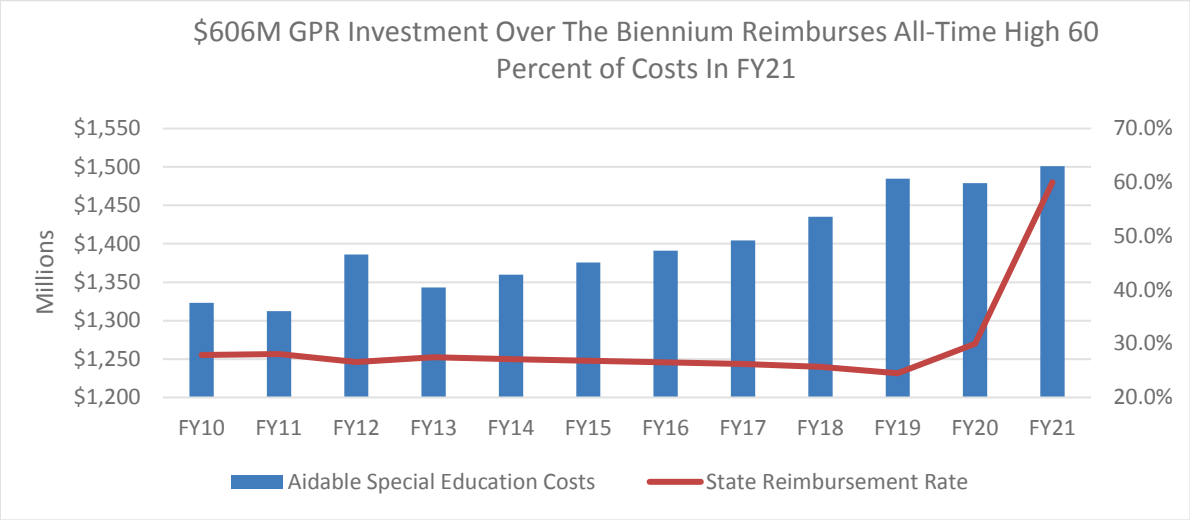
CHART 17: GOVERNOR'S BUDGET PROPOSAL REACHES HISTORIC STATE SHARE LEVELS



In addition to reforming the state's general aid formula, the Governor's budget provides significant targeted aid to address specific student needs.

While the percentage of students with disabilities in public schools has remained relatively consistent over time, the complexity of students' disabilities has resulted in an 8 percent increase in aidable special education costs over the past five years alone. At the same time, state funding to reimburse districts has been held flat over a decade.

CHART 18: SPECIAL EDUCATION



Source: Department of Public Instruction

As promised, the Governor recommends a significant investment in special education aid to assist districts in providing the specialized services the students need and the districts are required to provide, as follows:

- Providing $606 million GPR over the biennium to reimburse 30 percent of special education costs in fiscal year 2019-20 and 60 percent in fiscal year 2020-21.

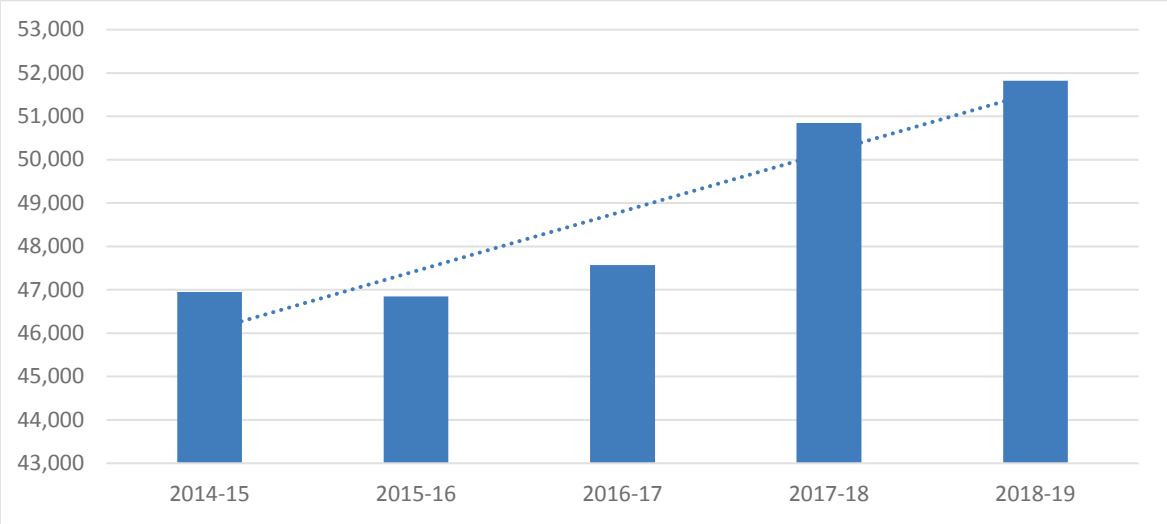
- Reforming the high-cost special education program, which funds costs specific to educating a particular student who likely has a severe disability, by making it sum sufficient and reimbursing costs at 100 percent, rather than 90 percent.

- Increasing special education transition readiness grants from $1,000 per student to $1,500. The grants reward school districts when special education students enroll in higher education or other postsecondary training, or participate in competitive employment.

- Increasing funding for special education transition readiness grants by $7 million GPR over the biennium, which will assist school districts in providing services and conducting community engagement to prepare students with disabilities transition to postsecondary education or the workforce.

Schools also increasingly must allocate resources to provide enhanced educational supports to English Learners. These students typically require specialized services to improve listening, speaking, reading and writing skills through bilingual classes or a bilingual specialist.

CHART 19: ENGLISH LEARNERS



Source: Department of Public Instruction WISEdash public portal.

The state provides bilingual-bicultural aid to school districts with a threshold number of English Learners, but currently only reimburses costs at approximately 8 percent. The Governor recommends $35.3 million GPR over the biennium to increase the rates of reimbursement for costs associated with educating English Learners (ELs).

The current state bilingual-bicultural program only provides aid for just over half of students who are ELs; over 20,000 such students attend schools that receive no aid for necessary extra services. These schools may have a lower concentration of EL students, but also lack economies of scale to provide additional support efficiently. Therefore, the Governor's budget will provide $2.4 million GPR in fiscal year 2020-21 for school districts not currently receiving state bilingual-bicultural aid. Further, $3.4 million GPR is proposed to aid school districts that educate students with extremely limited English proficiency, and $2.5 million GPR for schools to increase bilingual-bicultural or dual language programming, both in fiscal year 2020-21.

The Governor's budget also focuses on student mental health needs. Although new aid programs were enacted for the 2017-19 biennium to attempt to help school districts provide services to these students, they were funded at levels that fell far short of demand, which demonstrates the magnitude of the crisis schools are facing. As such, the Governor advances the following investments to support school districts in helping students through trauma, depression, anxiety and other mental health issues:

- $22 million GPR in each year to provide reimbursements for in-school pupil services (expanded beyond social worker services).

- $7 million GPR in each year to increase the number of grants to connect schools, students and community health agencies to increase student access to mental health services.

- $2,580,000 GPR in each year to expand school district staff training in mental health strategies (such as trauma-sensitive schools, screening, brief interventions and referral to treatment, and youth mental health first.

- $150,000 GPR in each year to establish a statewide data system to store survey youth risk behavior survey results.

According to data from the Department of Public Instruction, the state's largest five school districts educate a disproportionate share of students of color, and therefore are particularly confronted with the responsibility to close achievement gaps. While many of the other investments the Governor is proposing will benefit these districts, they need more support. The Governor proposes an Urban Excellence Initiative that is designed to support, rather than punish, schools with persistent achievement gaps and low performance. Specifically, the budget includes the following:

- $5 million GPR in fiscal year 2020-21 for the largest five districts to implement or expand high quality early childhood education. Grants of $1,000 per early childhood student would be provided.

- $3.6 million GPR in each year to support summer school programming in the largest five districts.

- $571,200 GPR in fiscal year 2019-20 and $652,900 GPR in fiscal year 2020-21 to attract highly qualified teachers to high poverty urban districts by increasing awards for National Board Certified teachers.

- $250,000 GPR in each year for school leader training through the Wisconsin Urban Leadership Institute.

- $1 million GPR in each year for community collaborations to increase student success in the five largest districts.

School breakfast programs provide subsidized healthy breakfasts to children. According to Feeding America, in Wisconsin, one in six children struggles with hunger, but research shows that beginning a school day with breakfast helps kids stay focused. Yet, the state has failed to help school districts, private and tribal schools address this problem over the past decade.

The Governor's budget provides $2.8 million GPR in fiscal year 2019-20 and $2.9 million in fiscal year 2020-21 to fully fund the required state reimbursement for school breakfasts at 15 cents per meal. Additionally, the budget includes $382,900 in each year to fully fund reimbursements for school milk.

The Governor believes that the citizens of Wisconsin will support these investments.

According to a Marquette University poll, over two-thirds of Wisconsinites would prefer to increase funding for our schools than receive a tax cut. The recommendations listed above will make our public school finance system more equitable and supportive in providing an education to our students that meets the expectations of our state, while alleviating the need for districts to turn to increasing property taxes through local referendums to fund our schools.

Parental Choice Programs

While the above school finance changes and investments will be transformational, they are not enough. Our current school finance system has become trifurcated as it includes funding a public school system, a quasi-public independent charter system, and a system that includes certain private schools participating in the state's voucher programs. The latter two systems are further fragmented, with varied funding mechanisms. Some are funded directly with state revenue, while others are funded via reductions in state general aid from school districts, which result in local property tax increases.

Combined, these funding complications obscure the ways in which state and local resources are supporting education, especially as it compares to public schools. The Governor believes that due to the current lack of transparency, it is time to put a pause on growth in our non-school board-authorized charter schools and voucher programs while an extensive examination is undertaken of whether and how parity among these various systems should be established going forward.

Therefore, the Governor believes the following provisions will facilitate a necessary discussion regarding equity in school funding over the next biennium:

- The overall number of available seats in the Milwaukee, Racine and statewide parental choice programs would be held constant. For fiscal year 2020-21, the number of seats available in each program would be the same as the number of program seats available in fiscal year 2019-20.

- Independent charter school authorizers would be prohibited from authorizing new schools after fiscal year 2019-20, until fiscal year 2022-23. However, schools under existing contracts or applications would be permitted to add seats and grades, thereby increasing the number of students in these programs.

- The special needs scholarship program would be phased out. Notably, this program was inserted late into the 2015-17 biennial budget and did not benefit from a public hearing. In addition, it is entirely funded by reducing local school districts state general aids to participating private schools that are not subject to the same accountability standards for students with disabilities as those that are enrolled in our public schools. Further, the current reimbursement rate for students with disabilities enrolled in this program are much higher (potentially over 90 percent of all costs incurred by participating private schools versus roughly 25 percent for students with disabilities enrolling in public schools). Under the Governor's proposal, no additional students may enter the program after 2019-20, and the seats of graduating students will not be refilled.

- To increase transparency and accountability, teachers at parental choice schools will be required to hold a Department of Public Instruction-issued teaching license beginning July 1, 2022, with certain exceptions. Additionally, any schools new to the programs in the 2021-22 and after must be fully accredited by August 1 of the year they enter the program. Finally, property tax bills will include information about how much state aid was sent to private schools from the school district for vouchers to show how the gap may have been filled by increasing property taxes.

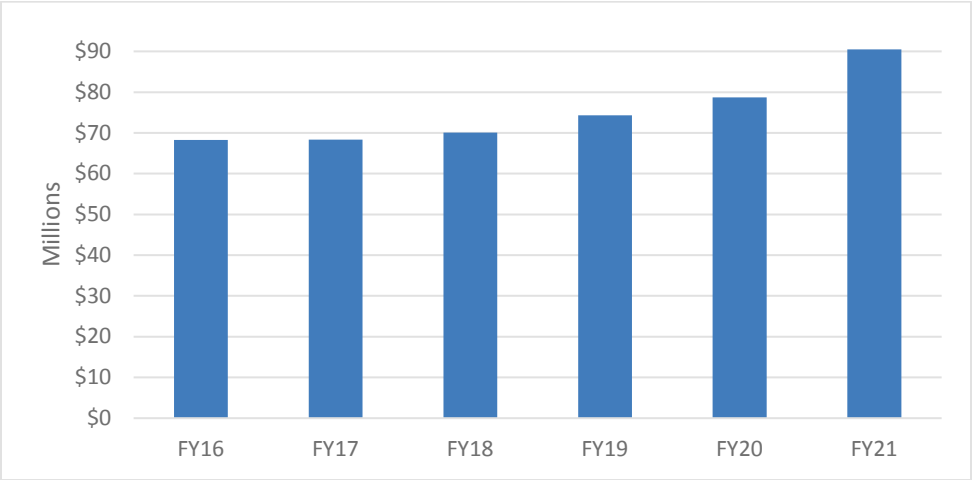
Students currently participating in any parental choice, charter or special needs scholarship program will not be affected by the proposed changes. However, by limiting program growth, decision makers can use the interval to reassess how these multiple publicly-funded school systems should relate, support and compare to each other.

What's Best for Kids – Department of Children and Families

The Governor believes that government programs should be designed in order to achieve what is best for children. Consistent with that core principle, his budget makes historic investments in key programs that affect children.

Counties across the state have struggled to address the impact that the use of opioids and methamphetamines have had on families. This led to a significant increase in child welfare referrals and out-of-home placements as a result. Between 2012 and 2018, there was a 28.5 percent increase in the number of children in out-of-home care statewide. Recognizing the magnitude of the problem, the Governor's budget includes an ongoing increase in the Children and Family Aids allocation of $15 million GPR, beginning in calendar year 2020. This significant increase will help counties better meet the needs of vulnerable children and families who are in crisis. The Tribal Family Services grant is also increased to match increases in Children and Family Aids in the 2019-21 biennium and in the 2017-19 biennium in order to support tribal families that may be dealing with similar issues.

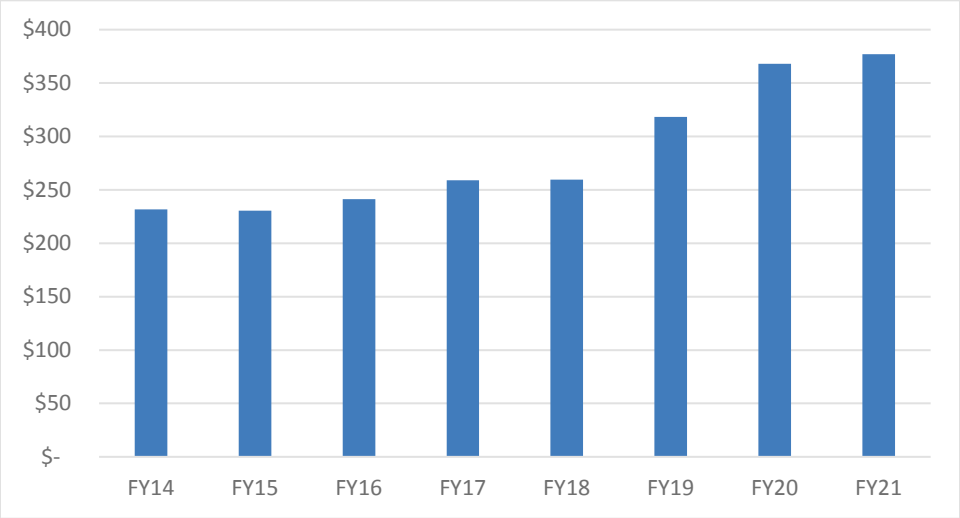
CHART 20: CHILDREN AND FAMILY AIDS ALLOCATIONS



The Governor's budget recognizes the important and difficult role that foster parents and kinship care relatives play in providing a safe home for children who need an out-of-home placement in the child welfare system. Because the costs of taking care of children go up every year, the Governor's budget increases foster care and kinship care rates by 2 percent in calendar year 2020 and an additional 2 percent in calendar year 2021. The Governor's budget also includes funding to help teenagers who are in the foster care system be able to afford to take driver's education classes and potentially to help offset the increase in car insurance if they obtain their license.

The Governor's budget also is designed to help families secure and retain employment by ensuring that the programs that help support that goal are adequately funded. Finding affordable and quality child care can be one of the biggest hurdles to getting and keeping a job. The child care rates paid under the Shares program have fallen significantly behind market rates. As a result, many child care providers cannot afford to take a child whose family participates in the Shares program or if they do accept a child, the full burden of the difference between the state's subsidy and the market rates falls on the parent and may not be affordable for the family. The Governor's budget makes a historic investment, over $23 million per year, in the Shares child care program by increasing provider rates such that all providers are at least paid at the 50th percentile of the market rate. This increase is on top of fully funding child care rate increases approved in the 2017-19 biennium. In total, the budget for child care subsidies will have increased to $376.9 million in fiscal year 2020-21.

CHART 21: SHARES TOTAL DIRECT SUBSIDIES (in millions)



Source: Department of Children and Families

The Governor's budget also includes funding for a child care grant program that is targeted to the 53206 zip code area of Milwaukee, which is one of the most economically disadvantaged areas in the state. In order to ensure that the children of this zip code have access to quality early childhood care, the budget includes funding to help child care providers increase the overall level of quality of their programs, by increasing funding for the TEACH and REWARD programs as well as funding that would support additional training for child care workers at the Milwaukee Area Technical College. In addition, the budget directs the Department of Children and Families to issue a request for proposal aimed at establishing the first five-star child care center in that region. The grant would pay for start-up costs and as well as providing an ongoing subsidy to the program.

The Governor's budget also makes changes in the W-2 program, aimed at supporting families when a baby is first born and later as a parent tries to find a job. The Governor's budget first extends the caretaker of a newborn infant grant program from 8 weeks to 12 weeks. Getting children off to a good start in life is critically important, especially for families with limited resources and support networks.

The budget also increases funding for older children as well. First, there is an increase for the Boys and Girls club, which provide after school programs that provide mentorship, help children with homework, and help them stay on a positive path towards graduation. The budget also includes funding to help children whose parent is participating in the W-2 program do their homework at home by supporting costs related to access to the Internet. The budget further includes a grant for the innovative We Got This program in Milwaukee, which uses gardening as a means to help youth be productive, work with strong role models and experience positive ways to earn money and be engaged in the community.

The Governor's budget also reverses some of the more punitive changes made to the W-2 program in recent years that invested state dollars in program requirements that were more focused on punishment than on actually helping people become self-sufficient. For example, since drug screening and testing as a requirement of eligibility began at the Department of Children and Families, 5,187 people have been screened and only 125 referred to testing. Of those, only 14 failed the test and were referred to treatment. Numerous, objective studies have shown that people receiving public assistance are no more likely to use drugs than any other part of society. Consequently, the budget eliminates drug testing for most public assistance programs.

Similarly, the Governor's budget reestablishes the lifetime limit for cash assistance under the W-2 program at the federal maximum of 60 months rather than the 48 months under current law. In addition,

the budget eliminates the limit of 24 months on each employment category in W-2 and removes the restrictions on how many hours per week can be spent on work vs. education. These changes are aimed at increasing the flexibility of the W-2 program to be responsive to what will help people become self-sufficient as quickly as possible.

D. HIGHER EDUCATION AND WORKFORCE

Wisconsin, like many states, is experiencing a worker shortage. The unemployment rate remains historically low, wages have been flat, and employers across sectors such as child care, nursing, manufacturing are unable to fill positions. This is a serious problem for employers, and significant investments in our University System, technical colleges, and workforce readiness programs are needed.

Higher Education

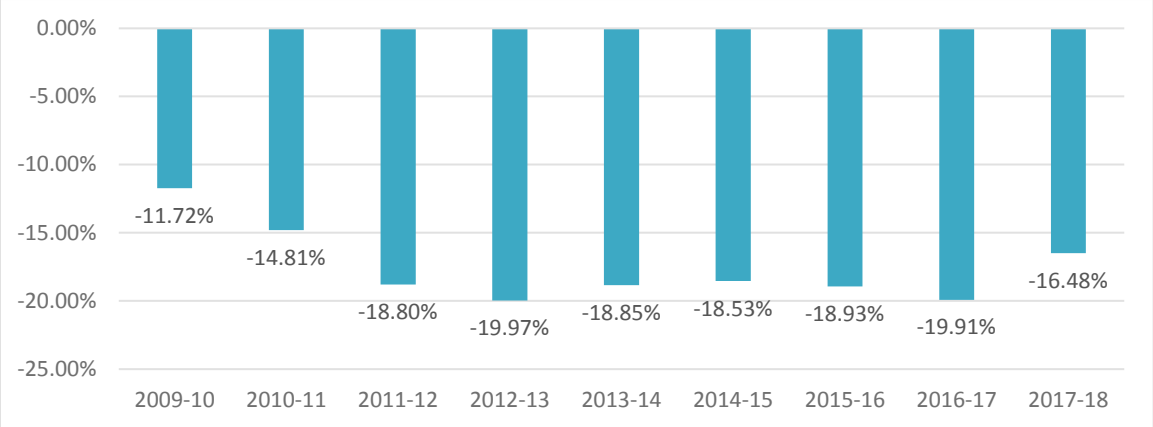
The University of Wisconsin System has a proud history of preparing students across the state to enter the workforce and reaching Wisconsinites in every corner of the state through four year campuses, two year colleges, and distance learning opportunities. The Governor believes the University of Wisconsin System should focus on providing students with a well-rounded education and the pursuit of the Wisconsin Idea, to prepare students to be problem solvers ad have flexibility to respond to changes in the workforce. Similarly, the Wisconsin Technical College System plays a key role in preparing Wisconsinites for the workforce and providing opportunities for retraining. Additionally, providing robust need-based financial aid and relief from student loan debt will attract students to Wisconsin schools, and the state.

The University of Wisconsin System requested $82.5 million GPR over the biennium to increase funding allocated to institutions based on performance on a variety of metrics. The Governor believes such outcomes-based funding programs often fail to achieve their intended results and limit flexibility to respond to emerging needs. As such, instead of over-emphasizing funding that is provided through performance-based mechanisms, the Governor recommends:

- Increasing the system's request for capacity building initiatives by $20 million GPR in fiscal year 2019-20, bringing the biennial total to $45 million GPR. Additionally, the Governor believes such initiatives should not focus solely on workforce development, but rather also expand on student success and attainment, and his budget reflects this philosophy.

- Providing flexibility with respect to existing performance funding allocations. Currently, the system is required to allocate $26.3 million GPR within its GPR block grant based on performance. The Governor, however, recognizes the crisis surrounding faculty pay at University of Wisconsin institutions and will allow the system to use these base monies as supplemental pay plan funding instead of performance allocations.

CHART 22: UWS FACULTY COMPENSATION GAP WITH PEER INSTITUTIONS



Source: University of Wisconsin System Accountability Dashboard

- Mitigating forgone revenue as a result of a continued resident undergraduate tuition freeze by providing $50.4 million GPR in general aid. These funds may be used as the system sees fit, including to help struggling campuses or academic programs.

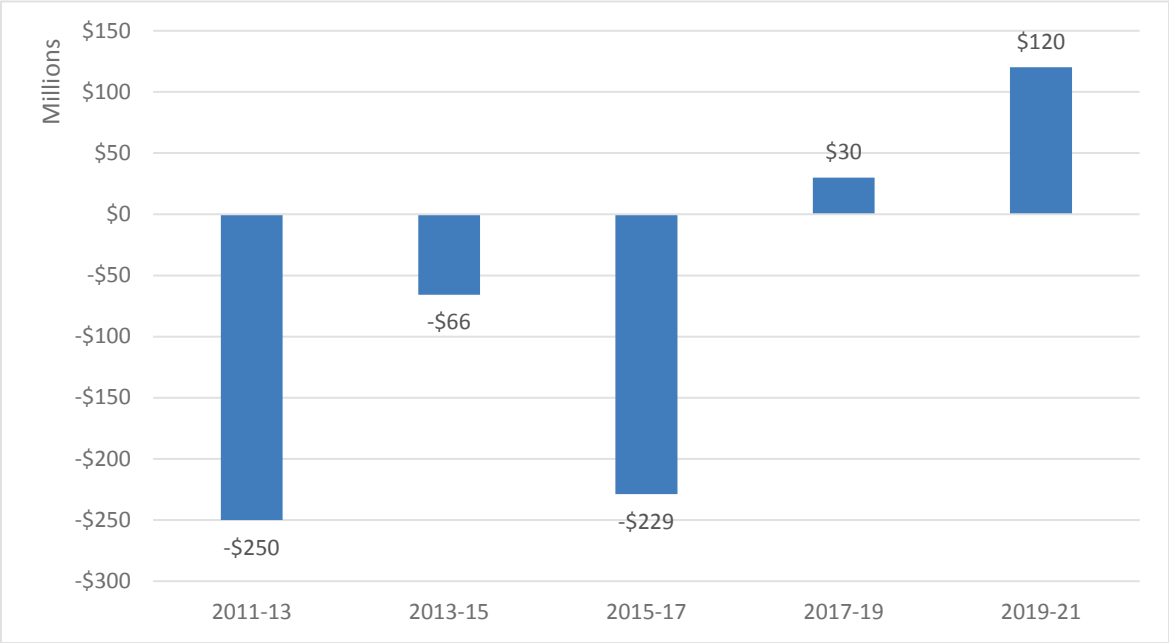
- Improving student support services at the University of Wisconsin Colleges by providing $5 million GPR over the biennium.

- Providing $10 million GPR in fiscal year 2019-20 to help the system address its critical need for nurse educators. These funds will provide fellowships and loan forgiveness for certain nursing doctoral candidates in exchange for their commitment to teach in the system for at least three years after graduating.

- Increasing the number of University of Wisconsin – Extension county-based representatives to ensure governments, farmers and citizens have local access to agricultural expertise. The Governor proposes $2.5 million GPR over the biennium and 20.0 FTE GPR positions.

As a result of these investments (and including costs to continue), the Governor's University of Wisconsin System budget proposal exceeds the system's GPR budget request by $5.9 million over the biennium and minimizes the ineffective allocation of funding based on performance. These increases also represent the largest state investment in the system in over a decade.

CHART 23: UNIVERSITY OF WISCONSIN RECEIVES LARGEST STATE INVESTMENT IN FOUR BIENNIA



The burden of student loan debt negatively affects Wisconsin's citizens and the state's economy. As reported by the Federal Reserve in January 2019, student loan debt causes young adults to delay home ownership and move away from rural areas. In 2017, the average debt of a University of Wisconsin graduate with a bachelor's degree was $30,771, and 72 percent of the graduating class had taken out loans. According to the Institute for College Access and Success, in 2016, Wisconsin ranked 21st among states based on average student debt, and 6th overall for the proportion of graduates with debt.

To improve college affordability for future students, the Governor's budget not only freezes tuition for undergraduate Wisconsin residents at University of Wisconsin campuses and provides in-state tuition for undocumented Wisconsin residents, it also includes $17.3 million GPR over the biennium for need-based Wisconsin grants, which surpasses the sum of all increases provided in these programs over the previous

four biennia by $2.1 million GPR. These programs will assist students at University of Wisconsin System institutions, technical colleges, our private nonprofit universities and tribal colleges.

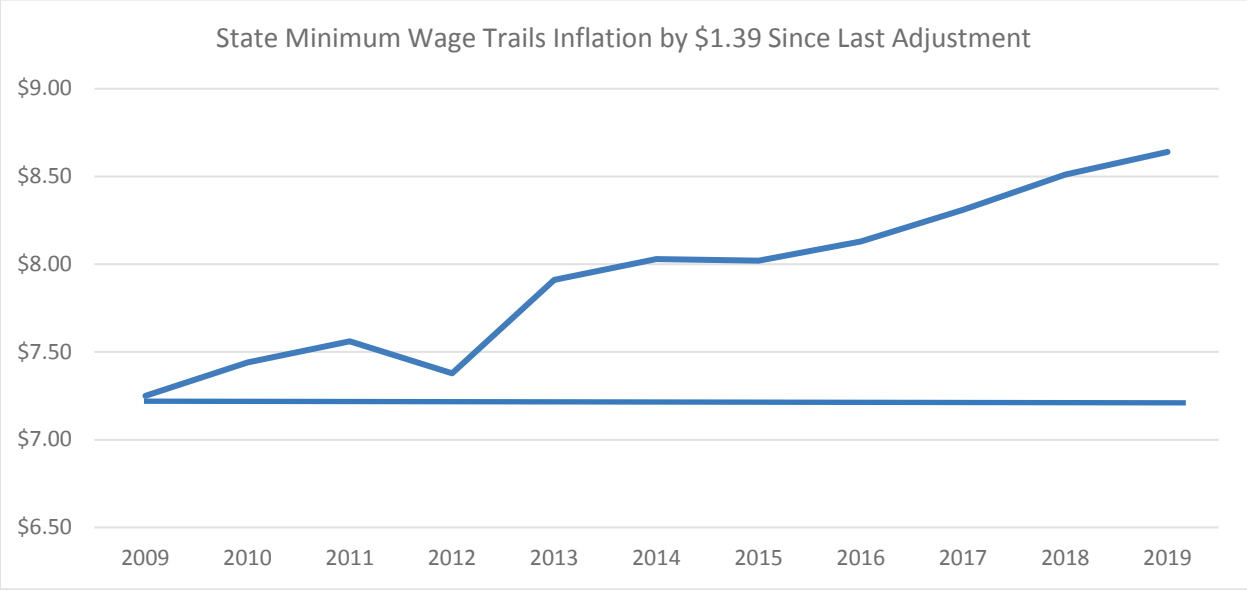
To improve the financial situation of students who already have graduated and carry student loan debt, the Governor proposes a committee to study creating a state-run student loan refinancing authority. The committee will leverage state government expertise in finance and higher education by including the secretary of the Department of Financial Institutions, the State Treasurer and the executive secretary of the Higher Educational Aids Board. The committee will make recommendations about the structure and features of such a program by October 1, 2020, with the expectation that the Governor's 2021-23 budget would include any recommendations for an effective and feasible way to lower interest rate costs for borrowers.

The Wisconsin Technical College System provides technical and adult education to enable individuals to participate and advance in the workforce. The system has long been successful in accomplishing this mission, with over 88 percent of graduates employed within six months of graduation and an average salary growth of 48 percent in the five years after graduation. The Governor believes the technical colleges are well-positioned to strengthen our workforce. As such, the Governor is providing general aid of $18 million GPR over the biennium to the system, an approximate 7 percent increase in each year, which will allow campuses to continue to develop innovative programming and improve support services for nontraditional students such as ex-offenders.

Workforce Fairness

The state established its current $7.25 per hour general minimum wage in 2009. Although the cost of living has increased since that time, the minimum wage has not. If the minimum wage had been indexed to the change in the consumer price index, workers would earn a minimum of $8.64 in 2019.

CHART 24: STATE MINIMUM WAGE



Source: Department of Administration calculations based on Bureau of Labor Statistics data.

Put another way, assuming that Wisconsin has 1,862 workers at minimum wage that have been working 35 hours per week since 2009, those workers did not receive $4.7 million over the last ten years as a result of the frozen minimum wage. Further, even if minimum wage had been indexed, an hourly rate of $8.64 in 2019 is hardly livable at approximately $18,000 per year. Wisconsin workers deserve better.

The Governor's budget proposes increases to the general hourly minimum wage to $8.25 beginning January 1, 2020, and $9.00 beginning January 1, 2021, with additional increases of 75 cents per year in the following biennium and inflationary increases thereafter. By gradually phasing in the increases, the Governor provides immediate relief for workers while allowing the economy to absorb incremental changes. Using the same assumptions as noted above, minimum wage workers could earn an additional $5.9 million in calendar years 2020 and 2021. Additionally, the budget establishes a task force to further study other options to progress toward a goal of a minimum wage of $15 per hour. The task force will consist of five gubernatorial appointees and appointments made by the Senate majority and minority leaders, the Assembly speaker and the Assembly minority leader.

The budget reverses many changes made over the past eight years that have weakened the state's tradition of championing workers, collective bargaining and local control. In an effort to restore the state's historic partnerships between management and labor, the Governor's budget includes the following:

- Restoring prevailing wage law for state and local projects of public works. This ensures that workers are not underpaid relative to other workers performing similar work in the area.

- Eliminating the so-called "right to work" law, which prohibited labor unions and employers from entering into private agreements regarding the use of unionized workers on a project. This change also permits employers to require union membership or affiliation and related dues.

- Permitting project labor agreements for public works projects.

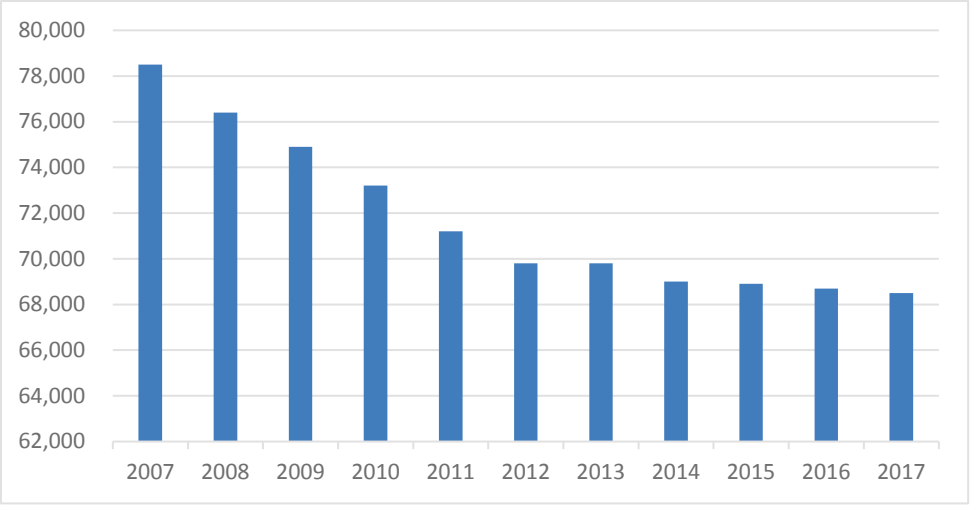
- Repealing preemption of local government ordinances regarding family and medical leave, wage claims, employee benefits, hours of work and overtime, and solicitation of prospective employees' salary histories.

E. AGRICULTURE, TOURISM AND ECONOMIC DEVELOPMENT

Agriculture

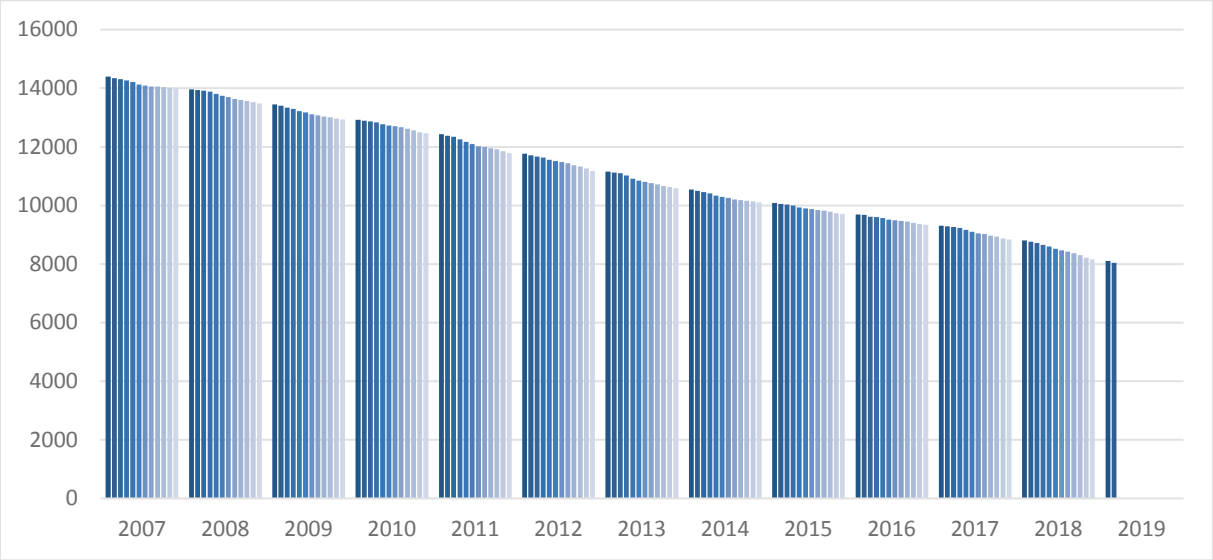
Wisconsin has a strong agricultural heritage. Yet, due to economic factors beyond their control, many farmers struggle to make ends meet. In some cases, practices that have been profitable for generations are no longer economically viable. As illustrated by the charts below, there is a crisis in farming.

CHART 25: TOTAL NUMBER OF FARM OPERATIONS IN WISCOSIN



Source: U.S. Department of Agriculture

CHART 26: NUMBER OF MONTHLY MILK COW HERDS, WISCONSIN, 2007 TO PRESENT



Source: U.S. Department of Agriculture

The Governor believes that Wisconsin's farmers want a hand up not a handout, and his budget provides opportunities for farmers to diversify and grow their operations. With a little help and some hard work, Wisconsin farming will continue to be a viable option for Wisconsin residents.

Growing niche markets like organic dairy and grass-fed beef offer farmers an opportunity to diversify their operations with potentially higher profit margin products. The Governor recommends reallocating $200,000 GPR annually from existing funds to provide local grazing grants through the Department of Agriculture, Trade and Consumer Protection. The grants would provide education and training to farmers about best practices related to grazing. The budget would also provide 1.0 FTE GPR position to serve as an organic and grazing specialist in the department to provide farmers with technical assistance in converting to organic operations.

After a more than 50-year hiatus, industrial hemp once again became a legal crop for Wisconsin farmers under an industrial hemp pilot project launched in 2018. The Department of Agriculture, Trade and Consumer Protection initially estimated that 100 farmers would apply for licenses to grow industrial hemp. Over 300 farmers applied for licenses in 2018 and many more have already applied in 2019. This surge in interest has led to delays in the processing of licenses and in conducting legally mandatory testing. The Governor recommends realigning 2.0 FTE PR positions currently in the department to the industrial hemp program. The proposal would also provide an additional 3.0 FTE GPR two-year project positions for the program and $300,000 GPR to purchase laboratory equipment necessary for the program's continued operation.

The Governor also recommends expanding existing programs that benefit farmers:

- Provide an additional $100,000 GPR in each fiscal year for the Buy Local, Buy Wisconsin grant program. The program provides grants to farmers to better market and distribute their food to local buyers and institutions.

- Provide $200,000 GPR in each fiscal year for the Farm to School grant program.

- Provide an additional $200,000 GPR in each fiscal year for grants to dairy processors. The grants are utilized by dairy processors to modernize and expand their operations. Provide a statutory language change to focus the grants on small processors.

- Provide $200,000 GPR in fiscal year 2019-20 for the Wisconsin Initiative for Dairy Exports. The program promotes dairy exports by running reverse trade missions, bringing in importers from South America and Asia to tour Wisconsin and allowing them to get to know our world-class dairy products.

- Help restore Wisconsin's commitment to our county partners by providing $1.4 million in each fiscal year to fund 100 percent of one county conservation position and 70 percent of a second county conservation position in all counties.

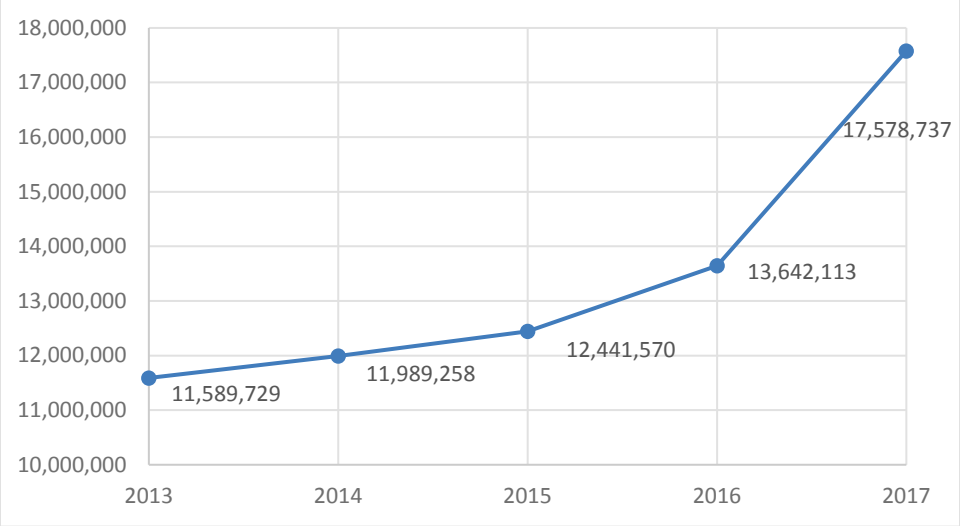
While the Governor's budget provides significant economic assistance to those in our critical agriculture sector, sometimes farmers and farm families feel overwhelmed by the stress of farming. The large number of farmer suicides that have occurred in recent years are an alarming problem. Overcoming the stigma related to mental health is hard for anybody, but the problem can be particularly acute in the farming community. The Governor believes that our state should do more to assist those in need, therefore the budget includes $100,000 GPR in each fiscal year to provide mental health assistance to farmers and farm families.

Tourism

During its three-decade existence, the Warren Knowles-Gaylord Nelson Stewardship Program, which sunsets in 2020, has been a popular way to preserve land for future generations. Over the years, the program has been renewed and amended multiple times, resulting in a jumble of earmarks and set asides. Additionally, the program has underspent its allotted bonding authority and currently has approximately two years' worth of unexpended authority. Prior to reauthorizing the program, the Governor believes that a wide range of stakeholders should be allowed to weigh in on the future of the program. Thus, his budget recommends utilizing unused bonding authority to extend the current Knowles-Nelson Stewardship Program for an additional two years. In conjunction with the budget, the Governor will create a blue-ribbon taskforce to review and make recommendations on the future funding and programmatic needs of the Knowles-Nelson Stewardship Program.

The Wisconsin state park system is renowned as one of the finest parks systems anywhere. As noted below, parks attendance is steadily increasing.

CHART 27: STATE PARK ATTENDANCE PER FISCAL YEAR



Source: U.S. Department of Agriculture

While the state parks system continues to set attendance records, funding has not kept up with demand. The Governor recommends providing an additional $1,431,200 SEG to the Department of Natural Resources in each fiscal year for parks operations costs. The funds would pay for additional LTE staff during peak operating times, provide additional supplies for park facilities and cover costs associated with additional electrified campsites.

In order to reduce the amount of time hunters, anglers and trappers spend filling out paperwork and streamline license renewal, allow the Department of Natural Resources to establish an automatic renewal option for hunting, fishing and trapping licenses.

The Kickapoo Valley Reserve is an 8,600-acre tract of public land in southwestern Wisconsin that provides outdoor recreational and educational opportunities for citizens of all ages. The forest in the reserve needs proper forest management practices to ensure that the reserve is available for generations to come. In the Governor's budget, the Kickapoo Reserve Management Board is provided with 1.0 FTE SEG position to hire a forester to properly manage the woodland acres of the reserve.

The Governor also recommends significant investments in the Department of Tourism to invest in this important sector of Wisconsin's economy. The budget proposes a new Office of Outdoor Recreation at the Department of Tourism, to enhance our state's outdoor economy through the promotion of outdoor activities and building partnerships with outdoor-related businesses. The budget provides $274,300 GPR in fiscal year 2019-20, $349,000 GPR in fiscal year 2020-21 and 3.0 FTE GPR positions for this effort.

The Governor also provides $374,200 GPR in fiscal year 2019-20, $415,800 GPR in fiscal year 2020-21 and 2.0 FTE GPR positions in the Department of Tourism to enable the department to increase its capacity to produce promotional videos in-house, which will increase efficiency, better align marketing campaigns and ultimately increase tourism in Wisconsin. Finally, the Governor invests in a robust marketing campaign led by the Department of Tourism, providing $4,080,000 GPR in fiscal year 2019-20, $1,106,700 GPR in fiscal year 2020-21 and 1.0 FTE GPR position to increase out-of-state marketing, showcase Wisconsin as a premier cultural and recreational destination, and attract tourists.

Economic Development – Broadband

The Governor understands that reliable access to broadband Internet service is crucial for many aspects of today's society, including connecting business and schools to the world, linking job seekers with employment opportunities and for the delivery of modern health care. For too many areas throughout the state, inadequate Internet access limits economic development as well as recreational, educational and work opportunities. While Wisconsin is benefiting from a significant amount of aid from the federal government to invest in broadband infrastructure, it takes time for telecommunication providers to make infrastructure improvements and there is no guarantee these investments will be made in the areas of the state most in need of assistance. The Wisconsin Broadband Office estimates that there will still be over 35,000 households in Wisconsin that will not have access to any or adequate broadband even after all current federal funds are fully deployed. In addition, these investments may not deliver Internet speeds that are necessary for most businesses and schools to run effectively.

The Governor's budget tackles these problems in several ways.

First, statewide broadband speed goals for the state will be set in statute for the first time. Currently, Wisconsin's programs are linked to federal standards, which only require rural broadband speeds of 10 megabits per second download and 1 megabit per second upload (10/1), which is a level of connectivity that is quickly becoming obsolete and is not sufficient for most businesses, schools and homes. The Governor is setting a more meaningful speed goal of 25 megabits per second download and 3 megabits per second upload (25/3 speed) for all Wisconsin homes and businesses by 2025. The budget further redefines when communities are "unserved" and "underserved" in terms of broadband access to be consistent with the new state speed goal, which is important as those definitions dictate which communities can qualify to apply for the Public Service Commission Broadband Expansion grants.

Second, the Governor's budget makes a historic investment in the Commision's Broadband Expansion Grant program. For the first time, GPR will be provided in addition to federal E-rate funds and Universal Service Fund funds, increasing total funding to $78.6 million over the biennium. This program provides grants to profit or nonprofit organizations and/or municipalities to help deliver broadband access to those parts of the state that are most in need of assistance.

Third, the budget recognizes there may be some communities where it does not make business sense for telecommunication companies to provide broadband service even with federal and state grants and incentives. In these cases, the budget reduces some of the additional requirements that make it difficult for municipalities to directly invest in broadband infrastructure for their communities.

Fourth, the Governor's budget extends the sunset on the Department of Administration's TEACH infrastructure grant program to the end of the 2019-21 biennium and provides $3 million per year in funding by repurposing TEACH funds that had been used to support grants to help teachers and libraries get up to speed on using technology as well as a small grant that had been used to develop on-line curriculum. The TEACH infrastructure grants will continue to be focused on rural schools and libraries.

Fifth, the Governor commits to making affordable Internet accessible to those who need it most. The Public Service Commission has developed a tool called the Internet Discount Finder that is available to everyone in the state. In addition, the Governor's budget creates a new program that is aimed at helping the state's most economically disadvantaged people afford access. The budget includes $5.3 million of Temporary Assistance for Needy Families (TANF) funds per year to help families in the Wisconsin Works program access affordable Internet, similar to the current Lifeline program at Public Service Commission that helps low-income individuals afford telephone service. On behalf of these families, the Department of Children and Families will work with W-2 agencies to reimburse the appropriate Internet service providers on a monthly basis. Having access to the Internet is another way to help families find and keep employment and allow the children do their homework and improve their own opportunities for success in the classroom.

By investing $95.2 million during the biennium in the Broadband Expansion Grant Program, the TEACH program and the W-2 Internet access program, the Governor's budget more than doubles the previous biennium's investment of $41.5 million. Providing reliable access to the Internet is a key focus for the Governor because, without it, rural communities, farms, businesses and students across the state will always be at a disadvantage.

TABLE 7: BROADBAND

	FY 2020			FY 2021			2019-21 Biennium		
Program	**GPR**	**Non-GPR**	**All Funds**	**GPR**	**Non-GPR**	**All Funds**	**GPR**	**Non-GPR**	**All Funds**
Funding for PSC Broadband Expansion Grant Program	**$30,400,000**	**$8,900,000**	**$39,300,000**	**$20,000,000**	**$19,300,000**	**$39,300,000**	**$50,400,000**	**$28,200,000**	**$78,600,000**
TEACH Infrastructure Grants		**$3,000,000**	**$3,000,000**		**$3,000,000**	**$3,000,000**		**$6,000,000**	**$6,000,000**
TANF for W-2 Internet Access		**$5,300,000**	**$5,300,000**		**$5,300,000**	**$5,300,000**		**$10,600,000**	**$10,600,000**
Total	**$30,400,000**	**$17,200,000**	**$47,600,000**	**$20,000,000**	**$27,600,000**	**$47,600,000**	**$50,400,000**	**$44,800,000**	**$95,200,000**

F. TRANSPORTATION

A New Approach to Transportation Financing

A transportation system that serves and supports Wisconsin's growing economy is an absolute necessity. While prior budgets left the state lacking resources to address our transportation needs and relied heavily on bonding in absence of sufficient resources, the Governor recommends establishing a sustainable funding and expenditure path for the state. Consequently, the Governor recommends both substantial new revenues and critical new investments that will benefit residents throughout Wisconsin. The investments made under the Governor's recommendations for highways, rails and harbors, and transit will safeguard Wisconsinites ability to travel to work, send manufacturing and agricultural products around the globe, and travel over improved roads throughout the state.

The $6.6 billion of investment made in this budget to transportation needs is larger than ever before while authorizing the lowest amount of new bonding for highway purposes in the last two decades. Further, the Governor ends the transfer of general purpose revenue to the Transportation Fund for the first time in nine years.

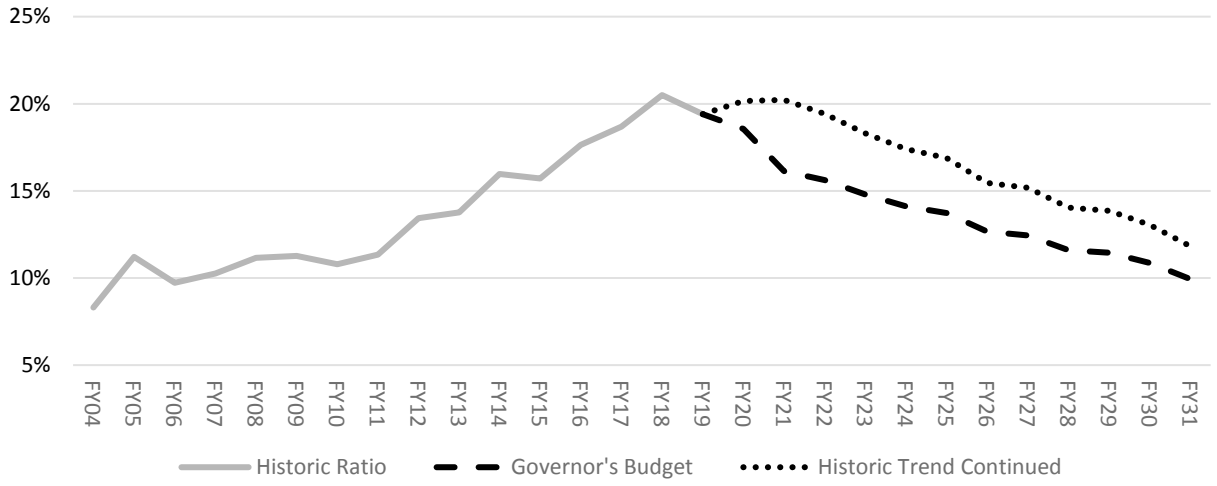
CHART 28: HIGHWAY BONDING BIENNIAL TOTALS 2001-2021



This is accomplished by raising the motor fuel tax, heavy vehicle registration fees and title fees, and activating the hybrid vehicle surcharge fee. Wisconsin drivers will see no increase in the annual registration fee which will remain among the lowest in the country. The cost on average for Wisconsin drivers will be $3 a month which will be diminished by repealing the state's minimum markup law. Repealing this hidden tax will save Wisconsinites as much as 14 cents per gallon at the pump at today's gas prices.

In addition, by establishing a sustainable revenue stream for our transportation needs, the Governor's proposals will reduce the need for future borrowing as well. This combination of responsible action to pay for our costs today, and create ongoing revenues for our ongoing needs, will drive down the share of transportation revenues that are consumed solely to pay debt. The Governor's transportation budget reverses years of neglectful short-sighted budgeting that left fewer dollars available for current spending needs due to the growth of debt payments and stagnant revenues.

CHART 29: DEBT SERVICE PAYMENTS TO TRANSPORTATION FUND REVENUE RATIO



Revenue Changes

To set the state's transportation system on a new path to improved roads across our state, the Governor recommends:

- Raising the Motor Fuel Tax by 8 cents per gallon and eliminating the minimum markup on motor fuel, raising $485 million while minimizing the impact of this increase on consumers.
- Restarting indexing the Motor Fuel Tax to the consumer price index starting April 1, 2020 raising $42 million over the biennium.
- Increasing Heavy Truck Registration Fees by 27 percent, raising $36 million over the biennium.
- Increasing the title fee on original or transfer vehicle titles, raising $36 million over the biennium.
- Collecting the Hybrid Vehicle fee, raising $9.7 million over the biennium.
- Eliminating the 0.25 percent general fund tax transfer to the Transportation Fund.

New Investments

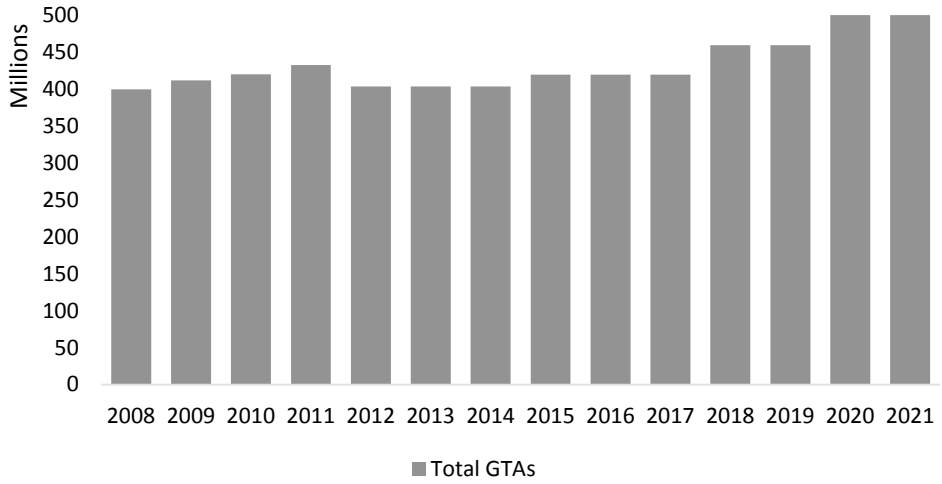
The budget allocates $320.0 million in additional funding to the state highway rehabilitation program, the most far reaching and comprehensive highway building and resurfacing program in the state. By raising our investment in the state highway rehabilitation program to $1.9 billion for the 2019-21 biennium, this program will reach every region in the state and the additional funding will cover needs that have grown after years of no appreciable program funding increases.

This budget also provides a historic $22 million increase over the next two calendar years for the state's 81 transit systems which provide over 75 million rides annually. Elderly and Disabled Transportation Aids are increased $6 million over the biennium.

The budget also ensures that vital corridors in and out of Milwaukee are enhanced. This budget finishes the entirety of the Zoo Interchange project as it was designed and enumerates the expansion of I-43 from two lanes to three in each direction in Milwaukee and Ozaukee counties.

The Governor recognizes that not all roads are state roads and this budget increases general transportation aids payments to the highest level they have ever been for counties, cities, villages and towns.

CHART 30: TOTAL GENERAL TRANSPORATION AIDS BY CALENDAR YEAR



Coupled with increases to the Local Road Improvement Program, state support of local road projects will be sustained and robust. By targeting increases to General Transportation Aids, the Governor recognizes the importance of giving local leaders the flexibility to make the right choices for their local road infrastructure needs.

The Governor recommends the following increases to local aid and assistance programs:

- $1.9 million over the biennium for the Local Road Improvement Program.
- $3 million in each year of the biennium for senior and individuals with disabilities specialized transportation aids.
- $1 million in each year of the biennium for airports to implement Next Generation Air Traffic Control Systems.
- A 10 percent increase in General Transit Aids for a total of $11 million annually.
- $30 million in bonding for freight railroad preservation.
- $52 million in total support for the Harbor Assistance Program.
- $45 million in support of improved passenger rail service between Milwaukee and Chicago.

G. TAX FAIRNESS

Tax Fairness

The Governor's 2019-21 biennial budget provides nearly $1 billion in tax relief for individuals and families in Wisconsin's working and middle classes. Individuals with incomes below $100,000 and families with incomes below $150,000, fully 84 percent of Wisconsin tax filers, will see significant and sustainable tax relief over the next two years.

To create a fairer Wisconsin tax code, the Governor also recommends limiting special tax benefits for a small group of higher income earners. These prudent changes will make Wisconsin's tax system more equitable by making sure higher earners currently benefiting from special preferences pay their fair share while also providing ongoing support for meaningful tax relief for hardworking families.

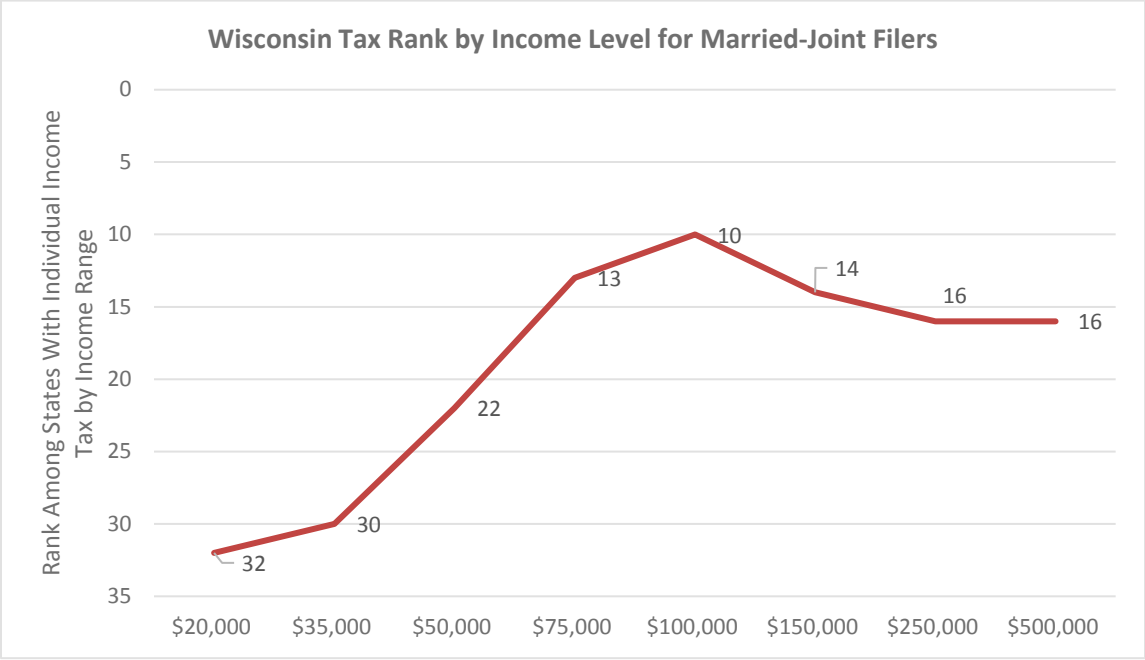
Tax Relief for the Middle Class

The Governor recommends creating the Family and Individual Reinvestment (FAIR) credit to provide a 10 percent cut in individual income taxes for most middle-class filers. Individuals with incomes below $80,000 and married-joint filers with incomes below $125,000 will receive a nonrefundable credit equal to 10 percent of their remaining net tax liability or $100, whichever is greater. The credit phases out gradually for individuals between $80,000 and $100,000 in adjusted gross income and for married-joint filers between $125,000 and $150,000 in adjusted gross income.

The FAIR credit provides over $400 million in total income tax relief annually to the middle class with $421.5 million in fiscal year 2019-20 and $412.0 million in fiscal year 2020-21. Approximately 1.9 million Wisconsin individual income tax filers will receive relief under the FAIR credit in each year, or over 80 percent of Wisconsin individual income taxpayers who currently have a net tax liability. The average recipient of the FAIR credit will see a $217 annual reduction in their individual income taxes. The median family of four will receive an annual tax cut of over $500 under the FAIR credit, or over $1,000 over the biennium.

Providing income tax relief for middle income Wisconsin filers is vital to the state's competitiveness as a place to work and raise a family, but it is also a question of fairness. Currently, Wisconsin's middle-income filers are comparatively the most-heavily taxed income group in the state when comparing income tax burdens across states for different income levels. The chart below shows the results of the "Comparison of Individual Income Tax Burdens by State" from the Minnesota Center for Fiscal Excellence published in 2017 examining 2014 state income tax codes.

CHART 31: WISCONSIN MIDDLE CLASS TAXES HIGHEST AMONG INCOME GROUPS



Source: Department of Administration calculations based on the 2017 edition of the "Comparison of Individual Income Tax Burdens by State" from the Minnesota Center for Fiscal Excellence.

In addition to the broad-based relief under the FAIR credit, the Governor recommends providing targeted relief for working families with children as well as seniors and low-income property taxpayers.

For working families with one or two children, the Governor also recommends increasing the Wisconsin Earned Income Tax Credit (EITC) as a percentage of the federal credit to bring Wisconsin's EITC more in line with other states' credits. Beginning with tax year 2019, the Governor's budget will increase the percentage of the federal credit that filers with one dependent child may claim from 4 percent to 11 percent. For filers with two children, the rate will increase from 11 percent to 14 percent, restoring the cut made in the 2011-13 biennium that increased taxes on hardworking families with children. These increases in the proven EITC program will encourage work while providing needed relief to low and moderate income families with children. Under the Governor's budget, nearly 200,000 filers with children will receive $26.4 million in fiscal year 2019-20 and $26.7 million in fiscal year 2020-21.

CHART 32: AVERAGE REDUCTION IN CURRENT TAX LIABILITIES UNDER FAIR CREDIT-TAX YEAR 2020

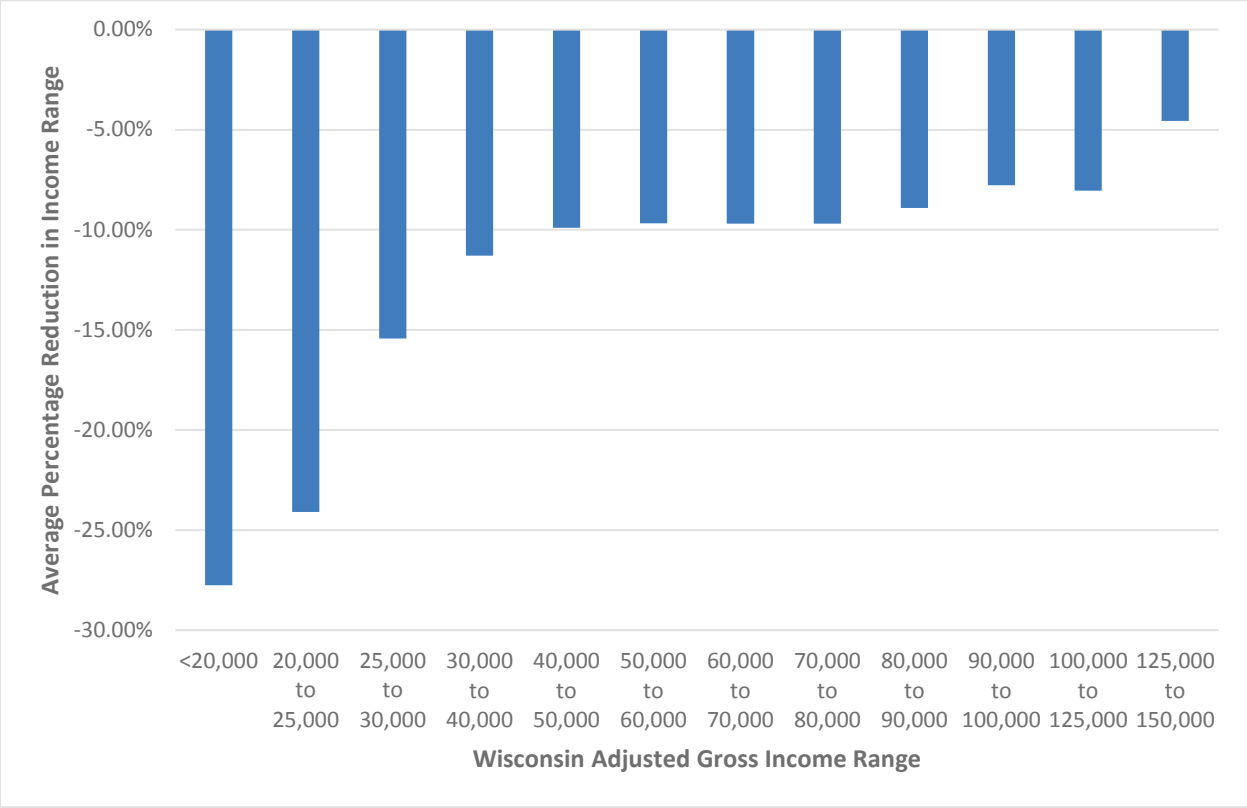
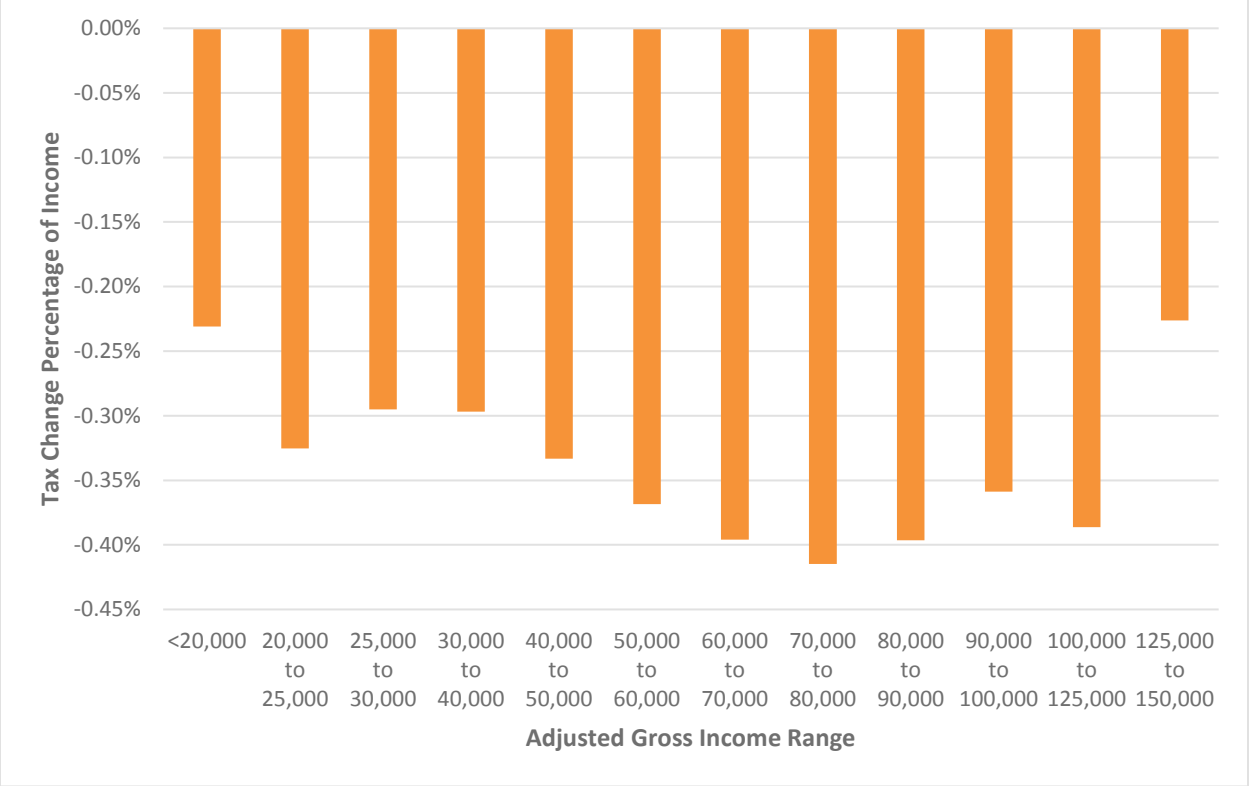


CHART 33: TAX REDUCTION AS A PERCENTAGE OF INCOME UNDER FAIR CREDIT-TAX YEAR 2020

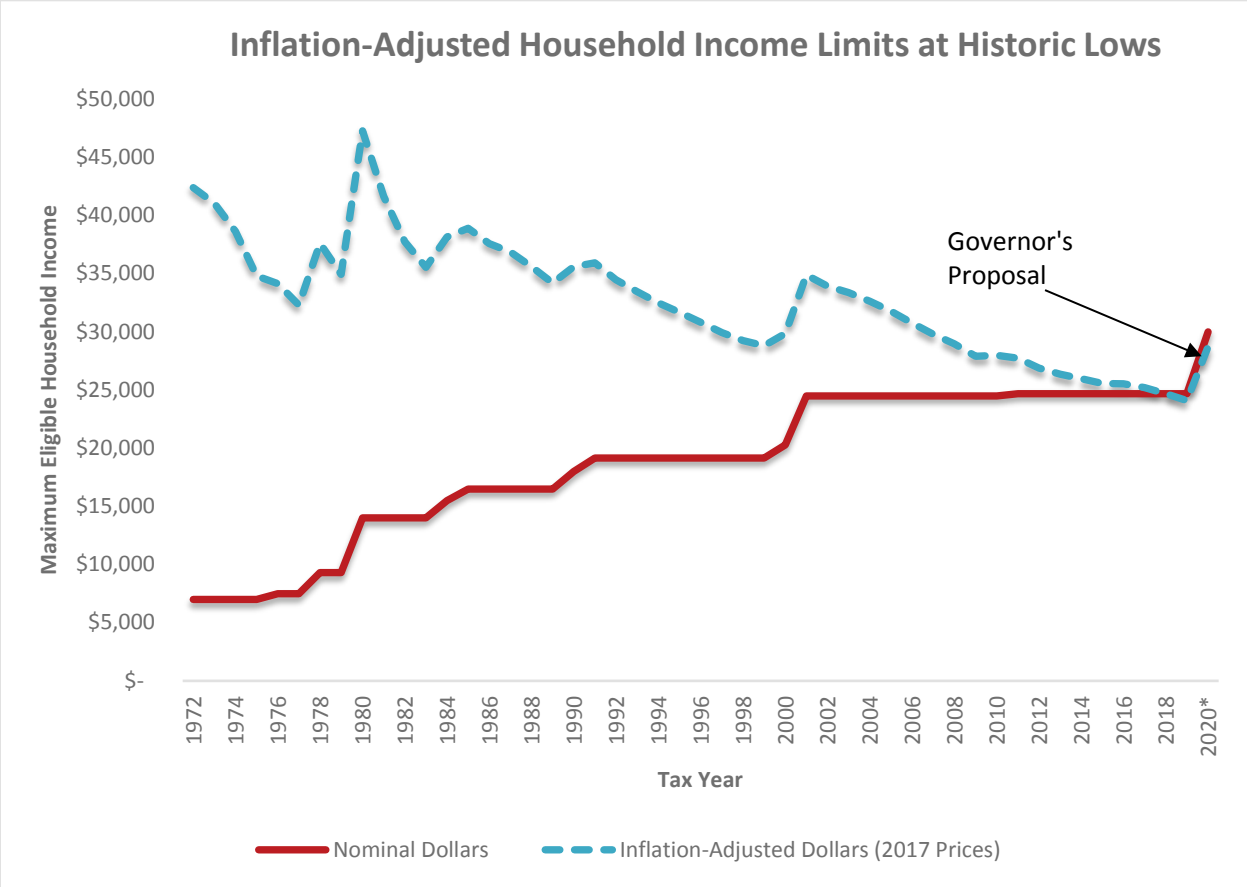


Source: Department of Administration calculations based on Department of Revenue data.

The Governor also recommends enhancing the Homestead Credit to provide increased relief to lower-income Wisconsinites to meet their property tax and rent burdens. First, the Governor's budget will restore indexing for the credit beginning with tax year 2020, which is vital for those on fixed income streams such as Social Security or disability payments. For those taxpayers, restoring indexing will prevent the credit from losing value to inflation. Second, the Governor's budget will increase the maximum eligible household income under the program to $30,000 in tax year 2020 in order to extend property tax and rent relief to a large segment of Wisconsinites who have lost that relief due to inflationary pressures over the past two decades.

Increasing the Homestead Credit's maximum income to $30,000 would restore the credit's eligibility to the lower end of where it has been historically since the credit's creation. This proposal would restore the income limits to approximately where they were in 2007, which was already at the lower end of the credit's historical parameters. This move would expand the Homestead Credit to approximately 160,000 new filers while enhancing the credit for over 100,000 current claimants as well, providing a total of $38.9 million in relief in fiscal year 2020-21 to those taxpayers. In total, 277,000 Wisconsin taxpayers are expected to benefit from the proposal.

CHART 34: REVITALIZING THE HOMESTEAD CREDIT TO AID WISCONSIN PROPERTY TAXPAYERS



Source: Department of Administration calculations based on Department of Revenue data.

Since the Homestead Credit is currently limited to seniors, those with disabilities and those with earned income due to changes implemented in the previous biennial budget, expanding the Homestead Credit's income eligibility provides tax relief exclusively to those on fixed incomes or low-income working households, helping seniors and the disabled stay in their homes and improving housing affordability for low-income working households.

To assist families struggling with the cost of child care, the Governor recommends creating a new nonrefundable child and dependent care credit, beginning in tax year 2020, that is equal to 50 percent of the same credit available at the federal level. As this is a substantially more generous benefit than the current law subtraction to adjusted gross income available for qualifying child and dependent care expenses, the Governor recommends repealing that subtraction in the same year. The net benefit to claimants by receiving the credit instead of the subtraction is nearly $10 million annually beginning in fiscal year 2020-21 and will benefit approximately 110,000 taxpayers.

The Governor also recommends modifying the automatic individual income tax rate reductions set to take effect beginning in tax year 2019 related to increased sales and use tax collections from remote Internet sellers as a result of a U.S. Supreme Court decision. The current law rate reductions on the individual income tax skew disproportionately toward higher-income taxpayers with $10 million of the estimated $60 million annual reduction going toward taxpayers earning more than $1 million in annual adjusted gross income. Only approximately half of the cuts would go to taxpayers making less than $150,000 a year, even though such taxpayers are the vast majority of Wisconsinites. The purpose of this automatic rate cut was to avoid having increased sales tax collections from Internet sales cause a net tax increase for

ordinary Wisconsinites. However, as currently structured, the regressive nature of sales tax collections is not being offset by an equitable income tax reduction. The Governor's recommendation would focus all of the rate reductions on the lowest individual income tax rate, providing a more uniform benefit across income classes and more closely matching the incidence of sales taxes.

Housing affordability is a key issue across the country and even in Wisconsin. To aid first-time homebuyers, the Governor recommends creating state tax-advantaged first-time homebuyer savings accounts starting in 2020. The provision would allow an individual to subtract up to $5,000 in annual contributions to such accounts from their Wisconsin adjusted gross income. Married-joint filers could subtract up to $10,000 in contributions annually. Earnings accumulating on the accounts would also accrue free of Wisconsin income taxes. This provision will help provide an incentive for prospective Wisconsin homeowners to build savings for a down payment and eligible closing costs. First-time homebuyers are expected to save $4.1 million in individual income taxes in fiscal year 2020-21 as a result of these tax-advantaged accounts.

To help self-employed individuals better afford health insurance, the Governor recommends correcting an error in current Wisconsin law that limits the amount of medical care insurance premiums that may be subtracted from Wisconsin adjusted gross income to an individual's self-employment income. For hardworking self-employed individuals who work another job while they are getting their business up and running, this limitation artificially increases their taxable income. Correcting this error in Wisconsin law to allow self-employed individuals to subtract medical care insurance premiums from their total income will provide meaningful tax savings to these entrepreneurs. Self-employed Wisconsinites will save $9.5 million annually beginning in fiscal year 2020-21 as a result of this proposal.

The Governor also recommends increasing the refundable share of the research credit from 10 percent under current law to 20 percent beginning in tax year 2020. This increase will provide an incentive for critical research and development spending by Wisconsin businesses that will improve their competitiveness and help develop new products. Refundability of the research credit is important because many of the most innovative start-up companies do not have tax liability to offset with a nonrefundable credit. Providing enhanced refundability therefore gives new firms a meaningful incentive to conduct research in Wisconsin. This change will provide $2.25 million in fiscal year 2020-21 to such businesses and $9 million annually beginning in fiscal year 2021-22.

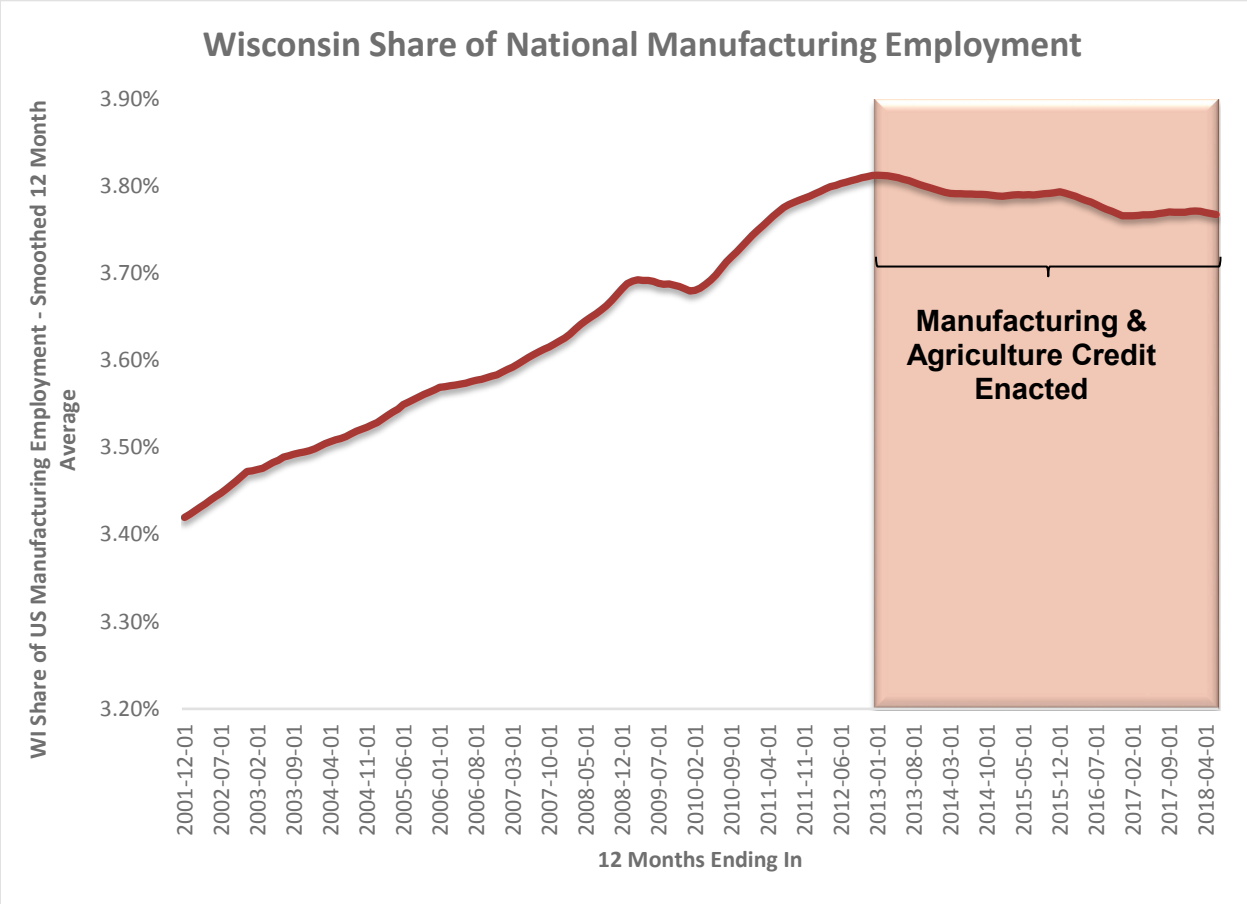
Creating a Fairer Tax Code

Part of creating a fairer tax code is to reduce costly and ineffective tax expenditures that create disparities in Wisconsin's tax structure while sapping state resources. Sound fiscal management requires governments to continually evaluate what works and what does not in programs generally, including in the tax system.

In Wisconsin's tax code, the Manufacturing and Agriculture Credit in particular has failed to provide the benefits promised at the time of its creation in 2013 while its costs have soared. When the credit was first created in the 2011-13 biennial budget, the fully phased-in fiscal effect was projected to be only $128.7 million by fiscal year 2016-17. The actual amount grew to $257 million by that year and is projected to grow still further to well over $300 million annually by fiscal year 2019-20.

Meanwhile, the credit has failed to demonstrate meaningful success at increasing Wisconsin's share of national manufacturing employment. The following chart demonstrates that in fact the period for which the credit has been effective has been a period in which Wisconsin's share of national manufacturing employment has stagnated after years of increases.

CHART 35: MANUFACTURING AND AGRICULTURE CREDIT INEFFECTIVE AT INCREASING MANUFACTURING EMPLOYMENT



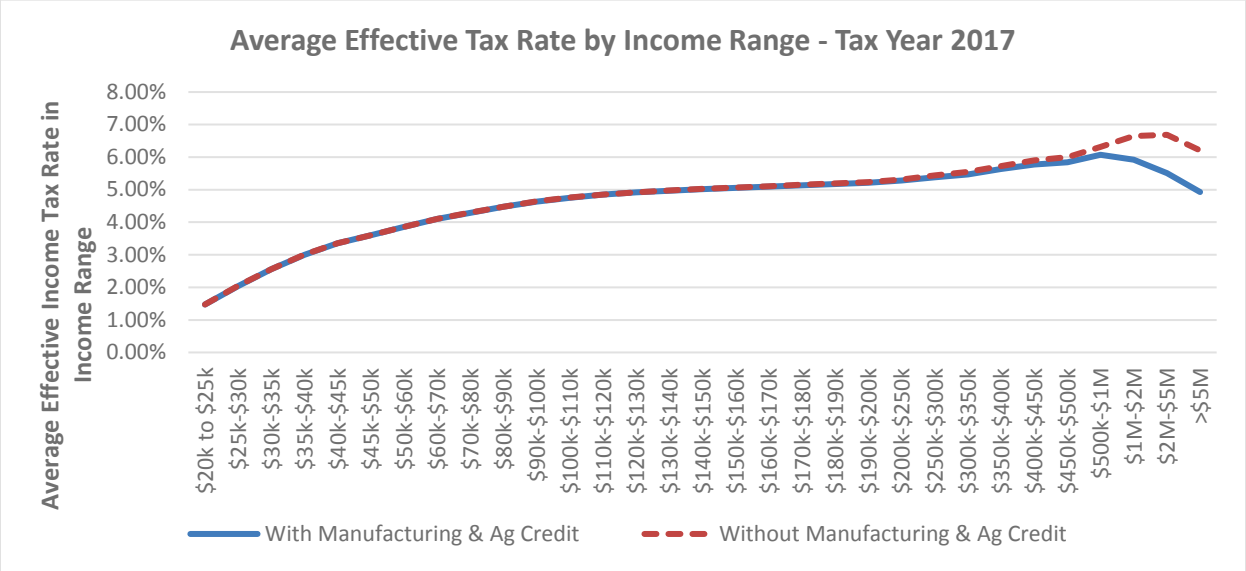
Source: Bureau of Labor Statistics, Quarterly Census of Employment & Wages

In raw terms, manufacturing employment gains in Wisconsin have been slower in the five full years after implementation than in the three years preceding it. Between January 2010 and January 2013, Wisconsin manufacturers created 33,000 jobs. In the five years between January 2013 and January 2018, Wisconsin manufacturers created only 17,000 jobs. Wisconsin's stagnant share of national manufacturing employment in that time demonstrates that the Manufacturing and Agriculture Credit has been ineffective at its stated goal of spurring manufacturing job creation in this state. Considering that the credit costs the state approximately 2 percent of its total general fund tax revenues annually, it is time to reevaluate this costly tax expenditure.

What the credit has done, however, is provide extraordinarily large tax benefits to a narrow sliver of Wisconsin taxpayers. In tax year 2017, a mere 6,230 taxpayers, less than 0.3 percent of all individual income tax filers with a net tax liability, claimed the manufacturing portion of the credit for a total of $209.8 million in utilized credits, approximately $33,700 per claimant. Eighty-one percent of the aggregate dollar claim went to taxpayers with adjusted gross incomes in excess of $1 million and approximately half of that was to taxpayers with adjusted gross incomes in excess of $5 million.

The result of this is that Wisconsin taxpayers with adjusted gross incomes over $5 million pay a lower effective rate than many middle-class filers do. In 2017, the average effective rate for filers with incomes over $5 million was just under 5 percent, lower than filers with incomes between $130,000 and $140,000 a year.

CHART 36: CREDITS FOR MILLIONAIRES DRIVE INEQUITY IN TAX SYSTEM



Source: Department of Revenue Aggregate Statistics, Tax Year 2017

Because this massive tax expenditure has been generally ineffective at its stated purpose of increasing Wisconsin manufacturing employment while also driving inequities in our income tax structure, the Governor recommends limiting, not eliminating, the manufacturing portion of the credit to only apply to the first $300,000 in qualified production activities income for each firm qualifying for the credit. This will raise $279.5 million in fiscal year 2019-20 and $237.1 million in fiscal year 2020-21, paying for approximately half of the middle-class relief included in the Governor's recommended tax cuts. The agricultural portion of the credit will remain as it is under current law.

Manufacturing has been and continues to be a vital part of Wisconsin's economy. This credit, however, has shown little track record of growing Wisconsin's manufacturing employment or output. The Governor is committed to providing a healthy environment for manufacturers with an educated workforce, improved transportation infrastructure and targeted incentives for true growth and development as opposed to a simple tax break on large profits.

Another expensive tax break that has benefits skewing toward a relatively small share of the overall taxpayer population is Wisconsin's 30 percent exclusion for long-term capital gains realizations. That tax expenditure provides a preferential rate for disproportionately high-income earners' income derived from capital asset sales, which tend to be corporate equity holdings. For very high-income Wisconsin taxpayers subject to the highest tax bracket, instead of facing the ordinary 7.65 percent marginal rate that applies to wage and salary income, investment gains qualifying for the capital gains exclusion have an effective preferential rate of 5.355 percent. This effectively means that middle class workers who receive a raise face a higher marginal rate on their hard-earned wages and salaries than do wealthy investors on their stock sales.

To improve equity between different forms of income, the Governor recommends limiting the current 30 percent long-term capital gains exclusion to those taxpayers with adjusted gross incomes below $100,000 for individuals and $150,000 for married-joint filers. This preserves the exclusion for 81 percent of those currently claiming the exclusion on their Wisconsin income tax returns, helping ordinary retirees and small investors. Wealthier investors would simply pay the same tax rate on their capital gains that they would on wages and salaries. That is a fairer tax system for all Wisconsinites. The Governor's proposal would also retain specific capital gains incentives for investments in Wisconsin businesses as well as retaining the current law 60 percent exclusion for capital gains derived from farm assets. The limits to the

30 percent long-term capital gains exclusion will raise an estimated $285.1 million in fiscal year 2019-20 and $220.0 million in fiscal year 2020-21.

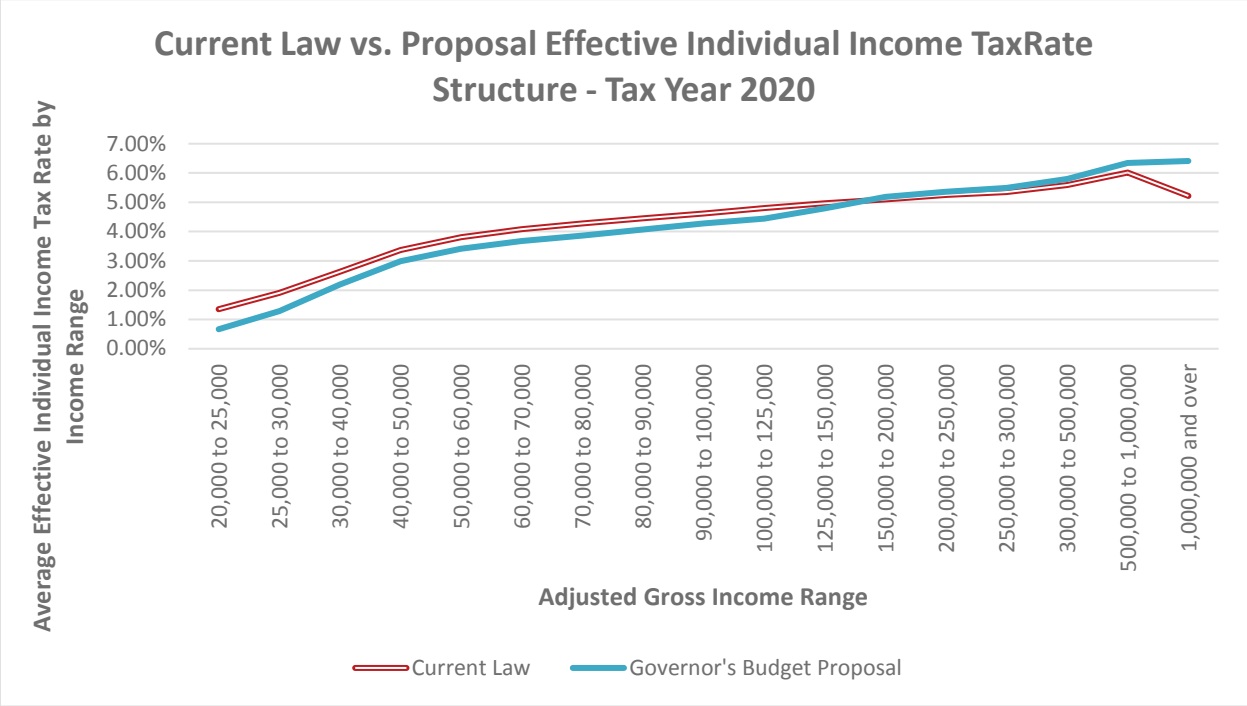
The Governor recommends reversing the change in broadcaster apportionment in the prior biennial budget that provided a large and unnecessary tax break to out-of-state broadcasting firms. Previously, broadcasters had to apportion their taxable income to Wisconsin based on audience share. The prior budget changed this provision to instead base the apportionment on the corporate headquarters locations of advertisers, which apportions a far lower share of their taxable income to Wisconsin. Wisconsin's corporate income and franchise tax generally applies the principle that businesses should apportion taxable income to Wisconsin on the basis of the share of sales derived from Wisconsin. Since broadcasters' audiences are how they derive their revenues, it is appropriate to return to prior law. This provision will raise an estimated $16.2 million in fiscal year 2019-20 and $13.3 million in fiscal year 2020-21.

To promote fairness in the tax code for businesses operating in this state, the Governor recommends eliminating the ability of businesses to claim deductions for moving expenses when they move out of Wisconsin to another state or out of the United States. This provision is expected to raise $500,000 annually.

The Governor also recommends eliminating the deduction for private school tuition for primary and secondary education. This is a deduction that did not have a public hearing and was added late in the 2013-15 biennial budget. This elimination will raise $12.1 million in fiscal year 2019-20 and $12.2 million in fiscal year 2020-21.

Together, these provisions cover the ongoing costs of the middle-class tax cuts proposed in this biennial budget while also creating a fairer tax code where income from different sources is treated more uniformly than under current law. By tax year 2020, almost 2.2 million taxpayers will enjoy approximately $500 million in sustainable and ongoing income tax relief under the Governor's proposals. The result will be a more progressive tax system that rewards work and improves the quality of life for the state's residents.

CHART 37: A FAIRER INDIVIDUAL INCOME TAX



Source: Department of Revenue Simulation of the Governor's Tax Proposals

Finally, the Governor recommends conforming Wisconsin's tax base with provisions of the federal tax code. The largest current divergences from federal law result from provisions of the 2017 Tax Cuts & Jobs Act not yet adopted for Wisconsin purposes. Numerous states that automatically conform to federal law have enjoyed increased tax collections resulting from a larger tax base that they have been able to deploy for other purposes. The Governor's proposal would adopt most of the remaining provisions of the Tax Cuts & Jobs Act, except for accelerated depreciation provisions, as well other smaller items from legislation passed in 2018. Together, these provisions will raise $187.9 million in fiscal year 2019-20 and $174.5 million in fiscal year 2020-21. As part of federal conformity efforts, the Governor also recommends repealing the net operating loss carryback provision under current law because the equivalent provision was repealed under the Tax Cuts & Jobs Act. The repeal of net operating loss carrybacks will raise $2.0 million in fiscal year 2019-20 and $4.1 million in fiscal year 2020-21.

Tax Equity – Collecting More of the Taxes Already Owed

In addition to improving the equity of Wisconsin's tax structure by providing tax relief to Wisconsin's working families and diminishing preferences given to certain types of income, the Governor is committed to improved equity by collecting more of the taxes already owed to the state. Collecting more of the taxes already owed means that those who pay their taxes will not be subject to even higher taxes because others, whether by accident, lack of information, or any other reason fail to pay what they already owe. To further the ability of Wisconsin to enforce its tax laws and ensure all parties pay their fair share, the Governor recommends providing the Department of Revenue with 24.0 FTE audit related positions and 12.0 FTE compliance related positions to enhance corporate income, individual income and sales tax collections. These positions will identify additional amounts owed to Wisconsin by entities with nexus to the state and improve collection of known delinquent taxes. These positions are expected to collect $11,200,000 in fiscal year 2019-20 and $25,200,000 in fiscal year 2020-21.

In addition, the Governor recommends a state law change to explicitly require internet marketplace providers to collect and remit sales and use tax on taxable sales that they facilitate on their Web sites on behalf of third parties. This provision will improve equity between all retailers. While "brick and mortar" stores with physical locations here have long been partners with the state in collecting and remitting sales taxes, changes are now necessary to ensure that sales taxes are collected and remitted by Internet marketplaces for the taxable transactions of third parties that they are enabling through their on-line Web sites. This provision is expected to increase collection of taxes already owed to the state by $26,800,000 in fiscal year 2019-20 and $67,100,000 in fiscal year 2020-21.

Tax Equity – Fair Treatment of Substitutes

E-cigarettes have risen as a popular product among tobacco users as they offer users a less expensive alternative to taxed tobacco products. Many users have made a total or partial transition to the new products. The Department of Health Services found that, in 2018, 20 percent of Wisconsin high school students were using e-cigarettes. Since e-cigarettes are being used as a substitute for cigarettes and other tobacco products, e-cigarettes and related products should be subject to similar excise taxes. Consequently, the Governor recommends imposing on all e-cigarette and vapor products the existing tobacco products tax rate of 71 percent of the manufacturer's list price. This change will provide equal tax treatment to these items as other tobacco products and generate $34.7 million in tax revenue during the biennium.

A similar situation exists between regular cigarettes and products that are sold as "little cigars" or "brown cigarettes." Little cigars and brown cigarettes are very similar to ordinary cigarettes – having a similar filter and package size but with a slightly different wrapper. These products currently sell for substantially lower retail prices as these products are outside of the current law definition of "cigarette." Since these products are basically the same as regular cigarettes, these products should be taxed in a similar manner. Consequently, the Governor recommends taxing little cigars and/or brown cigarettes as regular cigarettes. This change is expected to be generate additional tax revenue of $2,900,000 in fiscal year 2019-20 and $3,900,000 in fiscal year 2020-21.

Local Government and Property Taxes

For counties and municipalities, the Governor recommends enhancing local control and providing for greater equity between high-growth and low-growth areas by reinstituting a 2 percent minimum growth factor for county and municipal levy limits. The current law provisions limiting growth only to net new construction works fine for some communities that have seen a great deal of new construction giving those governments additional levy capacity, but not as well for large swaths of the state that have realized little or no growth. Of 1,852 municipalities in the 2018/19 property tax year, 1,026 (55 percent) had less than 1 percent growth due to net new construction and 1,583 had less than 2 percent. Those communities still have to cope with inflationary pressures on supplies, services and labor and current county and municipal levy limits have not allowed local governments to fund services at the same inflation-adjusted levels. Providing the same 2 percent minimum growth factor that existed when county and municipal levy limits were first created will restore fairness to property tax controls and empower our local elected officials to meet the needs of our citizens.

To further benefit Wisconsinites, the Governor recommends increasing the funding for the County and Municipal Aid Program by 2 percent starting in 2020. This action will provide each county and municipality a 2 percent increase over the amounts received in 2019. Because County and Municipal Aid has been reduced both in real and nominal dollars for years, localities have needed to either increase property taxes if the tight and uneven levy limits permitted, or in the many localities with little new construction growth, likely reduce services. In either situation, our citizens have not been served well. By finally growing this segment of local revenue, counties and municipalities will be better able to address the needs of their residents.

The Governor also recommends removing the levy limit negative adjustment for fees for certain municipal services. User fees are an appropriate way for local governments to match payments for certain services with the beneficiaries of the services. Decisions of how to finance local government between user fees and property taxes should be a local decision and not set at the state level.

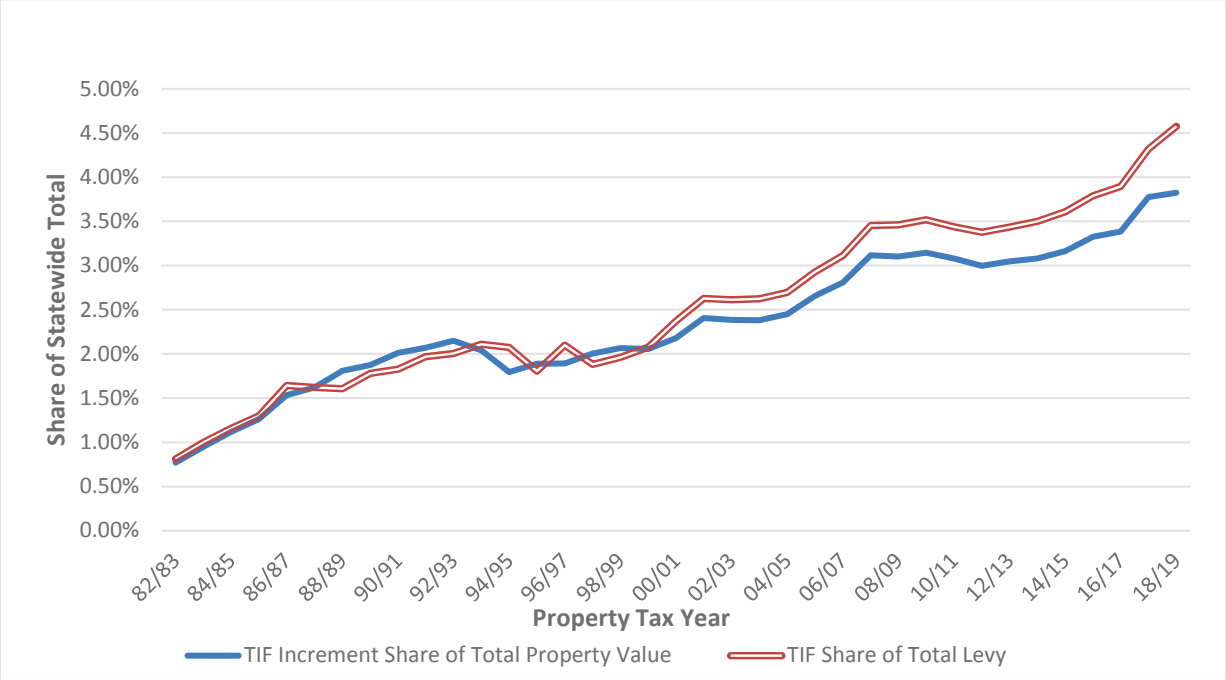
Encouraging cooperation between local governments is an important way to save taxpayers money through the more efficient provision of public services. To assist in these efforts, the Governor recommends allowing municipal governments a levy limit adjustment for shared emergency dispatch centers and modifying the expenditure restraint program to allow municipalities to expend those amounts necessary to operate these consolidated services. The Governor also recommends creating a new levy limit exclusion for new or expanded transit services if those services cross municipal or county boundaries. This exclusion may not be used for any existing services and any amounts claimed must be subject to an intergovernmental cooperation agreement and be approved via referendum by each political subdivision party to the agreement. These provisions on shared services strike the appropriate balance between flexibility for local governments while protecting taxpayers.

The Governor also recommends provisions to help protect the local property tax base in order to ensure that homeowners are treated fairly compared to developers and commercial landlords. First, the Governor recommends adopting two bipartisan pieces of legislation proposed last session that were aimed at closing the "dark store" loophole in property tax assessments. The legislation, 2017 Assembly Bills 386 and 387 would have ensured that leased property would be assessed not against abandoned or vacant properties, but against sales of truly comparable properties in the same market segment while also requiring that lease provisions and actual rents pertaining to a property are incorporated into its assessed value. These are common sense reforms that have garnered broad bipartisan support. The inclusion of these provisions will protect the property tax base for Wisconsinites all around the state, ensuring fairness for homeowners and that every property owner pays their fair share in taxes.

Preserving the tax base means also evaluating the state's tax incremental finance (TIF) policies. Usage of TIF has been steadily growing in recent years with the share of statewide property value being captured as TIF value increment. As of the most recent data for the 2018/19 property tax year, value increment has grown to nearly 4 percent of total equalized value. To put that number in perspective, if all current TIF value increment were to be returned to the ordinary property tax base, the statewide median

value homeowner would see a reduction in their property tax bill of around $120. The effect on the ordinary property tax base is even more considerable in municipalities that more aggressively utilize TIF as a development tool.

CHART 38: TIF'S GROWING IMPACT ON PROPERTY TAXES OVER TIME

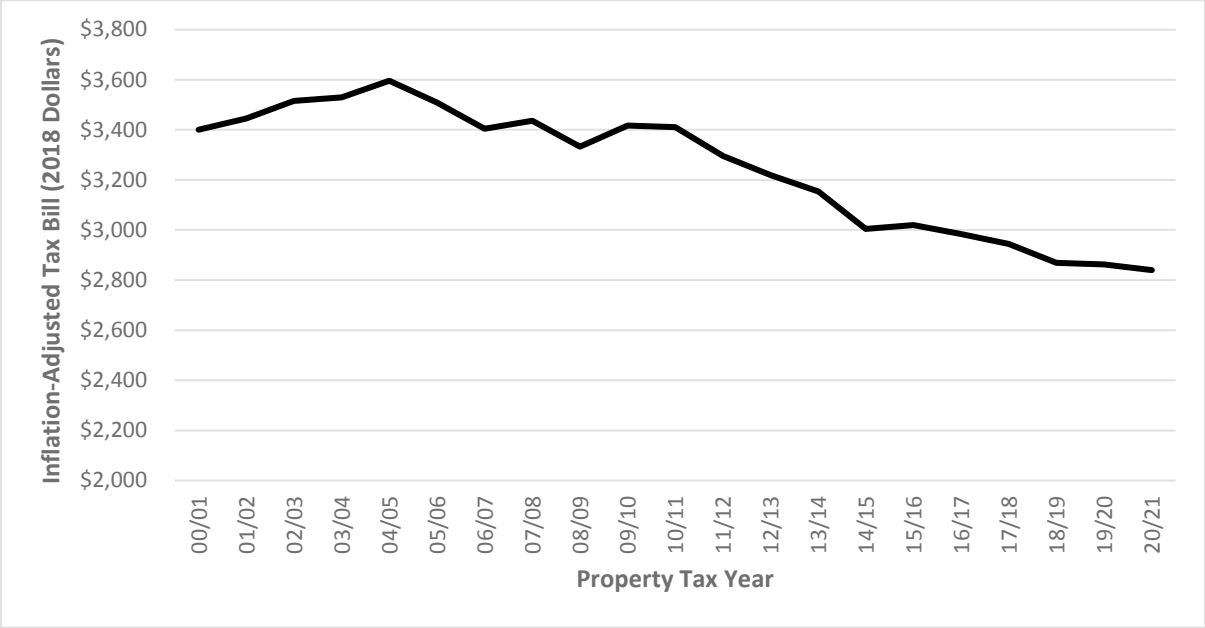


Source: Department of Administration calculations based on Department of Revenue data.

While TIF is an important tool to finance critical local infrastructure developments and redevelopment of blighted areas, its usage can sometimes stray from its primary goals. Thus, the Governor recommends limiting the percentage of a TIF district's project costs that can go toward cash grants for developers to 20 percent. This change would move TIF back toward its original purpose, which is for necessary public infrastructure improvements that facilitate local economic activity. Limiting the percentage of project costs that go toward developer subsidies protects local property taxpayers by ensuring districts do not remain open for unnecessarily long times to pay back those subsidies. The Governor also recommends requiring TIF project plans contain "stress tests" in their financial projections so that local governments better understand the risks of TIF utilization if projects fail to materialize as promised. Since there are currently approximately 100 distressed or severely distressed districts, according to the Department of Revenue, around the state that will now remain open longer than originally planned, this is a prudent proposal aimed at improving information available to consider TIF project plans and, ultimately, protect taxpayers from districts distorting property tax bases for extended periods of time.

With all of these reforms, as well as increases in local government aid for counties, municipalities and school districts, the Governor's budget will keep property tax bill growth for the median value home under the projected rate of inflation for both years of the biennium. This proves that property taxpayers can be protected and local control can be enhanced at the same time. These two goals need not be at odds with one another.

CHART 39: STATEWIDE MEDIAN VALUE HOME TAX BILL CONTINUING TO FALL ADJUSTED FOR INFLATION



H. "CLEAN COMMUNITIES"

Commitment to Science

The Governor is committed to bringing science back to decision making at all levels of government. Over the past decade, scientists have been eliminated from the Department of Natural Resources and science-based information has not been appropriately utilized. The Governor's budget restores science to the Department of Natural Resources as it creates a Bureau of Natural Resources Science with a director that reports directly to the secretary. Additionally, it would provide an additional 5.0 FTE SEG science positions to conduct research related to water quality and contamination issues.

Water Quality

Every Wisconsin citizen deserves access to clean water. Unfortunately, clean water is not something all Wisconsinites currently have access to. The Governor stated in his State of the State address that 2019 is "The Year of Clean Drinking Water" and the budget makes good on that declaration by prioritizing programs that protect ground, surface and drinking water.

Many people in Wisconsin rely on private wells as their primary source of water. The well compensation grant program provides cost sharing grants to families and farms with contaminated wells but not everyone who needs this assistance has received it tin the past. While the program is currently funded at $200,000 per year, the Governor recommends providing an additional $800,000 GPR in each fiscal year to properly fund the program. The proposal also increases the maximum income limit for eligibility from $64,000 per family to $100,000 per family and establishes a hardship program for families making less than the state median household income. These changes would open up the program to more Wisconsin families. Further, the Governor would align contamination eligibility standards under the grant program with federal clean water regulations and create a prioritization list so that the most contaminated wells are remediated first.

While lead service lines have not been used in infrastructure projects since the 1960s, Wisconsin still has an estimated 170,000 lead service lines in communities across the state. Of those lead services lines, an estimated 70,000 are in Milwaukee. Traces of lead in drinking water can cause serious health problems

over time and children and babies are at the greatest risk. Changes made in 2017 Wisconsin Act 137 allowed local municipal utilities to pay 50 percent of the replacement cost of lead service lines through water rate increases. The Governor believes that preventing lead poisoning is a matter of statewide concern; therefore, the budget authorizes $40.0 million in bonding authority to provide forgivable loans through the Safe Drinking Water Loan Program. The forgivable loans can pay for up to 50 percent of the cost of the replacement of a lead service line. This funding could replace approximately 16,000 lead service lines.

New research shows that per- and polyfluoroalkyl substance (PFAS) contamination of drinking water is a growing concern in Wisconsin. A diverse group of synthetic chemicals, PFAS are utilized in many industrial applications. These chemicals persist in the environment and can cause adverse health effects at elevated concentrations. The Governor's budget provides $150,000 GPR in fiscal year 2019-20 to develop a model to identify and prioritize sites with likely PFAS contamination. Firefighting foam is a common source of PFAS contamination and the budget includes $50,000 GPR to conduct a survey of local and state emergency responders on their use of PFAS-containing foam. Of the 5.0 FTE SEG scientists added to the department, 2.0 FTE are allocated to work on research related to PFAS contamination.

Much of Wisconsin's water pollution comes from nonpoint sources. Common sources of nonpoint contamination include streets, constructions sites and farm fields. The Governor recommends providing $6,500,000 in bonding authority for the Targeted Runoff Management (TRM) program at the Department of Natural Resources. The TRM program provides municipalities with financial assistance for infrastructure projects to reduce nonpoint source pollution. The Governor also proposes providing $400,000 SEG in each fiscal year to fund noninfrastructure projects in the TRM program, such as education and outreach related to best practices in nonpoint source pollution control. An additional $4.0 million in bonding authority in the urban nonpoint source and storm water grant program, and the municipal flood control program is recommended in the Governor's budget. The urban nonpoint source and storm water grant program provides funds to local units of government for the planning and construction of storm water pollution control structures. The municipal flood control program provides grants to local units of government for property acquisition, riparian restoration, flood proofing and building floodwater control structures.

In order to clean up Wisconsin's contaminated waterways, the state establishes Total Maximum Daily Load (TMDL) areas. A TMDL sets a maximum cap of the amount of water pollution that can be discharged in the affected watershed. This allows for a mechanism whereby any increase in contamination must be offset by a reduction elsewhere in the watershed. The Governor's budget reallocates supplies and services funding as well as LTE funding in the Department of Natural Resources to provide 4.0 FTE four-year project positions to coordinate TMDL activities in four watersheds in Wisconsin. Those watersheds are the Milwaukee, Rock, St. Croix and Wisconsin river basins. The TMDL coordinators would work with dischargers to reduce the overall water pollution in the respective TMDL watersheds. The budget provides $4.0 million in bonding authority to provide grants to implement pollution control measures in TMDL areas.

Historically, the state has established a strong partnership with the agricultural community to employ best practices that are both economical and environmentally effective. The Governor's budget builds on this legacy by providing $10.0 million in bonding authority for the Soil and Water Resource Management (SWRM) program at the Department of Agriculture, Trade and Consumer Protection. The SWRM program provides farmers with financial assistance to reduce nonpoint source pollution with infrastructure projects. The budget also provides $1.5 million SEG in each fiscal year for nutrient management. This funding would help farmers make data driven, science informed decisions related to the application of fertilizer. As part of the nutrient management program, the Governor's budget increases the $250,000 statutory cap in the nutrient management program for producer led watershed grants to $750,000. The producer led watershed grants help groups of farmers work collaboratively to reduce and prevent runoff that causes nonpoint source water pollution.

Years of pollution have left a layer of toxic sediment at the bottom of many of Wisconsin's lakes and rivers. In order to clean up this contamination, the Governor proposes increasing bonding authority for the contaminated sediment program by $25 million. The funds are to be used to remove contaminated sediments, such as DDT, PCBs and heavy metals, from five areas of concern in the Great Lakes Basin. The Governor also addresses surface waters by providing $1,457,900 SEG in each fiscal year for lake and river protection grants to local units of government and nonprofit organizations.

Clean Energy and Renewables

The Governor believes it is time to lead our state in a new direction and embrace science to truly understand the implications of climate change. Both energy companies and environmentalist are committed to addressing clean energy and, if done correctly, these endeavors can create jobs and keep more of our energy dollars at home.

To that end, the Governor is establishing a statutory goal that all electricity produced within the state should be 100 percent carbon-free by 2050.

The budget also establishes the Office of Sustainability and Clean Energy within the Department of Administration by transferring State Energy Office functions and 5.0 FTE positions from the Public Service Commission. The office will carry out existing State Energy Office duties and will also promote the development and use of clean and renewable energy across the state, advance innovative sustainability solutions that improve the state's economy and environment, diversify the resources used to meet the state's energy needs and generate family supporting jobs by promoting the expansion of Wisconsin's clean energy economy. The office will also oversee a new $4 million per year renewable and clean energy research grant, funded by the Environmental Fund. The office will be led by an unclassified director position, appointed by the Governor.

In addition, the budget allows the Public Service Commission to increase funds available for the Focus on Energy program by submitting a proposal to increase the assessment for the program beyond the current statutory limit of 1.2 percent of each utility's annual operating revenue to the Joint Committee on Finance under passive review approval.

The Governor's capital budget will include enumeration of $75,000,000 PR supported bonds (PRSB) for 2019-21 Energy Conservation projects. Of that amount, $25,000,000 PRSB of the enumeration will be allocated for renewable energy construction projects in state-owned facilities.

These funds will be used for energy conservation projects to help state agencies and University of Wisconsin System meet their energy reduction goals and reduce utility costs. Renewable projects would include solar, wind, standby generators or geothermal enhancements to state facilities. The achieved savings from the reduction in utility costs is used to pay the debt service payments on the bonds.

The Governor's budget also allocates 60 percent of the remaining $25 million in Volkswagen emissions settlement funds to be dedicated to the replacement of public transit vehicles and 40 percent towards electric vehicle charging stations through the grant program administered by the Department of Administration. Additionally, the budget modifies current law by reducing the percentage of the total grant award returned to the state through a shared revenue reduction by the Milwaukee County and city of Madison public transit systems from 75 percent to 20 percent, aligning these systems with those from other Wisconsin municipalities.

The Governor's budget further encourages clean energy by modifying the business development tax credit to provide an additional 5 percent incentive for capital investments related to renewable energy generation or energy efficiency projects.

I. "GOOD GOVERNMENT"

Economic Development and Accountable Government

A strong state economic development policy starts with a more transparent and accountable jobs agency. Since its creation, the Wisconsin Economic Development Corporation (WEDC) has had numerous shortcomings in its transparency and accountability, as successive Legislative Audit Bureau reports have demonstrated. While increased legislative audit and reporting requirements along with improved internal practices have corrected some of the problems, more should be done to ensure that WEDC's commitments of taxpayer resources are appropriate and firmly accounted.

The Governor recommends adopting several reforms that will improve WEDC's disclosures and its program integrity. First, the Governor's budget includes requirements that WEDC post all of its final contracts on its Web site within 30 days of the contracts being executed, including amendments to such contracts. This will give taxpayers, legislators and others the ability to see the terms and goals of each economic development award. Second, the Governor recommends that terms be placed in each tax credit contract where the contracted amounts exceed $5 million requiring the recipient businesses to notify WEDC of material changes to the contracted plans, either in timing or magnitude, and that WEDC must then inform the Joint Committee on Finance of such material changes, also including amendments to the contract. Companies are required to provide investors with material disclosures so that investors can make informed decisions. Since the state is investing in these businesses with its resources, it should be similarly informed of changes in tax credit recipients' plans.

Additionally, the Governor recommends several improvements in WEDC's practices, in some cases codifying existing policies and procedures adopted internally by the corporation. First among these are requiring businesses receiving WEDC awards to notify WEDC when they are reducing employment in Wisconsin or moving into another state while also requiring that WEDC may not give an award to a business that intends to leave the state or reduce employment within the state. Economic development awards should only be used to enhance economic opportunity in Wisconsin. Second, the Governor's budget includes provisions strengthening the level of disclosure that must be provided by a business before WEDC can give an award. Third, the Governor's budget includes two recommendations from the Legislative Audit Bureau on requiring WEDC to report only those jobs that conform to the goals of the program to which they are being attributed as well as requiring WEDC to promptly return repaid tax credits to the state's general fund.

Finally, the Governor recommends modifying or reversing three changes made during the 2018 extraordinary session regarding WEDC. The first of those changes is returning the composition of the WEDC board to be what it was previously. The second change is to restore the economic development liaison for the Foxconn project to Department of Administration appointment and oversight as the current split role with WEDC is cumbersome and ambiguous. The third of those changes is reestablishing a cap on the enterprise zone jobs credit program. While the program is a powerful economic development incentive, its 29 awards total $713 million in credits at an average of $24.6 million per award. The Legislature removed the cap on this program, leaving the only check on its growth as oversight by the Joint Committee on Finance. The Governor recommends restoring a cap at 35 zones, an increase from the prior 30 zones, and allowing expiring or revoked zones to be utilized again for new projects. This strikes a sensible balance between the need to compete with other states and state fiscal responsibilities.

Good Government

The Governor's budget includes several provisions aimed at reestablishing good government practices. Over the last eight years, it has become more difficult to cast a ballot in the State of Wisconsin. In addition, gerrymandered legislative maps have rigged the process so that the majority party does not risk losing control of the State Assembly or Senate. The Governor is committed to making sure every single vote counts and that there is an opportunity for all Wisconsinites to participate in our democracy. The budget directs the nonpartisan Legislative Reference Bureau to redraw legislative and congressional

redistricting maps and appropriates $10,000 GPR biennially for that purpose. The Governor's budget modifies statutory language related to university identification cards used for voting, identification card receipts and in-person absentee voting. The budget requires the Elections Commission to work with the Department of Transportation to facilitate automatic voter registration and implement the initial registration of all eligible voters as quickly as practicable. Finally, the budget provides $1,000,000 GPR over the biennium for census preparation and activities for the upcoming 2020 Census to ensure a complete count of Wisconsin's citizens, which is vital in determining congressional apportionment and states' federal funding.

The Governor's budget also repeals or modifies many of the statutory modifications made during the extraordinary session in December 2018. Sweeping changes to legislative powers and duties and impeded the smooth transition of political power that our democracy is based on were made in 2017 Wisconsin Act 369.

The following provisions would be reversed: (a) advice and consent of the Senate in relation to gubernatorial nominations; (b) ability of the Legislature to retain legal representation for legislators, legislative staff and the Legislature; (c) administrative rule and guidance documents modifications; (d) additional requirements for agency publications; and (e) approval of Capitol security changes.

Act 369 took away the ability of the Attorney General to ensure that court settlement funds are used as directed by the court. Under prior law, settlement funds were distributed by the Attorney General to the rightful claimants of those funds. Now, the funds are deposited into the general fund. This change removes transparency from the process and opens up the possibility that the state will be held in contempt of court if the Legislature fails to appropriate settlement funds. The Governor's budget would allow the department to retain settlement funds. The budget would establish three PR continuing appropriations to receive settlements funds; one for directed funds, one for discretionary funds and one for relator funds. The Department of Justice would be required to report how the funds are expended to the Joint Committee on Finance.

The Attorney General is the state's attorney. Act 369 eliminated the ability of the Attorney General to settle lawsuits without first receiving approval from the Legislature. The Governor believes that this is an unwise and unnecessary infringement on the separation of powers and his budget would restore the Attorney General's ability to settle cases. Act 369 also granted the Legislature the power to intervene as a matter of right in any case involving the constitutionality of a statute. Again, in the interest of restoring the separation of powers, the Governor recommends repealing this unnecessary provision.

When someone defrauds the state government, they are defrauding the hardworking taxpayers of Wisconsin. In 2015 Wisconsin Act 55, the ability of private individuals to initiate qui tam claims on behalf of the state was eliminated. The private individual bringing the qui tam claim serves as a whistleblower who notifies the state that it is being defrauded. The Governor believes that such behavior should be encouraged, not prohibited. The budget would restore a private individual's authority to bring a qui tam claim against a person who makes a false claim against the state.

Economic Assumptions and Revenue Estimates

V. ECONOMIC ASSUMPTIONS AND REVENUE ESTIMATES

NATIONAL ECONOMY

The Legislative Fiscal Bureau's 2019-21 revenue estimates are based on the January 2019 national economic forecast from IHS Markit. IHS Markit forecasts a moderating pace of economic growth in 2019 compared to 2018 as the lift from federal fiscal stimulus and more accommodative monetary policy diminishes. Further deceleration is expected in 2020 and 2021 as the economy decelerates toward its long-term potential growth rate.

- Real Output Growth. Real Gross Domestic Product (GDP) is projected to increase by 2.5 percent in 2019, 2.0 percent in 2020 and by 1.5 percent in 2021.

- Employment. Employment is projected to continue to grow moderately over the next few years with growth in total nonfarm payrolls of 1.4 percent in 2019, 1.0 percent in 2020 and 0.5 percent in 2021. These rates of growth are down from the past few years as slack in the labor market has largely been absorbed and the growth rate of the potential labor force slows.

- Inflation. Inflation is projected to remain moderate, with growth rates in consumer prices being similar to the past several years at 2.0 percent in 2019, 2.5 percent in 2020 and 2.5 percent in 2021.

- Profits. Corporate profits are expected to decelerate compared to a high rate of growth in 2018. Economic profits are projected to grow by 4.7 percent in 2019, 2.1 percent in 2020 and 2.3 percent in 2021.

- Incomes. Personal income growth is projected to remain largely steady with growth of 4.4 percent in 2019, 4.5 percent in 2020 and 4.2 percent in 2021.

- Retail Sales. Retail sales growth is expected to generally grow in line with incomes over the next few years with projected growth of 4.3 percent in 2019, 4.0 percent in 2020 and 3.8 percent in 2021.

TABLE 8: SUMMARY OF THE NATIONAL ECONOMIC OUTLOOK

Economic Indicators	Actual 2017	2018	Forecast 2019	2020	2021
Gross Domestic Product					
Nominal GDP	4.2	5.2	4.7	4.4	4.1
Real GDP	2.2	2.9	2.5	2.0	1.5
Prices and Wages					
GDP Deflator	1.9	2.2	2.2	2.4	2.5
Consumer Price Index	2.1	2.4	2.0	2.5	2.5
Compensation Per Hour	3.4	2.6	2.7	3.4	3.8
Production and Other Measures					
Total Nonfarm Employment	1.6	1.6	1.4	1.0	0.5
Industrial Production	1.6	3.9	2.4	1.6	1.3
Housing Starts (Millions)	1.208	1.262	1.275	1.380	1.430
Light Vehicle Sales (Millions)	17.15	17.15	16.77	16.60	16.48
Retail Sales	4.7	5.1	4.3	4.0	3.8
Profits and Income					
Corporate Profits Before Tax	3.2	8.0	4.7	2.1	2.3
Personal Income	4.4	4.4	4.4	4.5	4.2

All numbers are annual percent change except as noted.

REVENUE ESTIMATES

GENERAL FUND TAX CHANGES

TABLE 9: GENERAL FUND TAX CHANGES
($ in millions)

Provision	FY20	FY21
Tax Relief Measures		
FAIR Credit	$421.5	$412.0
Research Credit Refundability Increase	0.0	2.3
Child & Dependent Care Credit	0.0	9.9
WHEFA Bond Tax Exemption	0.0	0.1
First-Time Homebuyer Accounts & Tax Deduction	0.0	4.1
Medical Insurance Subtraction for Self-Employed Individuals	0.0	9.5
Homestead Reforms	0.0	38.9
EITC Expansion	$26.4	$26.7
Total Reductions	$447.9	$503.5
Revenue Enhancement Measures		
Internal Revenue Code Update	$187.9	$174.5
Manufacturing Credit Limitation	279.5	237.1
Capital Gains Exclusion Limits	285.1	220.0
Repeal Net Operating Loss Carrybacks	2.0	4.1
Private School Tuition Subtraction Repeal	12.1	12.2
Return to Prior Law Broadcaster Apportionment	16.2	13.3
Eliminate Deduction for Out-of-State Moving Expenses	0.5	0.5
Low-Income Housing Credit Addback	0.1	0.3
Interaction Effects of Multiple Changes	4.9	6.9
Sales and Use Tax Exemption Repeal - Clay Pigeons	0.2	0.2
Sales and Use Tax Exemption Repeal - Farm-Raised Deer	0.1	0.1
Excise Taxes - E-Cigarettes	14.9	19.8
Excise Taxes - Brown Cigarettes/Little Cigars	2.9	3.9
Medical Marijuana Baseline Sales Tax	0.3	0.5
Medical Marijuana 10% Surcharge	0.5	1.0
Real Estate Transfer Fee Exemption Limitations	0.5	0.7
Sales and Use Tax - Marketplace Enforcement	26.8	67.1
DOR Auditors	$14.5	$29.0
Total Revenue Enhancements	$848.9	$791.2
Net Change	$401.0	$287.7
Net Change Excluding Tax Enforcement	**$359.7**	**$191.6**

ECONOMIC ASSUMPTIONS AND REVENUE ESTIMATES

REVENUE ESTIMATES

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

Current Law Estimates	Actual FY18	Estimate FY19	Estimate FY20	Estimate FY21
Individual Income	$8,479.2	$8,640.0	$9,020.0	$9,330.0
General Sales and Use	$5,448.1	$5,715.0	$5,955.0	$6,000.0
Corporation Franchise and Income	$893.9	$990.0	$1,050.0	$1,075.0
Public Utility	$365.3	$368.0	$369.0	$371.0
Excise				
Cigarette	$538.9	$532.0	$527.0	$523.0
Tobacco Products	$80.2	$86.0	$90.0	$94.0
Liquor and Wine	$52.0	$54.0	$55.0	$56.0
Beer	$8.9	$8.9	$8.9	$8.9
Insurance Companies	$186.3	$189.0	$195.0	$200.0
Miscellaneous	$91.4	$91.0	$97.0	$102.0
Total GPR Taxes	$16,144.2	$16,673.9	$17,366.9	$17,759.9
Change Over Prior Year				
Amount		$529.7	$693.0	$393.0
Percent		3.3%	4.2%	2.3%

Detail may not add due to rounding.

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

Current Law Estimates	Actual FY18	Estimate FY19	Estimate FY20	Estimate FY21
Individual Income	$8,479.2	$8,640.0	$9,242.3	$9,437.6
General Sales and Use	$5,448.1	$5,715.0	$5,992.0	$6,087.4
Corporation Franchise and Income	$893.9	$990.0	$1,199.2	$1,210.1
Public Utility	$365.3	$368.0	$369.0	$371.0
Excise				
Cigarette	$538.9	$532.0	$529.9	$526.9
Tobacco Products	$80.2	$86.0	$104.9	$113.8
Liquor and Wine	$52.0	$54.0	$55.0	$56.0
Beer	$8.9	$8.9	$8.9	$8.9
Insurance Companies	$186.3	$189.0	$195.0	$200.0
Miscellaneous	$91.4	$91.0	$98.0	$103.7
Total GPR Taxes	$16,144.2	$16,673.9	$17,794.3	$18,115.5
Change Over Prior Year				
Amount		$529.7	$1,120.4	$321.2
Percent		3.3%	6.7%	1.8%

Detail may not add precisely due to rounding.

Reference Section

VI. REFERENCE SECTION

Glossary of Terms and Abbreviations

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

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

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

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

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

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

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

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

Fiscal Year (FY): The year between July 1 and the following June 30 which corresponds to the state's budget and accounting period. A fiscal year is usually expressed as FY20 for fiscal year 2019-20, for example.

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

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

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

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

Limited Term Employee (LTE): Individuals employed by the state for temporary positions, which are limited by law to 1,040 hours per 26 consecutive pay periods, and are not part of the state's civil service system.

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

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

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

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

Program Goal: A broadly based statement of anticipated results.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendices

APPENDIX 1
Summary of All Funds Appropriations
Governor's Recommendations - FY20

	FY19 Base	FY20 Recommended	Change From Base (Amt)	Change Percent
Administration	1,007,313,600	982,802,000	-24,511,600	-2.4
Agriculture, Trade and Consumer Protection	98,667,700	107,694,200	9,026,500	9.1
Board for People with Develop. Disabilities	1,563,800	1,596,200	32,400	2.1
Board of Commissioners of Public Lands	1,712,900	1,775,100	62,200	3.6
Board on Aging and Long-Term Care	3,441,200	3,637,800	196,600	5.7
Budget Stabilization Fund	0	0	0	0.0
Building Commission	46,580,300	32,588,500	-13,991,800	-30.0
Child Abuse and Neglect Prevention Board	3,177,800	3,222,000	44,200	1.4
Children and Families	1,308,766,400	1,397,713,900	88,947,500	6.8
Circuit Courts	106,475,600	102,721,200	-3,754,400	-3.5
Corrections	1,276,230,700	1,342,098,700	65,868,000	5.2
Court of Appeals	11,779,300	11,341,200	-438,100	-3.7
District Attorneys	48,014,000	50,146,800	2,132,800	4.4
Educational Communications Board	19,539,200	21,340,600	1,801,400	9.2
Elections Commission	5,343,500	5,670,600	327,100	6.1
Employee Trust Funds	47,969,700	48,465,600	495,900	1.0
Employment Relations Commission	1,165,400	1,039,200	-126,200	-10.8
Environmental Improvement Program	23,482,400	21,251,500	-2,230,900	-9.5
Ethics Commission	1,344,600	1,424,600	80,000	5.9
Financial Institutions	19,327,200	19,870,000	542,800	2.8
Fox River Navigational System Authority	125,400	125,400	0	0.0
Governor's Office	3,814,200	4,027,200	213,000	5.6
Health and Educational Facilities Authority	0	0	0	0.0
Health Services	12,282,606,300	13,323,725,900	1,041,119,600	8.5
Higher Educational Aids Board	145,285,600	148,685,300	3,399,700	2.3
Historical Society	29,558,000	31,181,900	1,623,900	5.5
Insurance	112,036,900	81,654,300	-30,382,600	-27.1
Investment Board	62,444,700	62,444,700	0	0.0
Judicial Commission	310,000	316,100	6,100	2.0
Judicial Council	0	0	0	0.0
Justice	138,292,000	147,639,200	9,347,200	6.8
Kickapoo Reserve Management Board	977,200	1,009,400	32,200	3.3
Labor and Industry Review Commission	3,173,600	2,674,400	-499,200	-15.7
Legislature	79,685,800	79,432,800	-253,000	-0.3
Lieutenant Governor's Office	394,400	478,800	84,400	21.4
Lower Fox River Remediation Authority	0	0	0	0.0
Lower Wisconsin State Riverway Board	229,700	247,300	17,600	7.7
Medical College of Wisconsin	10,234,100	12,133,200	1,899,100	18.6
Military Affairs	118,518,800	115,422,700	-3,096,100	-2.6
Miscellaneous Appropriations	172,603,400	188,274,300	15,670,900	9.1
Natural Resources	550,918,700	565,260,700	14,342,000	2.6
Program Supplements	10,841,000	10,841,000	0	0.0
Public Debt	0	0	0	0.0
Public Defender Board	88,631,500	100,184,800	11,553,300	13.0
Public Instruction	7,275,758,000	7,749,925,600	474,167,600	6.5
Public Service Commission	29,265,300	65,896,500	36,631,200	125.2
Revenue	216,190,600	223,695,800	7,505,200	3.5
Safety and Professional Services	55,256,200	59,171,400	3,915,200	7.1
Secretary of State	271,900	341,700	69,800	25.7
Shared Revenue and Tax Relief	2,820,695,600	2,859,613,600	38,918,000	1.4
State Fair Park Board	23,400,800	24,751,000	1,350,200	5.8
Supreme Court	32,683,200	32,407,900	-275,300	-0.8
Technical College System Board	557,097,900	563,388,300	6,290,400	1.1
Tourism	17,110,900	22,317,800	5,206,900	30.4
Transportation	3,044,706,300	3,211,122,900	166,416,600	5.5
Treasurer	116,700	428,500	311,800	267.2
University of Wisconsin System	6,211,570,000	6,370,825,300	159,255,300	2.6
Veterans Affairs	139,595,500	138,462,400	-1,133,100	-0.8
Wisconsin Artistic Endowment Foundation	0	0	0	0.0
Wisconsin Economic Development Corp.	41,550,700	41,550,700	0	0.0
Wisconsin Housing and Economic Dev. Auth.	0	0	0	0.0
Workforce Development	355,536,700	345,717,700	-9,819,000	-2.8
TOTALS	**38,663,382,900**	**40,741,776,200**	**2,078,393,300**	**5.4**

APPENDIX 2
Summary of All Funds Appropriations
Governor's Recommendations - FY21

	FY20 Recommended	FY21 Recommended	Change From FY20 (Amt)	Change Percent
Administration	982,802,000	1,020,780,200	37,978,200	3.9
Agriculture, Trade and Consumer Protection	107,694,200	107,534,700	-159,500	-0.1
Board for People with Develop. Disabilities	1,596,200	1,598,200	2,000	0.1
Board of Commissioners of Public Lands	1,775,100	1,777,400	2,300	0.1
Board on Aging and Long-Term Care	3,637,800	3,701,000	63,200	1.7
Budget Stabilization Fund	0	0	0	0.0
Building Commission	32,588,500	38,222,100	5,633,600	17.3
Child Abuse and Neglect Prevention Board	3,222,000	3,222,000	0	0.0
Children and Families	1,397,713,900	1,432,937,000	35,223,100	2.5
Circuit Courts	102,721,200	102,721,200	0	0.0
Corrections	1,342,098,700	1,371,377,100	29,278,400	2.2
Court of Appeals	11,341,200	11,341,200	0	0.0
District Attorneys	50,146,800	50,956,300	809,500	1.6
Educational Communications Board	21,340,600	21,157,200	-183,400	-0.9
Elections Commission	5,670,600	5,624,100	-46,500	-0.8
Employee Trust Funds	48,465,600	48,363,200	-102,400	-0.2
Employment Relations Commission	1,039,200	1,040,800	1,600	0.2
Environmental Improvement Program	21,251,500	18,938,900	-2,312,600	-10.9
Ethics Commission	1,424,600	1,425,800	1,200	0.1
Financial Institutions	19,870,000	19,892,500	22,500	0.1
Fox River Navigational System Authority	125,400	125,400	0	0.0
Governor's Office	4,027,200	4,027,200	0	0.0
Health and Educational Facilities Authority	0	0	0	0.0
Health Services	13,323,725,900	13,879,535,100	555,809,200	4.2
Higher Educational Aids Board	148,685,300	153,806,500	5,121,200	3.4
Historical Society	31,181,900	31,473,200	291,300	0.9
Insurance	81,654,300	281,687,600	200,033,300	245.0
Investment Board	62,444,700	62,444,700	0	0.0
Judicial Commission	316,100	316,100	0	0.0
Judicial Council	0	0	0	0.0
Justice	147,639,200	147,224,100	-415,100	-0.3
Kickapoo Reserve Management Board	1,009,400	1,023,500	14,100	1.4
Labor and Industry Review Commission	2,674,400	2,678,700	4,300	0.2
Legislature	79,432,800	79,301,700	-131,100	-0.2
Lieutenant Governor's Office	478,800	497,100	18,300	3.8
Lower Fox River Remediation Authority	0	0	0	0.0
Lower Wisconsin State Riverway Board	247,300	247,300	0	0.0
Medical College of Wisconsin	12,133,200	12,235,000	101,800	0.8
Military Affairs	115,422,700	115,466,700	44,000	0.0
Miscellaneous Appropriations	188,274,300	184,797,900	-3,476,400	-1.8
Natural Resources	565,260,700	559,859,700	-5,401,000	-1.0
Program Supplements	10,841,000	10,841,000	0	0.0
Public Debt	0	0	0	0.0
Public Defender Board	100,184,800	108,504,000	8,319,200	8.3
Public Instruction	7,749,925,600	8,406,719,800	656,794,200	8.5
Public Service Commission	65,896,500	65,510,300	-386,200	-0.6
Revenue	223,695,800	224,549,000	853,200	0.4
Safety and Professional Services	59,171,400	58,245,300	-926,100	-1.6
Secretary of State	341,700	329,000	-12,700	-3.7
Shared Revenue and Tax Relief	2,859,613,600	3,119,359,700	259,746,100	9.1
State Fair Park Board	24,751,000	24,359,400	-391,600	-1.6
Supreme Court	32,407,900	32,481,300	73,400	0.2
Technical College System Board	563,388,300	569,401,700	6,013,400	1.1
Tourism	22,317,800	19,466,500	-2,851,300	-12.8
Transportation	3,211,122,900	3,415,996,500	204,873,600	6.4
Treasurer	428,500	467,000	38,500	9.0
University of Wisconsin System	6,370,825,300	6,387,048,100	16,222,800	0.3
Veterans Affairs	138,462,400	139,716,500	1,254,100	0.9
Wisconsin Artistic Endowment Foundation	0	0	0	0.0
Wisconsin Economic Development Corp.	41,550,700	41,550,700	0	0.0
Wisconsin Housing and Economic Dev. Auth.	0	0	0	0.0
Workforce Development	345,717,700	344,821,400	-896,300	-0.3
TOTALS	**40,741,776,200**	**42,748,725,600**	**2,006,949,400**	**4.9**

APPENDIX 3
Summary of All Funds Positions
Governor's Recommendations - FY20

	FY19 Base	FY20 Recommended	Change From Base (FTE)
Administration	1,474.42	1,447.92	-26.50
Agriculture, Trade and Consumer Protection	641.29	644.79	3.50
Board for People with Develop. Disabilities	7.00	7.00	0.00
Board of Commissioners of Public Lands	9.50	9.50	0.00
Board on Aging and Long-Term Care	42.50	45.50	3.00
Budget Stabilization Fund	0.00	0.00	0.00
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	6.00	7.00	1.00
Children and Families	786.16	788.16	2.00
Circuit Courts	527.00	527.00	0.00
Corrections	10,127.97	10,188.67	60.70
Court of Appeals	75.50	75.50	0.00
District Attorneys	431.45	457.95	26.50
Educational Communications Board	55.18	55.18	0.00
Elections Commission	31.75	31.75	0.00
Employee Trust Funds	272.20	274.20	2.00
Employment Relations Commission	6.00	6.00	0.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	8.00	8.00	0.00
Financial Institutions	141.54	141.54	0.00
Fox River Navigational System Authority	0.00	0.00	0.00
Governor's Office	37.25	37.25	0.00
Health and Educational Facilities Authority	0.00	0.00	0.00
Health Services	6,184.89	6,291.43	106.54
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	135.04	136.04	1.00
Insurance	141.00	141.93	0.93
Investment Board	203.00	203.00	0.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	722.14	725.14	3.00
Kickapoo Reserve Management Board	4.00	5.00	1.00
Labor and Industry Review Commission	18.70	18.70	0.00
Legislature	777.97	777.97	0.00
Lieutenant Governor's Office	5.00	6.00	1.00
Lower Fox River Remediation Authority	0.00	0.00	0.00
Lower Wisconsin State Riverway Board	2.00	2.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs	523.30	515.10	-8.20
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	2,515.60	2,529.60	14.00
Program Supplements	0.00	0.00	0.00
Public Debt	0.00	0.00	0.00
Public Defender Board	614.85	614.85	0.00
Public Instruction	649.00	645.00	-4.00
Public Service Commission	153.25	149.25	-4.00
Revenue	1,182.03	1,218.03	36.00
Safety and Professional Services	236.14	256.14	20.00
Secretary of State	2.00	3.00	1.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	47.00	50.00	3.00
Supreme Court	221.75	221.75	0.00
Technical College System Board	56.00	55.00	-1.00
Tourism	34.00	37.00	3.00
Transportation	3,244.11	3,251.11	7.00
Treasurer	1.00	4.00	3.00
University of Wisconsin System	36,052.32	36,293.16	240.84
Veterans Affairs	1,261.70	1,269.36	7.66
Wisconsin Artistic Endowment Foundation	0.00	0.00	0.00
Wisconsin Economic Development Corp.	0.00	0.00	0.00
Wisconsin Housing and Economic Dev. Auth.	0.00	0.00	0.00
Workforce Development	1,609.05	1,642.55	33.50
TOTALS	**71,289.55**	**71,827.02**	**537.47**

APPENDIX 4
Summary of All Funds Positions
Governor's Recommendations - FY21

	FY20 Recommended	FY21 Recommended	Change From FY20 (FTE)
Administration	1,447.92	1,447.92	0.00
Agriculture, Trade and Consumer Protection	644.79	636.79	-8.00
Board for People with Develop. Disabilities	7.00	7.00	0.00
Board of Commissioners of Public Lands	9.50	9.50	0.00
Board on Aging and Long-Term Care	45.50	45.50	0.00
Budget Stabilization Fund	0.00	0.00	0.00
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	7.00	7.00	0.00
Children and Families	788.16	788.16	0.00
Circuit Courts	527.00	527.00	0.00
Corrections	10,188.67	10,286.92	98.25
Court of Appeals	75.50	75.50	0.00
District Attorneys	457.95	454.55	-3.40
Educational Communications Board	55.18	55.18	0.00
Elections Commission	31.75	31.75	0.00
Employee Trust Funds	274.20	274.20	0.00
Employment Relations Commission	6.00	6.00	0.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	8.00	8.00	0.00
Financial Institutions	141.54	141.54	0.00
Fox River Navigational System Authority	0.00	0.00	0.00
Governor's Office	37.25	37.25	0.00
Health and Educational Facilities Authority	0.00	0.00	0.00
Health Services	6,291.43	6,376.93	85.50
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	136.04	136.04	0.00
Insurance	141.93	141.93	0.00
Investment Board	203.00	203.00	0.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	725.14	716.34	-8.80
Kickapoo Reserve Management Board	5.00	5.00	0.00
Labor and Industry Review Commission	18.70	18.70	0.00
Legislature	777.97	777.97	0.00
Lieutenant Governor's Office	6.00	6.00	0.00
Lower Fox River Remediation Authority	0.00	0.00	0.00
Lower Wisconsin State Riverway Board	2.00	2.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs	515.10	514.10	-1.00
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	2,529.60	2,529.60	0.00
Program Supplements	0.00	0.00	0.00
Public Debt	0.00	0.00	0.00
Public Defender Board	614.85	614.85	0.00
Public Instruction	645.00	646.00	1.00
Public Service Commission	149.25	149.25	0.00
Revenue	1,218.03	1,218.03	0.00
Safety and Professional Services	256.14	256.14	0.00
Secretary of State	3.00	3.00	0.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	50.00	50.00	0.00
Supreme Court	221.75	221.75	0.00
Technical College System Board	55.00	55.00	0.00
Tourism	37.00	37.00	0.00
Transportation	3,251.11	3,251.11	0.00
Treasurer	4.00	4.00	0.00
University of Wisconsin System	36,293.16	36,293.16	0.00
Veterans Affairs	1,269.36	1,269.36	0.00
Wisconsin Artistic Endowment Foundation	0.00	0.00	0.00
Wisconsin Economic Development Corp.	0.00	0.00	0.00
Wisconsin Housing and Economic Dev. Auth.	0.00	0.00	0.00
Workforce Development	1,642.55	1,642.55	0.00
TOTALS	**71,827.02**	**71,990.57**	**163.55**

APPENDIX 5
Summary of GPR Appropriations
Governor's Recommendations - FY20

	FY19 Base	FY20 Recommended	Change From Base (Amt)	Change Percent
Administration	430,469,500	396,257,600	-34,211,900	-7.9
Agriculture, Trade and Consumer Protection	27,456,500	30,510,000	3,053,500	11.1
Board for People with Develop. Disabilities	118,400	119,200	800	0.7
Board on Aging and Long-Term Care	1,471,600	1,549,400	77,800	5.3
Building Commission	43,860,000	30,636,800	-13,223,200	-30.1
Child Abuse and Neglect Prevention Board	995,000	995,000	0	0.0
Children and Families	464,643,900	467,493,000	2,849,100	0.6
Circuit Courts	106,242,900	102,488,500	-3,754,400	-3.5
Corrections	1,160,400,200	1,223,503,900	63,103,700	5.4
Court of Appeals	11,779,300	11,341,200	-438,100	-3.7
District Attorneys	44,785,600	46,457,400	1,671,800	3.7
Educational Communications Board	6,351,400	6,709,800	358,400	5.6
Elections Commission	4,291,700	4,556,000	264,300	6.2
Employee Trust Funds	68,000	47,900	-20,100	-29.6
Employment Relations Commission	1,019,800	893,600	-126,200	-12.4
Environmental Improvement Program	15,482,400	13,251,500	-2,230,900	-14.4
Ethics Commission	843,400	910,600	67,200	8.0
Governor’s Office	3,814,200	4,027,200	213,000	5.6
Health Services	4,011,431,100	4,048,160,700	36,729,600	0.9
Higher Educational Aids Board	143,468,200	146,843,800	3,375,600	2.4
Historical Society	20,114,100	21,543,700	1,429,600	7.1
Insurance	0	0	0	0.0
Judicial Commission	310,000	316,100	6,100	2.0
Judicial Council	0	0	0	0.0
Justice	59,585,200	66,280,300	6,695,100	11.2
Labor and Industry Review Commission	248,300	167,000	-81,300	-32.7
Legislature	77,422,600	76,961,100	-461,500	-0.6
Lieutenant Governor’s Office	394,400	478,800	84,400	21.4
Medical College of Wisconsin	9,986,600	11,885,700	1,899,100	19.0
Military Affairs	27,949,900	29,513,300	1,563,400	5.6
Miscellaneous Appropriations	120,891,600	126,936,600	6,045,000	5.0
Natural Resources	109,485,400	111,204,700	1,719,300	1.6
Program Supplements	10,841,000	10,841,000	0	0.0
Public Defender Board	87,241,300	98,746,600	11,505,300	13.2
Public Instruction	6,291,046,200	6,760,706,500	469,660,300	7.5
Public Service Commission	0	30,400,000	30,400,000	0.0
Revenue	153,517,100	156,642,500	3,125,400	2.0
Shared Revenue and Tax Relief	2,499,290,300	2,509,853,700	10,563,400	0.4
State Fair Park Board	2,478,000	2,843,300	365,300	14.7
Supreme Court	17,823,500	17,502,700	-320,800	-1.8
Technical College System Board	519,607,900	525,759,300	6,151,400	1.2
Tourism	5,141,700	10,071,600	4,929,900	95.9
Transportation	111,974,800	120,119,000	8,144,200	7.3
Treasurer	0	240,100	240,100	0.0
University of Wisconsin System	1,115,580,000	1,172,790,100	57,210,100	5.1
Veterans Affairs	1,934,300	2,121,300	187,000	9.7
Wisconsin Economic Development Corp.	15,350,700	12,627,300	-2,723,400	-17.7
Workforce Development	46,379,200	40,152,700	-6,226,500	-13.4
TOTALS	**17,783,587,200**	**18,453,458,100**	**669,870,900**	**3.8**

APPENDIX 6
Summary of GPR Appropriations
Governor's Recommendations - FY21

	FY20 Recommended	FY21 Recommended	Change From FY20 (Amt)	Change Percent
Administration	396,257,600	437,544,000	41,286,400	10.4
Agriculture, Trade and Consumer Protection	30,510,000	30,426,300	-83,700	-0.3
Board for People with Develop. Disabilities	119,200	120,000	800	0.7
Board on Aging and Long-Term Care	1,549,400	1,570,600	21,200	1.4
Building Commission	30,636,800	34,852,000	4,215,200	13.8
Child Abuse and Neglect Prevention Board	995,000	995,000	0	0.0
Children and Families	467,493,000	489,061,000	21,568,000	4.6
Circuit Courts	102,488,500	102,488,500	0	0.0
Corrections	1,223,503,900	1,248,771,100	25,267,200	2.1
Court of Appeals	11,341,200	11,341,200	0	0.0
District Attorneys	46,457,400	47,541,900	1,084,500	2.3
Educational Communications Board	6,709,800	6,532,100	-177,700	-2.6
Elections Commission	4,556,000	4,468,200	-87,800	-1.9
Employee Trust Funds	47,900	31,600	-16,300	-34.0
Employment Relations Commission	893,600	895,200	1,600	0.2
Environmental Improvement Program	13,251,500	10,938,900	-2,312,600	-17.5
Ethics Commission	910,600	911,300	700	0.1
Governor’s Office	4,027,200	4,027,200	0	0.0
Health Services	4,048,160,700	4,303,892,100	255,731,400	6.3
Higher Educational Aids Board	146,843,800	151,939,700	5,095,900	3.5
Historical Society	21,543,700	21,590,100	46,400	0.2
Insurance	0	72,273,700	72,273,700	0.0
Judicial Commission	316,100	316,100	0	0.0
Judicial Council	0	0	0	0.0
Justice	66,280,300	66,473,300	193,000	0.3
Labor and Industry Review Commission	167,000	167,500	500	0.3
Legislature	76,961,100	76,959,900	-1,200	0.0
Lieutenant Governor’s Office	478,800	497,100	18,300	3.8
Medical College of Wisconsin	11,885,700	11,987,500	101,800	0.9
Military Affairs	29,513,300	29,552,000	38,700	0.1
Miscellaneous Appropriations	126,936,600	146,690,600	19,754,000	15.6
Natural Resources	111,204,700	107,182,800	-4,021,900	-3.6
Program Supplements	10,841,000	10,841,000	0	0.0
Public Defender Board	98,746,600	107,064,600	8,318,000	8.4
Public Instruction	6,760,706,500	7,414,745,800	654,039,300	9.7
Public Service Commission	30,400,000	20,000,000	-10,400,000	-34.2
Revenue	156,642,500	157,383,400	740,900	0.5
Shared Revenue and Tax Relief	2,509,853,700	2,768,550,900	258,697,200	10.3
State Fair Park Board	2,843,300	2,524,000	-319,300	-11.2
Supreme Court	17,502,700	17,545,200	42,500	0.2
Technical College System Board	525,759,300	531,765,300	6,006,000	1.1
Tourism	10,071,600	7,220,300	-2,851,300	-28.3
Transportation	120,119,000	120,254,000	135,000	0.1
Treasurer	240,100	271,200	31,100	13.0
University of Wisconsin System	1,172,790,100	1,184,978,400	12,188,300	1.0
Veterans Affairs	2,121,300	3,106,000	984,700	46.4
Wisconsin Economic Development Corp.	12,627,300	12,693,600	66,300	0.5
Workforce Development	40,152,700	40,172,500	19,800	0.0
TOTALS	**18,453,458,100**	**19,821,154,700**	**1,367,696,600**	**7.4**

APPENDIX 7
Summary of GPR Positions
Governor's Recommendations - FY20

	FY19 Base	FY20 Recommended	Change From Base (FTE)
Administration	63.72	64.72	1.00
Agriculture, Trade and Consumer Protection	199.40	203.40	4.00
Board for People with Develop. Disabilities	0.00	0.00	0.00
Board on Aging and Long-Term Care	19.18	20.23	1.05
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	0.00	0.00	0.00
Children and Families	231.92	232.92	1.00
Circuit Courts	527.00	527.00	0.00
Corrections	9,588.67	9,643.37	54.70
Court of Appeals	75.50	75.50	0.00
District Attorneys	384.45	418.45	34.00
Educational Communications Board	26.94	26.94	0.00
Elections Commission	25.75	25.75	0.00
Employee Trust Funds	0.00	0.00	0.00
Employment Relations Commission	6.00	6.00	0.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	4.55	4.55	0.00
Governor's Office	37.25	37.25	0.00
Health Services	2,561.71	2,628.47	66.76
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	97.15	98.15	1.00
Insurance	0.00	0.00	0.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	401.18	417.18	16.00
Labor and Industry Review Commission	0.80	0.80	0.00
Legislature	758.17	758.17	0.00
Lieutenant Governor's Office	5.00	6.00	1.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs	81.83	82.08	0.25
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	223.52	232.52	9.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	609.85	609.85	0.00
Public Instruction	252.47	256.47	4.00
Public Service Commission	0.00	0.00	0.00
Revenue	953.08	989.08	36.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	0.00	0.00	0.00
Supreme Court	115.50	115.50	0.00
Technical College System Board	23.25	23.25	0.00
Tourism	29.00	35.00	6.00
Transportation	0.00	0.00	0.00
Treasurer	0.00	2.50	2.50
University of Wisconsin System	17,813.49	17,834.49	21.00
Veterans Affairs	0.00	0.00	0.00
Wisconsin Economic Development Corp.	0.00	0.00	0.00
Workforce Development	150.82	150.82	0.00
TOTALS	**35,279.15**	**35,538.41**	**259.26**

APPENDIX 8
Summary of GPR Positions
Governor's Recommendations - FY21

	FY20 Recommended	FY21 Recommended	Change From FY20 (FTE)
Administration	64.72	64.72	0.00
Agriculture, Trade and Consumer Protection	203.40	203.40	0.00
Board for People with Develop. Disabilities	0.00	0.00	0.00
Board on Aging and Long-Term Care	20.23	20.23	0.00
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	0.00	0.00	0.00
Children and Families	232.92	232.92	0.00
Circuit Courts	527.00	527.00	0.00
Corrections	9,643.37	9,741.62	98.25
Court of Appeals	75.50	75.50	0.00
District Attorneys	418.45	418.05	-0.40
Educational Communications Board	26.94	26.94	0.00
Elections Commission	25.75	25.75	0.00
Employee Trust Funds	0.00	0.00	0.00
Employment Relations Commission	6.00	6.00	0.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	4.55	4.55	0.00
Governor’s Office	37.25	37.25	0.00
Health Services	2,628.47	2,664.97	36.50
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	98.15	98.15	0.00
Insurance	0.00	0.00	0.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	417.18	413.38	-3.80
Labor and Industry Review Commission	0.80	0.80	0.00
Legislature	758.17	758.17	0.00
Lieutenant Governor’s Office	6.00	6.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs	82.08	82.08	0.00
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	232.52	232.52	0.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	609.85	609.85	0.00
Public Instruction	256.47	257.47	1.00
Public Service Commission	0.00	0.00	0.00
Revenue	989.08	989.08	0.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	0.00	0.00	0.00
Supreme Court	115.50	115.50	0.00
Technical College System Board	23.25	23.25	0.00
Tourism	35.00	35.00	0.00
Transportation	0.00	0.00	0.00
Treasurer	2.50	2.50	0.00
University of Wisconsin System	17,834.49	17,834.49	0.00
Veterans Affairs	0.00	0.00	0.00
Wisconsin Economic Development Corp.	0.00	0.00	0.00
Workforce Development	150.82	150.82	0.00
TOTALS	**35,538.41**	**35,669.96**	**131.55**

ABOUT THE BUDGET DOCUMENTS

The 2019-21 budget appears in four components: Executive Budget, Budget in Brief, Summary of Tax Exemption Devices and Budget Message.

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

Summary of Tax Exemption Devices, written by the Division of Research and Policy in the Department of Revenue, explains current Wisconsin tax law provisions that decrease state revenue by exempting certain persons, income, goods or property from the impact of established taxes. It includes data on the fiscal impact of each exemption device for fiscal year 2019-20.

The Executive Budget, Budget in Brief and Budget Message can be found on the Internet at: https://doa.wi.gov/Pages/StateFinances/CurrentBiennialBudget.aspx.

The Summary of Tax Exemption Devices can be found on the Internet at: https://www.revenue.wi.gov/DORReports/19sumrpt.pdf.

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