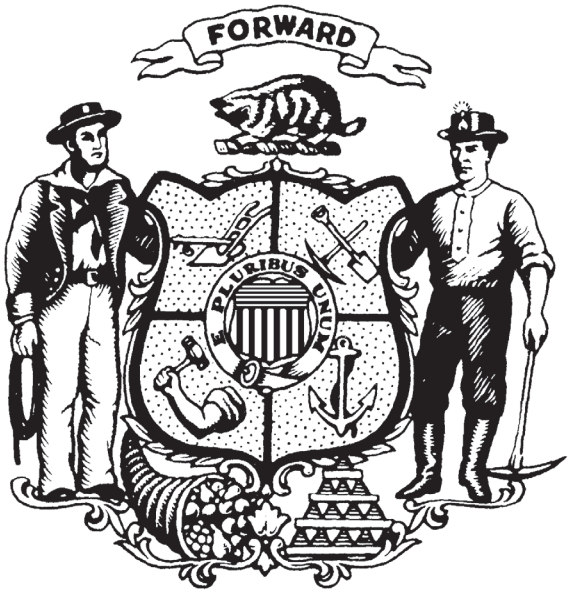
STATE OF WISCONSIN

BUDGET IN BRIEF

TONY EVERS, GOVERNOR



FEBRUARY 2021

DIVISION OF
EXECUTIVE BUDGET AND FINANCE
DEPARTMENT OF ADMINISTRATION

TABLE OF CONTENTS

I. DEVELOPMENT OF THE 2021-23 BUDGET 2

A. OVERVIEW 2
B. REVENUE AND EXPENDITURE OUTLOOK 3
C. "CONNECTING MORE DOTS" 4

II. SUMMARY OF GOVERNOR'S MAJOR BUDGET INITIATIVES 6

A. BADGER BOUNCEBACK 6
B. EQUITY AND OPPORTUNITY 12
C. WHAT'S BEST FOR KIDS 13
D. HEALTHY COMMUNITIES 17
E. BUILDING STRONG INFRASTRUCTURE 23
F. JUSTICE REFORM AND REINVESTMENT 26
G. SUSTAINABILITY AND CONSERVATION 29
H. OTHER GOVERNMENT 33

III. STATE BUDGET OVERVIEW 38

A. PRESENTATION OF THE GOVERNOR'S 2021-23 BUDGET 38
B. EXPENDITURES 38
C. POSITIONS 41
D. BUDGET BALANCE 43
E. DEBT MANAGEMENT 44
F. CASH MANAGEMENT 45

IV. BUDGET INITIATIVES BY SUBJECT AREA 48

A. BADGER BOUNCEBACK 48
B. EQUITY AND OPPORTUNITY 62
C. WHAT'S BEST FOR KIDS 72
D. HEALTHY COMMUNITIES 83
E. BUILDING STRONG INFRASTRUCTURE 105
F. JUSTICE REFORM AND REINVESTMENT 111
G. SUSTAINABILITY AND CONSERVATION 115
H. OTHER GOVERNMENT 124

V. ECONOMIC ASSUMPTIONS AND REVENUE ESTIMATES 130

NATIONAL ECONOMY 130
REVENUE ESTIMATES 132

VI. REFERENCE SECTION 136

APPENDICES 140

ABOUT THE BUDGET DOCUMENTS 149

CHARTS

CHART 1: FISCAL YEAR 2022-23 BUDGET BY RUND SOURCE 38
CHART 2: FISCAL YEAR 2022-23 GPR TAX REVENUE BY TYPE 39
CHART 3: FISCAL YEAR 2022-23 GPR BUDGET ALLOCATION BY PURPOSE 41
CHART 4: WEDC BIENNIAL FUNDING COMPARISION 48
CHART 5: WISCONSIN VENTURE CAPITAL INVESTMENT 50
CHART 6: HISTORY OF UW SYSTEM BUDGET CHANGES 53
CHART 7: UW-MADISON COST OF ATTENDANCE REMAINS LOWER RELATIVE TO PEERS 54
CHART 8: TUITION SAVINGS RESULTING FROM TUITION FREEZE 55
CHART 9: HISTORIC SPIKE IN UNEMPLOYMENT 58
CHART 10: TOTAL NUMBER OF FARM OPERATIONS IN WISCONSIN 60
CHART 11: NUMBER OF MONTHLY MILK COW HERDS 60
CHART 12: INCOME TAX SAVINGS FROM PRIOR BUDGET 65
CHART 13: WISCONSIN EITC LAGS OTHER STATES FOR FILERS WITH ONE CHILD 66
CHART 14: REVITALIZING THE HOMESTEAD CREDIT TO AID WISCONSIN PROPERTY TAXPAYERS 67
CHART 15: MANUFACTURING AND AGRICULTURE CREDIT INEFFECTIVE AT INCREASING MANUFACTURING EMPLOYMENT 69
CHART 16: WISCONSIN MANUFACTURING WAGES RANKING 70
CHART 17: TAX CREDIT CONTEXT 71
CHART 18: STATE SHARE OF PARTIAL SCHOOL REVENUES 73
CHART 19: SCHOOL DISTRICT REVENUE LIMIT MEMBERSHIP 74
CHART 20: NUMBER OF ECONOMICALLY DISADVANTAGED PUPILS 75
CHART 21: SPECIAL EDUCATION COSTS 76
CHART 22: K-12 MENTAL HEALTH SERVICE EXPENDITURES AND REIMBURSEMENT RATES 76
CHART 23: GROWTH IN K-12 ENGLISH LEARNER POPULATION 78
CHART 24: STATE REIMBURSEMENT OF K-12 ENGLISH LEARNING COSTS 78
CHART 25: MEDICAID ENROLLMENT TRENDS 84
CHART 26: 2019 PER CAPITA PUBLIC HEALTH FUNDING BY STATE 85
CHART 27: STATUS OF MEDICAID EXPANSION ACROSS THE U.S. 86
CHART 28: AVERAGE BENCHMARK PREMIUMS BY MARKETPLACE TYPE 89
CHART 29: PRESCRIPTION DRUG DISTRIBUTION AND PRICE NEGOTIATION 91
CHART 30: INSULIN VIAL LIST PRICE 92
CHART 31: INSULIN COPAYMENT CAP PROGRAMS BY STATE 93
CHART 32: WISCONSIN'S AGING POPULATION 94
CHART 33: 2016 PERCENT OF CHILDREN UNDER AGE 6 WITH A BLOOD LEAD LEVEL >5 mcg/dL 96
CHART 34: 2018 WISCONSIN INFANT MORTALITY RATE PER 1,000 BIRTHS BY RACE/ ETHNICITY 97
CHART 35: AGE-ADJUSTED RATES OF DRUG OVERDOSE DEATHS BY STATE 98
CHART 36: MEDICATION-ASSISTED TREATMENT AVAILABILITY 100
CHART 37: HIGHWAY BONDING BIENNIAL TOTALS 109
CHART 38: DEBT SERVICE PAYMENTS TO TRANSPORTATION FUND REVENUE RATIO 110
CHART 39: ADULT INSTITUTION AVERAGE DAILY POPULATION 113
CHART 40: STEWARDSHIP BONDING OVER THE LIFE OF THE PROGRAM 120
CHART 41: PARKS ATTENDANCE 121
CHART 42: UNEQUAL GROWTH IN NEW CONSTRUCTION 123
CHART 43: STATEWIDE MEDIAN VALUE HOME TAX BILL 124

TABLES

TABLE 1: LARGEST BIENNIAL GPR INCREASES OVER BASE 40
TABLE 2: TEN LARGEST GENERAL PURPOSE REVENUE PROGRAMS 40
TABLE 3: FISCAL YEAR 2022-23 FTE POSITION CHANGES OVER BASE 41
TABLE 4: GENERAL FUND CONDITION UNDER GOVERNOR'S BUDGET 43
TABLE 5: ESTIMATED GENERAL FUND CONDITION SUMMARY ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES 44
TABLE 6: CHILD CARE STRONG INITIATIVE FUNDING COMPONENTS 81
TABLE 7: FOSTER CARE AND KINSHIP CARE RATE INCREASES 82
TABLE 8: BROADBAND INVESTMENTS 108
TABLE 9: STEWARDSHIP ALLOCATION 121
TABLE 10: SUMMARY OF THE NATIONAL ECONOMIC OUTLOOK 131
TABLE 11: GENERAL PURPOSE REVENUE ESTIMATES 132
TABLE 12: GENERAL PURPOSE REVENUE ESTIMATES UNDER GOVERNOR'S RECOMMENDATIONS 133
TABLE 13: GENERAL FUND TAX CHANGES 134

Development of the 2021-23 Budget

I. DEVELOPMENT OF THE 2021-23 BUDGET

A. OVERVIEW

The Governor's first biennial budget made a down payment on several areas of critical importance from working to fully fund our public schools, to expanding access to quality, affordable health care, to fixing our roads and infrastructure. Governor Evers' second state biennial budget builds upon this foundation and, on the heels of a global pandemic, aims to ensure our economy and our state can bounce back from this crisis.

Currently, Wisconsin is a national leader in vaccine distribution and as the state continues to recover from the COVID-19 pandemic, the Governor is going to continue to do everything he can to get as many shots into arms as quickly as possible as we have vaccine available, provide personal protective equipment for our front-line workers, and continue supporting our statewide testing infrastructure with the necessary resources.

Nevertheless, the effects of the COVID-19 pandemic on our kids, our families, our communities remain. The Governor's second biennial budget comes as Wisconsin, states across the country, and our nation face significant economic challenges due to COVID-19. This pandemic brought to bear existing inequities and inefficiencies while exacerbating others. Wisconsinites have faced this pandemic with extraordinary resilience, determination, and patience, but it's clear more help and support will be needed to ensure we can rebuild, rebound, and recover.

The Governor's second biennial budget proposes bold, urgent initiatives to address the imminent needs of the people of our state and balance long-term sustainability, while once again making historic investments in key areas in pursuit of the Governor's promise to always put the people of Wisconsin first.

Governor Evers believes, as inscribed on the ceiling of the Governor's Conference Room, "The will of the people is the law of the land." To this end, and for the second consecutive biennial budget, Governor Evers went directly to the people of our state in preparing his budget, hosting multiple budget listening sessions, virtually this time, with Wisconsinites across the state last year. These sessions again provided thousands of individuals the opportunity to share their thoughts, ideas, and concerns directly with the Governor, Lieutenant Governor, agency leaders and members of the Governor's administration, and local elected officials. Many also provided specific ideas of what they believed should be included in the Governor's 2021-23 biennial budget recommendations.

Amidst the wide array of responses, consistent themes emerged in conversations with Wisconsinites, no matter their partisan affiliation or in which corner of the state they live: reform our justice system; expand broadband and access to high-speed Internet; make health care more affordable and accessible; fund our public schools from early childhood to our university and technical colleges systems; invest in our small businesses to help recover from the impacts of the COVID-19 pandemic; support our farmers, agricultural industries, and rural communities; and conserve our public lands, air, and water for our kids and their kids after them.

Governor Evers listened to and took to heart the voices and pleas from the people of Wisconsin who attended the Governor's listening sessions and the many others who contact him each day. The Governor's 2021-23 biennial budget reflects the urgent support both Wisconsinites and our economy need to recover from the COVID-19 pandemic and get our state back on track.

The Governor's budget reflects our shared Wisconsin values of looking out for those in need, whether it is through increased economic support, increased wages for the long-term care workforce, or working to ensure food security. In addition, this budget recognizes the unprecedented challenges over the past year that nearly all Wisconsinites have faced to some degree by directly investing in our workforce, our kids, our farmers, our schools, our direct care workers, and our small business owners, among others.

Over the last two years, thanks to Governor Evers' leadership, Wisconsin households have seen significant tax relief, including both a tax cut in the last biennial budget and additional relief of more than $250 million this fall as a result of 2019 Wisconsin Act 10, which ensured tax relief resulting from increased sales tax revenue from out-of-state and marketplace retailers was targeted toward lower and middle-income Wisconsinites. As a result of the Governor's tax cuts, taxes as a share of income in Wisconsin dropped to the lowest point since at least 1970. This budget builds on the Governor's commitment to target tax relief, proposing new tax credits for caregivers, child care, and for low-income families, seniors, and individuals with disabilities.

The Governor's budget also heeds the call of the many who have asked the state to set the floor, not the ceiling, for local communities by providing our local partners with more opportunities to make decisions that are best suited to be made by them, for their local communities. Further, this budget echoes the countless requests over recent years to ensure that we have a transparent process in redrawing the state's political maps in the upcoming redistricting process.

This past year also underscored that our course as a state over the last decade has been proven unsteady and uneven. Governor Evers remains committed to working to fulfill the promises of justice, fairness, and equity on which we as a state and a country have yet to deliver. The Governor also believes in leading by example, and Wisconsin's state agencies will learn, listen, and lead on equity and inclusion. Governor Evers directed state agencies to center this work in their service of the people of our state. State agencies were asked to craft and develop their budget requests through the lens of equity and sustainability, with a commitment to compassion and empathy, and with intention toward equity, reducing racial disparities, and examining the systems that have left communities of color behind for too long. From direct investment into communities of color to an increased focus on equity within state government, the Governor is committed to creating and keeping a Wisconsin that works for everyone.

Finally, this budget is a testament to the people of Wisconsin – their character, their selflessness, and their resolve – and their willingness to work together to do what's right and get things done all while helping each other and finding strength in the struggles we share. As sure as our state faces the challenges before us now and those we will face in the days, months, and years ahead, we will bounce back from this crisis and rebuild and recover, together.

B. REVENUE AND EXPENDITURE OUTLOOK

The revenue estimates released by the Legislative Fiscal Bureau on January 26, 2021, reflect an outlook of continued modest economic growth. The bureau projects revenues will increase by $569.3 million (3.2 percent) in the current fiscal year, by an additional $180.9 million (1.0 percent) in fiscal year 2021-22, and by $833.3 million (4.6 percent) in fiscal year 2022-23.

These increases affirm that Wisconsin’s nascent economic recovery is likely to continue. While individual income tax revenues are estimated to decrease by 1.2 percent this year, they are anticipated to increase by 3.0 percent in fiscal year 2021-22, and 4.9 percent in fiscal year 2022-23. Sales tax revenues are also expected to increase by 1.4 percent this year, 6.7 percent in fiscal year 2021-22, and by 4.5 percent in fiscal year 2022-23. Corporate tax revenues are projected to continue to grow significantly with 37.1 percent growth in the current year and then decrease by 21.5 percent in fiscal year 2021-22 before increasing again by 6.1 percent in fiscal year 2022-23.

In addition, these revenue estimates build on the fiscally responsible foundation that Governor Evers has built for the state. Governor Evers took early decisive action in May of 2019 to pay down $56 million of state debt, saving Wisconsin taxpayers nearly $70 million in future debt service payments. In response to the pandemic, the Governor reined in state spending, requiring agencies to lapse a total of $370 million during the 2019-21 biennium, to ensure dollars would be available to protect public health and invest in Wisconsin’s economic recovery – as included in this proposed budget.

In fiscal year 2019-20, the state ended the year with a positive GAAP balance for the first time since 1990 and the state made the second consecutive payment to the rainy day fund during Evers' tenure, evidence of the state's significantly improved fiscal position. Once again, the Governor's 2021-23 biennial budget will provide substantive and targeted income tax relief to many taxpayers in a variety of ways over the upcoming biennium while maintaining his commitment to investing in those areas critical to continuing our economic recovery from the COVID-19 pandemic.

C. "CONNECTING MORE DOTS"

The people of Wisconsin expect elected state officials to put people first and get things done to ensure our continued economic recovery along with maintaining a steadfast commitment to the needs of and calls by the people of our state.

Once again, the Governor's budget recommendations continue to recognize the myriad challenges we face seldom stand alone as they are often interconnected with one another. These connections include the knowledge that providing improved access to dental care for everyone directly impacts their overall health. It is the knowledge that extending broadband infrastructure and affordability will literally help connect folks in both rural and urban areas so they are better able to work from home, engage in telehealth, and access education at all levels. It's the knowledge that slowing the impacts of climate change will lower health costs and the costs to repair roads, crops, and communities. It is the knowledge that investing in our agricultural industry is one of the best things we can do to continue to grow our economy and promote our state from one end to the other.

The Governor's 2021-23 biennial budget continues connecting the dots and keeps us on our path to move Wisconsin forward, together.

Summary of Governor's Major Budget Initiatives

II. SUMMARY OF GOVERNOR'S MAJOR BUDGET INITIATIVES

A. BADGER BOUNCEBACK



- Provide urgently needed economic support by providing the Wisconsin Economic Development Corporation (WEDC) with $200 million to assist small businesses in recovering from the COVID-19 pandemic, including assistance for the retention of current employees and the rehiring of former employees. In addition, allow the corporation to coordinate as necessary with the Department of Revenue for the administration of this initiative.

- Spur economic growth through entrepreneurship by creating a venture capital program located at WEDC with $100 million in one-time GPR funding in a continuing appropriation in fiscal year 2021-22. The program will be required to be a fund of funds investment program.

- Provide WEDC with $8 million in funding on a one-time basis in fiscal year 2021-22 to assist organizations focused on local or regional economic development to support those organizations' pandemic recovery efforts across Wisconsin.

- Provide $5 million GPR in fiscal year 2021-22 to promote entrepreneurship in underserved communities. Also provide $5 million in SEG revenues beginning in fiscal year 2022-23 from marijuana tax revenues through the community reinvestment fund to promote entrepreneurship in underserved communities.

- Increase WEDC's total block grant funding by $10 million from $41,550,700 to $51,550,700 in each year of the biennium to ensure sufficient resources to assist with Wisconsin's economic recovery efforts.

- Modify the existing fund of funds investment program to remove the current law requirements related to the repayment of the state's initial investment to instead allow the fund of funds to reinvest its investment earnings.

- Provide $500,000 GPR annually under the Wisconsin Fast Forward framework for training for green jobs throughout the state, which will encourage individuals to follow conservation and environmental career paths.

- Provide $8 million GPR for pandemic recovery grants to local workforce development boards, which in turn will help workers and local businesses by funding local training programs to return workers to the labor market.

- Provide $200,000 GPR for local workforce development boards to hold hiring events throughout the state for health care-related careers and career exploration courses to increase interest in health care employment.

- Provide $9.7 million GPR and 48.0 FTE project positions to create a new customer-centric worker pilot program at the Department of Workforce Development to assist individuals in obtaining meaningful employment by overcoming barriers to employment.

- Provide $250,000 GPR annually to expand youth apprenticeship opportunities to more school districts and youth throughout the state.

- Support the state's economic recovery from the pandemic by providing $10 million GPR in the biennium within the Wisconsin Fast Forward framework for grants to fund worker training programs for individuals and organizations.

- Create state tax-preferred savings accounts that would allow first-time homebuyers to subtract from their adjusted gross income up to $5,000 in contributions for single filers and up to $10,000 in contributions for married-joint filers. Earnings on those accounts would also be exempt from state taxation. Contributions to these accounts would first be eligible for the individual income tax subtraction in tax year 2022. The fiscal impact is an estimated reduction in tax revenue of $4.1 million in fiscal year 2022-23.

- Increase the percentage of the research credit that is refundable from 10 percent to 20 percent beginning in tax year 2021 to provide greater incentive for research and development expenditures in Wisconsin. This will provide businesses with $10.6 million in tax relief in each year of the biennium.

- Increase general operations funding for the University of Wisconsin System by $20 million GPR in each fiscal year. This unrestricted funding will provide flexibility to system institutions to address student needs and COVID-19 pandemic challenges.

- Address the nurse educator shortage by providing $5 million GPR in fiscal year 2022-23 for: (a) student fellowships to students pursuing a doctor of nursing or doctor of philosophy in nursing degrees; (b) postdoctoral fellowships to recruit faculty for system nursing programs; or (c) educational loan repayment assistance to recruit and retain faculty for system nursing programs, in each case for individuals who commit to teach nursing at a University of Wisconsin System institution for at least three years.

- Promote college affordability by continuing the tuition freeze at the University of Wisconsin System in the 2021-22 and 2022-23 academic years. Further, to protect the quality of education, the University of Wisconsin System will receive $16,800,000 GPR in fiscal year 2021-22 and $33,600,000 GPR in fiscal year 2022-23 to offset the fiscal effects of the tuition freeze.

- Increase spending authority for the Department of Safety and Professional Services by $50,000 PR in both fiscal years to allow the department to create a program that ensures direct translation of military training and credits to licensure requirements, and where possible, to adjust programming to allow military training to fulfill these requirements.

- Improve affordability for students seeking higher education by increasing funding for need-based financial aid in the Wisconsin Grants program as follows: (a) for the University of Wisconsin System by $6,189,500 GPR in fiscal year 2021-22 and $12,379,000 GPR in fiscal year 2022-23; (b) for the Wisconsin Technical College System by $2,297,200 GPR in fiscal year 2021-22 and $4,594,400 GPR in fiscal year 2022-23; (c) for tribal colleges by $48,200 PR-S in fiscal year 2021-22 and $96,400 PR-S in fiscal year 2022-23; and (d) for private, nonprofit colleges by $2,850,500 GPR in fiscal year 2021-22 and $5,701,000 GPR in fiscal year 2022-23.

- Make college more affordable for Wisconsinites by providing $13.8 million GPR in fiscal year 2021-22 and $25.2 million GPR in fiscal year 2022-23 for a tuition promise grant program that pays tuition and segregated fees on behalf of students whose household adjusted gross income is $60,000 or less. This program will be initiated at University of Wisconsin System institutions (excluding the University of Wisconsin-Madison, which has already implemented, and demonstrated success of, a similar program).

- Automatically adopt changes to federal law for college savings accounts to provide simplicity for taxpayers. The fiscal impact of this provision is an estimated reduction in individual income tax revenues of $100,000 in each year.

- Provide the University of Wisconsin System Board of Regents with the authority to obtain extensions of credit to provide short-term funding for expenses associated with athletic and educational programs. This will provide the system with enhanced flexibility to weather ebbs and flows due to economic changes and bring the system in line with many other universities and public organizations that enjoy the ability to access extension of credit. This provision requires approval by the Board of Regents at a public meeting to ensure transparency.

- Provide the University of Wisconsin System with the ability to designate certain program revenues for investment outside of the State Investment Fund through the State of Wisconsin Investment Board.

- Provide $300,000 GPR in each year of the biennium to support the UniverCity Alliance program at the University of Wisconsin-Madison which partners with local communities to improve the sustainability, resilience, livability, and general well-being of communities through education, outreach, technical assistance, and research.

- Provide additional support for the Wisconsin Technical College System and system institutions by increasing general aid by $18 million GPR in fiscal year 2021-22 and fiscal year 2022-23 to ensure the technical college system has the resources to assist Wisconsinites seeking education and training, including individuals returning to school after a pandemic-related job loss.

- Reform the state's unemployment insurance law to make it less complicated for individuals, increase the number of individuals who are eligible, and reduce adjudication time by doing the following: (a) increase the maximum weekly benefit rate from $370 to $409 as of January 1, 2022, to 50 percent of the average weekly wage as of January 1, 2023, and to 75 percent of the average weekly wage as of January 1, 2024; (b) eliminate the one-week waiting period to receive benefits; (c) repeal the maximum weekly earnings wage threshold; (d) expand voluntary termination eligibility beyond individuals in the armed forces to include cases where a spouse has been reassigned by their employer; (e) repeal current law regarding work search waivers and require the department to establish waivers in administrative rule; (f) eliminate substantial fault as a disqualifying element for benefits; (g) repeal current law regarding the prohibition for Social Security Disability Insurance recipients to receive benefits and the requirement to notify the department of enrollment and treat payments similar to pensions and prorate it as a weekly payment and deducted from unemployment benefits; and (h) repeal drug testing requirements and transfer $250,000 GPR currently allocated for drug testing to a new appropriation for administration of the unemployment insurance program.

- Support Wisconsin families by modifying and expanding the Wisconsin Family Medical Leave Act (FMLA) as follows: (a) apply the law to employers with at least 25, instead of 50, employees; (b) permit leave to be taken to care for a grandparent, grandchild, or sibling with a serious health condition; (c) expand the definition of "qualifying exigency" to include deployment of a spouse or child, and an unforeseen or unexpected closure of a school or child care facility; (d) expand the definition of "serious health condition" to include medical quarantine to allow workers to take FMLA leave when under a medical quarantine, or caring for someone under quarantine, regardless of whether the person is exhibiting symptoms; (e) reduce the number of hours an employee is required to work before qualifying to 680, instead of 1,000; and (f) extend the statute of limitations for filing a FMLA complaint to 300 days, instead of 30 days.

- Strengthen workers' voices in their workplace by repealing the prohibition on contracts between labor unions and employers that specify the employer may only hire unionized workers; and repeal the prohibitions on the following as a condition of obtaining or continuing employment: (a) refraining or resigning from membership or affiliation with a labor organization; (b) becoming or remaining a member of a labor organization; (c) paying dues or other amounts to a labor organization; or (d) paying a third party amounts in place of dues to a labor organization.

- Increase the state minimum wage for general workers to $8.60 on or after the effective date of the budget bill and prior to January 1, 2023; to $9.40 on or after January 1, 2023; to $10.15 on or after January 1, 2024; and finally by the change in the consumer price index for each year thereafter. In addition, the Governor recommends the creation of a task force to study options for achieving a statewide minimum wage of $15 per hour, which will consist of five gubernatorial appointees, and one appointee each by the Senate majority leader, Senate minority leader, speaker of the Assembly, and Assembly minority leader.

- Require employers conducting projects of public works, both state and local, to pay workers the hourly wage and benefits paid to the majority of workers in the project's area, commonly known as prevailing wage.

- As recommended by the Task Force on Payroll Fraud and Worker Misclassification, create an escalating penalty structure for repeat violations of worker's compensation and unemployment insurance laws around worker classification, require outreach and education regarding worker classification, and provide 3.0 FTE positions and associated funding for investigations and audits of worker misclassification.

- Establish collective bargaining rights for state and local government front-line workers and their bargaining units to provide workers with the opportunity to negotiate together. Front-line workers are defined as employees with regular job duties that include interacting with members of the public or large populations, or directly involves the maintenance of public works. The Wisconsin Employment Relations Commission would settle definitional disputes.

- Eliminate the annual recertification requirement for state and local government bargaining units, as well as the provision that approval by a majority of bargaining unit members (instead of majority of the vote) is required to certify.

- Require employers to meet, at least quarterly or upon change in policies affecting wages, hours, and working conditions of general employees, with certified representatives of collective bargaining units if applicable or with other representatives, in order to receive employee input.

- Begin the statewide expansion of the Transitional Jobs program at the Department of Children and Families and provide $2.6 million TANF in fiscal year 2021-22 and $5.2 million TANF in fiscal year 2022-23.

- Increase the limit on how much the Wisconsin Housing and Economic Development Authority may invest of its general funds in small businesses and start-up companies from $1 million in total to $1 million annually. In addition, modify the requirements for businesses the authority may invest funds in by: (a) increasing the employee cap from fewer than 25 full-time employees to fewer than 50; and (b) increasing the limit on gross annual sales from less than $2.5 million to less than $5 million.

- Provide $15 million GPR in fiscal year 2022-23 to address unemployment insurance administration workload increases due to the impact of COVID-19.

- Make critical and overdue improvements to the state's unemployment insurance system by providing $79.5 million GPR in fiscal year 2021-22 in a continuing appropriation for necessary upgrades, which will avoid significant information technology challenges in future periods of higher or spiking unemployment.

- Ensure sufficient resources to support the state's tourism industry by providing $781,800 GPR of ongoing marketing funds that will allow the Department of Tourism to kickstart marketing campaigns and bolster the tourism economy as the COVID-19 pandemic subsides. In addition, convert 3.0 FTE GPR project positions and associated funding to permanent positions to allow the department to continue operating the Office of Outdoor Recreation.

- As recommended by the Governor's Task Force on Student Debt, create a student loan borrower bill of rights and an Office of Student Loan Ombudsman within the Department of Financial Institutions to require student loan servicers to provide complete and accurate information to borrowers on payment options and ensure that our residents are treated fairly. This will shift the focus of student loan debt repayment from mere debt collection, to instead, place an emphasis on helping our friends, neighbors, and family members. The borrower bill of rights will require student loan servicers to provide information on income-based repayment plans prior to placing an individual borrower in default and require loan servicers to respond to borrowers in a timely manner.

- Building on recommendations from the Governor's Task Force on Retirement Security, create a small business retirement savings program for privately-employed individuals who are not currently eligible for an employer-sponsored retirement plan to help fill the retirement savings gap that is most acute for the employees of small businesses. The Small Business Retirement Savings Board, attached to the Department of Financial Institutions, will have oversight of this new program and will be empowered to contract with a vendor to administer the retirement program. The program will target businesses with 50 or fewer employees and enhance the long-term finances of Wisconsin workers.

- Provide $250,000 GPR in one-time funding to the Wisconsin Arts Board for grants to businesses, local governments, and business development organizations to provide products or services that: (a) have an origin in artistic, cultural, or aesthetic content; (b) promote job creation; (c) enhance economic development; (d) promote arts education; and (e) incorporate workforce training and development. Such organizations have been disproportionately affected by the COVID-19 pandemic.

- Provide $900,000 PR in fiscal year 2021-22 and $1,269,200 PR in fiscal year 2022-23, an increase of $2,169,200 PR over the biennium, and 14.0 FTE permanent PR positions and 2.0 FTE project PR positions at the Department of Safety and Professional Services, to investigate professional regulations violations and decrease processing times for professional licenses. In addition, and to maximize staff productivity and better meet customer demands, increase expenditure authority in the department's limited term employee budget by $100,000 PR in each year of the biennium.

- Create a Wisconsin supplement to the federal Work Opportunity Tax Credit equal to 50 percent of the amount a taxpayer claims for the federal credit. The fiscal impact is an estimated revenue reduction of $27.8 million in fiscal year 2021-22 and $24.1 million in fiscal year 2022-23. The Work Opportunity Tax Credit provides a tax incentive to employers who hire individuals in targeted groups who otherwise may face difficulty accessing employment, including veterans, justice-involved individuals, and TANF recipients.

- Provide $10 million GPR in each year for grants to nonprofit food assistance agencies to purchase Wisconsin made or grown agricultural products and help families struggling with food insecurity.

- Allow self-employed individuals to deduct their medical care insurance premiums against all sources of income instead of the current law limitation that such individuals may only deduct premiums against self-employment income. This change would first take effect in tax year 2021. The fiscal impact is an estimated reduction in tax revenue of $9.5 million in each year.

B. EQUITY AND OPPORTUNITY



- Establish "Wisconsin For All" Diversity, Equity, and Inclusion initiatives that promote and advance equity within all of state government and state programs. While equity initiatives are woven throughout the Governor's budget proposal, the "Wisconsin For All" initiatives include the following:

    - Create a cabinet-level chief equity officer within the Department of Administration and agency equity officers at 18 state agencies and commissions that will collaborate to identify opportunities to advance equity in government operations, including determining how current government practices and policies impact communities of color and individuals with disabilities.
    - Establish and provide funding for a Governor's Fellowship Program, Governor's Progress Summit, and a state-sponsored annual diversity, equity, and inclusion conference for state and local government employers.
    - Create three equity grant programs to provide funding for public, private, and nonprofit entities to advance equity initiatives. The Department of Administration, Department of Children and Families, and Department of Health Services will collectively administer $50 million in equity grant programs, funded with general purpose revenue in fiscal year 2021-22 and with funds from the new Community Reinvestment Fund in fiscal year 2022-23 and on an ongoing basis.
    - Establish and provide expenditure authority for an equal opportunity paid internship program for state agencies and the Legislature for eligible young adults that are from households with an income that does not exceed 300 percent of the federal poverty level.
    - Expand the Wisconsin Supplier Diversity Program to establish supplier certification programs for disability-owned business enterprises and lesbian-, gay-, bisexual-, and transgender-owned business enterprises. In addition, eliminate the fees currently charged for the existing disabled veteran-owned and woman-owned business certifications and provide an additional 3.0 FTE GPR positions and associated funding to support the expanded program.

- Reinstate domestic partnership benefits for all state and local government employee insurance programs administered by the Department of Employee Trust Funds.

- Modify current law to make references to marriage, spouses, and parentage gender-neutral, recognizing the legalization of same-sex marriage and providing greater flexibility and inclusion for all individuals, couples, and families.

- Expand the definition of employment discrimination to specify that employers cannot discriminate based on gender identity and/or expression.

- Require the Legislature to take up the redistricting maps proposed by the People's Maps Commission. The Governor further recommends that all legislative records on redistricting be retained for ten years and that all legislative meetings on redistricting comply with open meeting requirements.

- Provide property tax relief for low-income seniors and individuals with disabilities by increasing the maximum income threshold of the homestead credit to $30,000 in tax year 2021 and annually index all parameters for inflation beginning in 2023. This will provide $35 million in tax relief in fiscal year 2021-22 and $33.9 million in fiscal year 2022-23.

- Expand the veterans and surviving spouses property tax credit to include a benefit for renters equal to 20 percent of rent paid, if heat is included in rent, and 25 percent of rent paid, if heat is not included in rent, beginning with tax year 2021.

- Create a new discretionary grant of equal amounts to the tribes to support nongaming programs that meet the needs of members of the tribes. The grant will start in fiscal year 2022-23 and will be funded at $11 million or $1 million per federally recognized tribe.

- Create a small business economic development program at the Wisconsin Economic Development Corporation benefiting tribes, funded at $390,000 annually.

- Create a grant program administered by the Department of Public Instruction to reimburse expenses incurred by school districts that choose to change race-based mascots and logos, funded at $200,000 PR-S per year.

- Provide $69,400 PR in fiscal year 2021-22, $87,400 PR in fiscal year 2022-23, and 1.0 FTE PR position to create a Latinx outreach specialist at the Department of Agriculture, Trade and Consumer Protection.

C. WHAT'S BEST FOR KIDS

- Provide $612.8 million GPR in state general aid to school districts across the biennium, the largest increase since the 2005-07 biennium.

- 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.

- Convert special education aid to a sum sufficient appropriation, ensuring that aid is not prorated and that the state meets the level of support it promises. Also, increase special education aid by $296,695,600 GPR in fiscal year 2021-22 and $412,890,100 GPR in fiscal year 2022-23 to reimburse eligible special education cost at 45 percent and 50 percent in those fiscal years, respectively. The current reimbursement rate is less than 29 percent. The previous budget provided the largest increase to special education aid in a decade but still did not reach an acceptable reimbursement level.

- Increase high cost special education aid by $1,752,200 GPR in fiscal year 2021-22 and $7,804,900 GPR in fiscal year 2022-23 to reimburse eligible high cost special education costs at 40 percent and 60 percent in those fiscal years, respectively, to ensure school districts are able to fund supports for students with the greatest needs.

- Increase special adjustment aid rates from 85 percent of prior year general aid to 90 percent of prior year general aid in each year in the biennium, which would have increased state aid for at least 55 school districts had it been in effect in fiscal year 2020-21.

- Increase revenue limit equity for low-spending school districts by increasing the low revenue ceiling to $10,250 in fiscal year 2021-22 and $10,500 in fiscal year 2022-23. Increasing the low revenue ceiling helps an estimated 140 low-spending districts that have been confined to lower revenue 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 2022-23.

- Increase funding by $22.5 million GPR in fiscal year 2021-22 and $24 million GPR in fiscal year 2022-23 for school mental health categorical aid and expand the program to support all pupil service staff expenditures and provide 10 percent reimbursement in each year. Pupil support staff includes school counselors, psychologists, social workers, and nurses. Restructure program eligibility to include all school districts, independent charter schools, and private parental choice schools with expenditures for pupil support staff in the prior year. Under current law, only school districts, independent charter schools, and private parental choice schools that increased expenditures for social workers year over year are eligible, which severely limits eligible schools and does not account for ongoing expenditures to support social workers. Increased funding could expand the number of eligible school districts, independent charter schools, and private parental choice schools from 87 to more than 420. In addition, rename the appropriation to include student wellness to reflect the program’s whole-student approach.

- Increase funding by $3.5 million GPR in each year to increase the number and size of school-based mental health collaboration grants provided. In addition, expand the definition of mental health provider to allow more rural school districts and qualified organizations to access grants.

- Increase funding by $31,177,000 GPR in fiscal year 2021-22 and $29,654,000 GPR in fiscal year 2022-23 to fund per pupil payments of $750 in each year and to provide an additional $75 per economically disadvantaged pupil to increase equity in school funding. Repeal supplemental per pupil aid that provides an estimated $3 per pupil and repurpose those funds to pupils in all districts.

- Increase funding by $9,745,500 GPR in fiscal year 2021-22 and $18,267,200 GPR in fiscal year 2022-23 to provide 15 percent reimbursement of eligible costs and to reform the current bilingual-bicultural categorical aid program to address increasing costs and the needs of English learners in any school district or independent charter school in each fiscal year, respectively. Beginning in the 2022-23 fiscal year, allow all school districts and independent charter schools that serve at least one English learner to be eligible for either: (a) $10,000 if they serve one to 20 English learners, or (b) $500 per pupil if they serve at least 21 English learners. Currently only 53 school districts are eligible for state aid for these programs; under the reformed program over 360 school districts would be eligible, and the vast majority of newly included school districts are located in rural areas.

- Provide $750,000 GPR in fiscal year 2022-23 for grants to school districts to support the identification and professional development of staff and teachers seeking licensure as a bilingual teacher or English as a second language teacher.

- Support the unique needs of rural schools by providing $9,992,100 GPR in fiscal year 2021-22 and $10,038,900 SEG in fiscal year 2022-23 for sparsity aid. Replace GPR funding for sparsity aid in the second year with funding from the newly created Community Reinvestment Fund. 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 and fully fund 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 that no longer meet eligibility requirements.

- Create new out-of-school time grants, and provide $20 million GPR in fiscal year 2022-23, to address unmet community needs for high quality programming in underserved communities.

- Address climate change, rising energy costs, and the need to modernize outdated school building features by providing $10 million GPR in each fiscal year to support a new energy efficiency grant program. School districts can apply for funding to support projects that provide energy savings and improve student health. In the past school year, the importance of updated heating, ventilation, and air conditioning systems was highlighted; therefore a preference in grant applications will be given for projects related to heating, ventilation, and air conditioning systems.

- Highlight the importance of federally recognized American Indian tribes and bands and reinforce the intent of 1989 Wisconsin Act 31 by: (a) expanding the teacher licensing requirement related to knowledge of American Indian tribes and bands in Wisconsin to include contemporary and historical events; (b) increasing the frequency of social studies instruction in the culture, tribal sovereignty, and contemporary and historical significant events of federally recognized tribes and bands in Wisconsin for school districts beginning in the 2022-23 school year; and (c) requiring independent charter schools and private schools participating in a parental choice program to provide instruction in American Indian studies in both elementary grades and high school grades beginning in the 2022-23 school year.

- Increase computer science education access, a skill set that is growing in importance in the workforce, by providing $750,000 GPR in fiscal year 2022-23 to school districts to identify staff and teachers for professional development resulting in licensure in computer science. Additionally, increase equity in access to computer science education courses by providing a preference for school districts serving disproportionate shares of low-income and students of color.

- Investigate whether potential cost savings exist for school districts related to health insurance if all school districts were required to participate in the Group Health Insurance Program as of January 1, 2024, through an actuarial study by the Group Insurance Board.

- Repeal the punitive Opportunity Schools Partnership Program and instead invest in equity-focused initiatives. The program has never been used.

- Repeal the truancy abatement and burglary suppression program which: (a) only provides casework support to a small number of the students referred each year; (b) results in negative interactions with police for Milwaukee youths; and (c) no longer is supported by community organizations.

- Create the Child Care Strong program to increase quality, affordable, and accessible child care for all Wisconsin children by annually providing $53,016,400 GPR and repurposing $17,637,000 TANF by delinking YoungStar incentive payments to providers from Shares authorizations. The program at the Department of Children and Families will also help address child care deserts that exist in the state.

- Provide $500,000 TANF in each fiscal year to expand the REWARD program, which provides stipends for child care professionals based on educational attainment and longevity in the field.

- Continue current funding to support and expand quality and affordable child care in economically disadvantaged areas within the city of Milwaukee.

- Support Wisconsin families by increasing the Wisconsin earned income tax credit as a percentage of the federal credit from 4 percent to 16 percent for filers with one qualifying child and from 11 percent to 25 percent for filers with two qualifying children beginning with tax year 2021. The earned income tax credit has been shown to be effective in reducing childhood poverty. The fiscal impact is an estimated increase in earned income tax credit payments of $74.3 million in fiscal year 2021-22 and $74 million in fiscal year 2022-23.

- Adopt a nonrefundable credit equal to 50 percent of the federal credit for child and dependent care expenses beginning in tax year 2021 while repealing the less generous current law subtraction for qualifying child and dependent care expenses. The fiscal impact is an estimated reduction in tax revenue of $9.8 million in fiscal year 2021-22 and fiscal year 2022-23.

- Create a subtraction from the individual income tax for those amounts received by a taxpayer as part of AmeriCorps education awards. The fiscal impact is an estimated reduction in General Fund tax revenues of $136,000 in each year.

- Limit the subtraction from adjusted gross income for tuition paid by a parent to send their child to a private primary or secondary school to those single and head of household filers with incomes below $100,000 and married-joint filers with incomes below $150,000. The fiscal impact of this provision is an estimated tax revenue increase of $6.4 million in fiscal year 2021-22 and $6.5 million in fiscal year 2022-23.

- Increase Children and Family Aids by $10 million beginning in calendar year 2022, appropriating $15 million GPR over the biennium to provide additional support to the child welfare system.

- Authorize the Department of Children and Families to implement a new statewide in-home services intervention program that will invest $8,613,400 GPR and $3,729,300 PR-F in each year in services to reduce the need for child welfare interventions and certify qualified residential treatment programs to comply with the federal Family First Prevention Services Act.

- Increase funding by $4,000,000 GPR and $7,764,700 FED in each fiscal year to child support agencies to improve collection of delinquent child support in the state.

D. HEALTHY COMMUNITIES



- Expand Medicaid under the federal Affordable Care Act by covering all low-income Wisconsin residents who earn incomes between 0 percent and 138 percent of the federal poverty level. Medicaid Expansion will provide health care coverage to 90,900 additional Wisconsinites while saving $634 million GPR and drawing down an additional $1.3 billion FED over the biennium, funds which have been reinvested to improve the health and well-being of all Wisconsinites.

- Invest $1.8 million to fund the development of a state-administered public option health plan to be offered no later than 2025 or 2022 if the federal Affordable Care Act is no longer enforceable.

- Provide $321 million to hospitals that serve Medicaid recipients through: (a) disproportionate share hospital payments; (b) acute care hospital access payments; (c) critical access hospital access payments; and (d) pediatric supplemental payments.

- Create a Medicaid community health benefit that invests $25 million for nonmedical services to reduce and prevent health disparities that result from economic and social determinants of health. Services include housing referrals, nutritional mentoring, stress management, and other services that would positively impact an individual's economic and social condition.

- Address health disparities in Wisconsin by strategically investing in the following health equity initiatives: (a) grants for community organizations and local public health departments to implement health equity action plans; (b) grants for community organizations to implement community health worker care models; (c) a Medicaid tribal shared savings initiative; (d) funding to translate the Department of Health Services' Web page into multiple languages; and (e) 1.0 FTE position to staff an enterprisewide health in all polices action team. Fund these initiatives with $10,166,200 in fiscal year 2021-22 and $25,726,100 in fiscal year 2022-23.

- Provide $14 million for the following communicable disease items: (a) 23.0 FTE GPR positions for the Department of Health Services' Bureau of Communicable Diseases to sustain the state's COVID-19 response and be prepared to respond to future communicable disease outbreaks; (b) 3.0 FTE GPR positions to create a communicable disease harm reduction strike team; (c) 2.0 FTE GPR positions to create a data analytics and predictive modeling team in the Office of Health Informatics; (d) grant funding for local and tribal public health departments to support communicable disease control and prevention activities.

- Increase access to dental services in the state, including: (a) to address dental provider shortages in Wisconsin, begin licensing Dental Therapists, a mid-level dental provider; (b) provide $11.9 million in fiscal year 2021-22 and $23.8 million in fiscal year 2022-23 to provide Medicaid dental incentive payments through reimbursement rate increases to dental providers that serve Medicaid recipients; and (c) provide $60,000 in each year of the biennium to increase funding for dental loan repayments for dentists who provide services in rural areas.

- Invest in a healthy women, healthy babies initiative to improve birth outcomes, including: (a) providing $1,015,200 in fiscal year 2022-23 to cover doula services through Medicaid; (b) increasing funding for the Women's Health Block Grant by $193,600 GPR annually and remove the restrictions on which organizations can be provided Title V and X funding; (c) expanding postpartum eligibility for women in the Medicaid program from 60 days to 12 months by providing $20,948,600 in fiscal year 2022-23; (d) granting $3.5 million to organizations working to reduce disparities related maternal and infant mortality; and (e) granting $4.5 million to Black woman-led and community serving organizations working to improve Black women's wellness.

- Reduce the incidence of childhood lead poisoning in our state by: (a) increasing blood lead testing by providing additional funding for lead screening and outreach grants; (b) providing ongoing funding for the Windows Plus Program; and (c) expanding Birth to 3 services to additional children that are lead poisoned. Fund these initiatives with $4,311,800 in fiscal year 2021-22 and $7,704,800 in fiscal year 2022-23.

- Reform existing tobacco and vapor product statutes by increasing the age to purchase tobacco and vapor products from age 18 to age 21, prohibit the use of a vapor product indoors, and prohibit the use of a vapor product on school grounds. In addition, provide $2 million to fund a public health campaign related to tobacco and vapor product use.

- Invest $567,200 in the following Emergency Medical Services items: (a) provide additional funding for the Emergency Medical Services Funding Assistance Program; (b) convert 2.0 FTE positions working on the Wisconsin Trauma System from FED to GPR; and (c) provide 1.0 FTE position to staff an ambulance inspection program.

- Provide $12.3 million GPR in fiscal year 2022-23 to establish up to two regional crisis centers, with each offering a crisis urgent care and observation center, a crisis stabilization facility and inpatient psychiatric beds, to improve the crisis response system, expand crisis bed access, and alleviate the need for long distance emergency detention transportations. Support 2.0 FTE GPR human services program coordinator positions to develop and evaluate the centers on an ongoing basis.

- Provide $5 million GPR in fiscal year 2022-23 to establish five crisis stabilization facilities across the state.

- Provide $1.2 million GPR in each year to support the staffing needs of county crisis programs and peer-run respite centers for their telephone services that provide aid to individuals in crisis.

- Create a $1.9 million GPR grant in fiscal year 2022-23 to establish a behavioral health treatment program for those who are deaf, hard of hearing, or deaf-blind that will offer direct treatment from a provider fluent in American Sign Language and educated on the culturally unique challenges faced by the deaf, hard of hearing, and deaf-blind community.

- Provide $425,000 GPR in each year to implement a Healthy Eating Incentives Pilot Program that will provide up to 2,000 FoodShare households with discounts on fresh produce and other healthy food options.

- Improve the safety and effectiveness of crisis response in emergency situations by: (a) creating a $1.25 million GPR grant in each year for municipalities and counties to establish behavioral health and police collaboration programs to increase behavioral health professional involvement in emergency response situations; (b) providing $375,000 GPR in each year for additional crisis intervention trainings to local law enforcement; and (c) providing $850,000 GPR in each year to expand Milwaukee County's Crisis Mobile Team.

- Build on the work of the Governor's Task Force on Caregiving by investing in our caregivers through: (a) providing $40.4 million in fiscal year 2021-22 and $37.4 million in fiscal year 2022-23 to increase the direct care and services portion of the capitation rates the Department of Health Services provides to long-term care managed care organizations in recognition of the direct caregiver workforce challenges facing the state; (b) providing $40.4 million in fiscal year 2021-22 and $37.4 million in fiscal year 2022-23 to fund rate increases for personal care direct care services; and (c) providing $78.3 million in fiscal year 2021-22 and $163.7 million in fiscal year 2022-23 for a rate increase for nursing homes, of which, $40.4 million in fiscal year 2021-22 and $37.4 million in fiscal year 2022-23 is targeted to the direct care workforce.

- Provide funding to implement a forensic assertive community treatment program, which is intended to be an intervention that bridges the behavioral health and criminal justice systems. The program is intended for individuals with serious mental illness who are involved with the criminal justice system and is designed to improve clients' mental health outcomes; reduce recidivism; divert individuals in need of treatment away from the criminal justice system; manage costs by reducing reoccurring arrest, incarceration, and hospitalization; and increase public safety.

- Provide an additional $2 million GPR annually for free and charitable clinics and an additional $2 million GPR for community health center grants.

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

- Provide 7.5 FTE positions, $692,600 PR in fiscal year 2021-22, and $617,800 PR in fiscal year 2022-23 to license and regulate entities involved in the prescription drug supply chain, including pharmacy benefit management brokers and consultants, pharmacy benefit managers, pharmacy services administration organizations, and pharmaceutical sales representatives.

- Provide 16.0 FTE PR positions, and $1.7 million PR in fiscal year 2021-22 and $1.5 million PR in fiscal year 2022-23, to establish the Office of Prescription Drug Affordability to oversee the prescription drug regulatory provisions enacted under this budget and further analyze and develop policy initiatives to continue reducing prescription drug costs. In addition, establish a Prescription Drug Affordability Review Board to oversee the pharmaceutical industry and drug market, analyze other state and national drug policies and practices, establish spending targets for public sector entities, and set price ceilings on price-gouging prescription drugs.

- Create a $500,000 GPR grant in fiscal year 2022-23 to develop a patient pharmacy benefits tool, which would provide physicians and other prescribers the ability to conveniently view a patient's pharmacy benefits to take out-of-pocket costs into consideration when prescribing medications.

- Increase pharmacist participation at free and charitable clinics by allowing one-third of continuing education requirements to be met through volunteer work.

- Require hospitals participating in the federal 340B drug discount program to report on their savings under the program and how they utilize those savings.

- Set the maximum copay for a month's supply of insulin to $50.

- Establish an Insulin Safety Net Program to ensure those with an urgent need for insulin as well as those with lower incomes and limited to no insurance coverage have access to affordable insulin.

- Direct the Office of the Commissioner of Insurance to study the creation of a state prescription drug purchasing entity to pool state and local purchasing power and leverage for lower prescription drug costs.

- Provide 10.0 FTE positions, $885,000 GPR in fiscal year 2021-22, $1.2 million GPR in fiscal year 2022-23, and $3 million PR in fiscal year 2022-23 to establish a state-based health insurance marketplace by plan year 2024 to improve health insurance marketing and outreach efforts, increase state revenue, and gain more state autonomy over aspects of the health insurance marketplace.

- Direct the Office of the Commissioner of Insurance to develop a plan to offer premium assistance by plan year 2024 that would be available to those between 138 percent and 250 percent of the federal poverty level who are also enrolled in silver tier plans on the marketplace to incentivize getting individuals access to federal cost-sharing reductions.

- Establish parity provisions to ensure patients utilizing telehealth services are not charged or have their services limited any more than if they received an equivalent in-person service to increase the availability and affordability of telehealth services.

- Create a $500,000 PR grant in each year to support insurance navigator organizations help individuals enroll for health insurance coverage.

- To ensure that all Wisconsin residents are guaranteed the same health insurance issuance and coverage protections, require health insurance providers to guarantee the issuance of health insurance to individuals that apply for coverage regardless of preexisting conditions, sexual orientation, gender identity, health status, or medical history, among others; prohibit health insurance providers from charging greater premiums or out-of-pocket costs based on those factors; prohibit health insurance providers from establishing annual or lifetime limits on health insurance plan benefits; require all health insurance plans to provide coverage for the ten essential health benefits categories covered under the federal Affordable Care Act; and require all health insurance plans provide coverage for certain preventive services at no cost to the plan holder.

- Eliminate balance billing, also known as surprise billing, for emergency and ambulatory services given by an out-of-network provider as well as services provided at an in-network facility by an out-of-network provider. Require a good-faith cost estimate be provided before services are delivered.

- Provide 7.0 FTE GPR positions to expand 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 use disorder.

- Provide $100,000 annually to promote suicide prevention and awareness in veteran communities by conducting improved outreach to traditionally underserved veteran populations.

- Provide a 5 percent increase to grants to counties and the governing bodies of federally recognized American Indian tribes and bands in support of the costs of maintaining veterans service offices.

- Create a nonrefundable individual income tax caregiver credit for qualified expenses incurred by a family caregiver to assist a qualified family member. For the purposes of the credit, a qualified family member must be at least 18 years of age, must require assistance with one or more daily living activities as certified by a physician, and must be the credit claimant's spouse or related by blood, marriage, or adoption within the third degree of kinship. The credit is equal to 50 percent of qualified expenses in the taxable year, limited to $500 for most filers and $250 for married-separate filers. The credit is subject to income limits that phase out the credit between $75,000 and $85,000 in income for single, married-separate, and head of household filers and $150,000 and $170,000 in income for married-joint filers. The credit first applies to taxable years beginning after December 31, 2020. The fiscal impact is an estimated decrease in tax revenue of $100.4 million in fiscal year 2021-22 and $102.5 million in fiscal year 2022-23.

- Support additional and improved student health services related to mental and behavioral health by providing the University of Wisconsin System with $2.5 million GPR in fiscal year 2021-22 and $7.5 million GPR in fiscal year 2022-23.

- Expand Department of Safety and Professional Services' efforts to address the opioid epidemic by authorizing increased expenditure authority of $250,000 PR in each year of the biennium. This will allow the department to develop and implement a program that awards funding to increase utilization of the Prescription Drug Monitoring Program by providing one-click access to patient prescribing histories. As a result, prescribers will have enhanced access to more complete controlled substance prescription histories, allowing them to make a more informed prescribing decision. In addition, require all pharmacists to receive training on dispensing opioid antagonists.

- Increase funding for the homeless prevention programs recommended by the Interagency Council on Homelessness, but at higher funding levels to reflect ongoing needs: (a) $1 million GPR in each fiscal year for the Homelessness Prevention Program; (b) $500,000 GPR in each year for the creation of a new diversion program; (c) $700,000 GPR in each fiscal year for the State Shelter Subsidy Grant; (d) $5 million GPR in each fiscal year for the Housing Assistance Program; (e) $500,000 TANF in each fiscal year for the Homeless Case Management Services Grant; (f) $250,000 GPR in each fiscal year for the Skills Enhancement Grant at the Department of Children and Families; (g) $2 million GPR in each fiscal year to create a new housing quality standards grant; and (h) $600,000 GPR in each fiscal year to create a grant for housing navigation. In addition, create a veteran rental assistance program funded at $1 million GPR in each fiscal year. Finally, repurpose unused funding from the Employment Services Grant program to support 1.0 FTE GPR position within the Department of Administration's Division of Energy, Housing and Community Resources to support the expanded programs and convert a 1.0 FTE FED position to PR-S funded with TANF.

- Create a pilot program that gives priority to homeless children and their families on the Wisconsin Housing and Economic Development Authority's federal Housing Choice Voucher Program waiting list.

- Create a civil legal assistance program and provide $2 million GPR in each fiscal year to allocate funds to the Wisconsin Trust Account Foundation, Inc., to provide grants for civil legal services to indigent persons. Civil legal services may include eviction, unemployment compensation, consumer law, domestic violence, and health insurance matters.

- Establish an affordable workforce housing grant program and provide $50 million GPR in fiscal year 2021-22 to provide funding to local municipalities to encourage the development of additional affordable workforce housing in the state.

- Modify the State Housing Tax Credit program to help address the need for affordable housing in the state by: (a) increasing the limit on the total amount of state housing tax credits that may be authorized annually by the authority from $42 million to $100 million; and (b) increasing the credit period from six taxable years to ten taxable years. In addition, modify current financing requirements for developments to allow the authority to continue to allocate state housing tax credits even if the federal private activity tax-exempt bond volume cap limit is reached.

- Provide $4,153,800 in each fiscal year to expand the Emergency Assistance program at the Department of Children and Families in the following ways: (a) increase the income limitation from 115 percent of the federal poverty level to 200 percent of the federal poverty level, (b) increase the maximum payment amount, (c) allow individuals ages 18 to 24 who are not parents or caretaker relatives to be eligible, and (d) allow a household to receive a crisis payment during a national or state emergency without receiving notice that they will be required to leave housing if payment is not made immediately.

- Expand the civil legal assistance program at the Department of Children and Families by $500,000 TANF in each fiscal year to provide civil legal services related to eviction matters.

- Reinstate the ability for local governments to enact ordinances regulating the landlord-tenant relationship and modify certain statutory language related to landlord-tenant responsibilities that were enacted over the past decade to provide a better balance of rights and protections for landlords and tenants.

- Provide $40 million GPR for the replacement of lead service lines through the Safe Drinking Water Loan Program.

- Increase funding by $1 million GPR in each year for financial assistance under the well compensation program. Amend the well compensation program to bring the program's contamination criteria in line with federal water quality standards. Update the program's financial qualifications to allow the program to serve more Wisconsin residents.

- Provide $447,400 GPR in fiscal year 2021-22, $536,600 GPR in fiscal year 2022-23, and 5.0 FTE GPR positions to provide regional mental health support for farmers and farm families.

- Provide the Department of Agriculture, Trade and Consumer Protection with $102,400 GPR in fiscal year 2022-23 and 1.0 FTE GPR position to provide consumer protection enforcement on vaping products.

E. BUILDING STRONG INFRASTRUCTURE



- Provide a total of $565.6 million in federal and state funds for the major highway program over the biennium to continue work on projects throughout the state.

- Provide $75 million for local multimodal transportation projects to address the significant need for supplemental infrastructure funding as evidenced by the $1.2 billion of projects submitted by local governments under a similar program in the 2019-21 biennium.

- With 2021 being declared the "Year of Broadband" in Wisconsin, invest over $200 million to expand broadband access in Wisconsin, which is five times greater than the combined investments made in the 2013-15, 2015-17, and 2017-19 biennial budgets. The main component of this investment is an increase in funding for the Broadband Expansion Grant Program at the Public Service Commission to $151.7 million over the biennium, compared to $48 million during the 2019-21 biennium. The $151.7 million is comprised of $74.8 million GPR in fiscal year 2021-22 and $72.9 million GPR in fiscal year 2022-23 and the statutorily required minimum of at least $2 million annually in funding from the state's Universal Service Fund.

- Eliminate several statutory restrictions for certain municipalities defined as broadband "underserved" or "unserved" to directly invest in broadband infrastructure and provide service to residents. Allow these communities to apply directly for broadband grants from the Public Service Commission.

- Create a Broadband Line Extension Grant Program, funded at $1.75 million GPR in fiscal year 2021-22 and $3.5 million GPR in fiscal year 2022-23, to provide grants and financial assistance to eligible households to subsidize the cost of a line extension from existing broadband infrastructure to a residence without access to 25/3 mbps service. Provide 1.0 FTE GPR position and associated funding to the State Broadband Office to assist with the initiative.

- Create an Internet assistance program at the Department of Children and Families, funded at $20 million annually, including $10 million GPR and $10 million TANF funds, to subsidize the cost of a monthly Internet subscription for families at or below 200 percent of the federal poverty level. In addition, provide 1.0 FTE position to administer the program.

- Increase State Highway Rehabilitation program funding by $66.6 million to provide a 3 percent increase over the prior biennium.

- Provide $40 million in bonding to start the I-94 East/West expansion project in Milwaukee County.

- Provide $15 million in bonding for a Local Roads for Critical Infrastructure pilot program to combat the increased frequency of roadway destruction from flooding events.

- Authorize $5 million in bonding for electric vehicle charging infrastructure to allow greater use of electric vehicles throughout the state.

- Increase General Transportation Aids for both counties and municipalities by 2 percent in calendar year 2022 and by another 2 percent in calendar year 2023.

- Provide $3.5 million for a 2.5 percent annual increase in general transit operation aids for transit systems across the state.

- Create the Wisconsin Initiative for Agricultural Exports with $1,074,400 GPR in fiscal year 2021-22, $1,092,200 GPR in fiscal year 2022-23, and 1.0 FTE GPR position to help build Wisconsin's agricultural brand in international markets and increase agricultural exports.

- Provide $100,000 GPR in each year for grants to help farms hire business consultants to examine their farm business plans.

- Provide an additional $600,000 GPR in each year to increase the available funding for the Dairy Processor Grant program.

- Create the Value-Added Grant program with $468,000 GPR in fiscal year 2021-22, $490,600 GPR in fiscal year 2022-23, and 1.0 FTE position. The program will help farmers expand agricultural practices that produce value-added products.

- Fund the Farm to School Grant program at $200,000 GPR in each year.

- Create the Farm to Fork Grant program with $200,000 GPR in each year. The program will connect nonschool entities that operate cafeterias with local farmers, so that they can purchase locally grown food.

- Increase funding and position authority for the Buy Local, Buy Wisconsin Grant program by $165,100 GPR in fiscal year 2021-22, $186,800 GPR in fiscal year 2022-23, and 1.0 FTE GPR position.

- Provide a one-time infusion of $400,000 GPR in fiscal year 2021-22 into the Something Special *from* Wisconsin trademark program.

- Create a new Meat Processor Grant program with $1,000,000 GPR in each year. The program will provide grants to meat processors to expand and modernize their operations and grow the meat industry.

- Create the Meat Talent Development Grant program with $1,306,700 GPR in fiscal year 2021-22, $1,329,700 GPR in fiscal year 2022-23, and 1.0 FTE GPR position. The new grant program will support meat industry workforce development needs by providing tuition assistance to individuals pursuing meat processing programming at Wisconsin universities, colleges, and technical schools.

- Develop a water utility assistance program at the Department of Administration and provide $10,170,200 GPR in fiscal year 2021-22 and $13,560,200 GPR in fiscal year 2022-23 to help customers defray the cost of water and wastewater bills. In addition, provide 1.0 FTE GPR position to support the program.

- Provide $3.4 million SEG in fiscal year 2021-22 and $21.7 million SEG in fiscal year 2022-23 to build the systems that will enable Next Generation 9-1-1 statewide. Funding would provide for the development and management of an emergency services Internet protocol network; grants to counties for the development of geographic information systems data; development and management of the geographic information systems data provided by counties; and grants to 9-1-1 public safety answering points for training, equipment, or software expenses.

- Provide $6.5 million GPR for the design and implementation of a new statewide interoperable communications system, which is a shared land mobile radio public safety communications system allowing emergency personnel and first responders to communicate for their daily mission, during a major disaster, or a large-scale incident.

- Provide $1.7 million GPR and 5.0 FTE positions annually to expand the comprehensive wellness program, which works to improve the culture of health and wellness within the Wisconsin National Guard.

- Expand the current law exclusions from income for active duty National Guard and Reserve compensation to exclude from a taxpayer's Wisconsin adjusted gross income any amounts earned by National Guard members while on National Guard state active duty or by reservists activated for certain preplanned support missions. The fiscal impact of this proposal is an estimated reduction in tax revenue of $430,000 in each year.

F. JUSTICE REFORM AND REINVESTMENT



- Provide an additional $15 million GPR and 2.0 FTE GPR positions in fiscal year 2022-23 for an expansion of the treatment alternatives and diversion program to greatly expand the program.

- Provide $221,400 GPR in fiscal year 2021-22, $273,500 GPR in fiscal year 2022-23, and 3.0 FTE GPR positions for the administration and evaluation of the treatment alternatives and diversion program.

- Provide funding to continue the Nonviolent Offender Treatment Diversion Pilot Program consisting of $261,000 GPR in each year and removing the program's June 30, 2021, sunset date.

- Provide $280,000 GPR in each year of the biennium to create a program that expands the capacity of behavioral crisis lines that provide an alternative to 9-1-1 for nonemergency behavioral health issues.

- Provide $2 million GPR over the biennium for the creation of a violence interruption grant program.

- Modernize Wisconsin's juvenile justice system to be more evidence based by: (a) creating a sentence adjustment procedure for youth under 18 who commit a crime; (b) eliminating the Serious Juvenile Offender program; (c) eliminating life without the possibility of extended supervision for juvenile offenders; (d) limiting the use of detention sanctions or holds; and (e) prohibiting the use of restraints on anyone under the age of 18 when appearing in court in most cases.

- Better align our justice system with appropriate standards for youth by raising the age of adult jurisdiction to 18 years of age and eliminate automatic original adult court jurisdiction for all youth under the age of 18; modifying the conditions under which a youth under the age of 18 may be waived into adult court; and increasing the age of delinquency from 10 years of age to 12 years of age.

- Enhance youth justice services by creating 3.0 FTE GPR positions, program improvements, grants for community-based and out-of-home care services, and budgeting $417,000 GPR in fiscal year 2021-22 and $11,087,200 GPR in fiscal year 2022-23 for these purposes. Further modify the youth justice statutes and appropriations to provide more flexibility in allocating Youth Aids funding and enhancing system improvements.

- Create a new sum sufficient appropriation and provide $10 million GPR in each fiscal year to reimburse counties for the increased cost associated with raising the age that a circuit court or municipal court exercises adult court jurisdiction on individuals from 17 years of age to 18 years of age.

- Eliminate the Serious Juvenile Offender program in the Department of Corrections and move responsibility for caring for future young offenders to the counties. Authorize the Department of Children and Families to distribute an additional $5,327,500 GPR in fiscal year 2021-22 and $13,529,700 GPR in fiscal year 2022-23 in youth aids to ensure counties can meet an increase in youth offender services that arise from the elimination of the Serious Juvenile Offender program.

- Establish a Sentencing Review Council to study and make recommendations regarding: the state's criminal code, equity in sentencing, the state's bifurcated sentencing structure, and sentences for violations committed by those between 18 and 25 years of age.

- Enhance law enforcement accountability and transparency by requiring specific standards in use of force policies, annual training on use of force options and de-escalation tactics, and use of force reporting.

- Provide $114,200 GPR in fiscal year 2021-22 and $149,000 GPR in fiscal year 2022-23 and create 2.0 FTE GPR law enforcement officer training positions at the Department of Justice. The positions would focus on implicit bias training, emergency detention, and officer wellness.

- Establish statutory procedures for processing and storing sexual assault kits.

- Provide an additional $4 million GPR in each year of the biennium to reimburse counties for eligible costs associated with providing services to crime victims and witnesses.

- Require, with certain exceptions, that any firearm transfers be done through federally licensed firearm dealers with background checks conducted on recipients.

- Create an extreme risk protection injunction procedure where a court, after a hearing, may order an individual to refrain from possessing a firearm if it finds by clear and convincing evidence that they are substantially likely to injure himself or herself or another by possessing a firearm. The Department of Justice would, in addition to checking for prohibitions under current law, check whether an applicant for a license to carry a concealed weapon is prohibited from possessing a firearm under an extreme risk protection injunction.

- Establish that requesting an applicant for employment to supply information regarding their conviction record, or otherwise considering the record, prior to selection for an interview constitutes employment discrimination.

- Require district attorneys to offer a diversion and restitution alternative for certain misdemeanor offenses.

- Index the State Public Defender's private bar rate to the consumer price index. Beginning on July 1, 2023, the rate would be adjusted biennially by a percentage equal to the average consumer price index over the preceding 12-month period.

- Modify the process by which the Department of Corrections may revoke the extended supervision, probation, or parole of a person and modify the sanctions procedure for certain rule violations. Allow, at the discretion of the county sheriff, for a person being held in jail on an extended supervision hold to be eligible for Huber release privileges.

- Create an earned compliance credit for certain eligible individuals under the supervision of the Department of Corrections. The earned compliance credit would equal the amount of time served on extended supervision or parole without violating any conditions or rules of extended supervision or parole.

- Expand the earned release program to include educational, vocational, treatment, or other qualifying training programs that are evidence-based to reduce recidivism. Clarify that the earned release program can reduce a term of confinement below a mandatory minimum period of confinement.

- Allow a sentencing court to reduce the term of a person's extended supervision if certain conditions apply.

- Expand the conditions under which an individual may have their criminal record expunged of a conviction.

- Expand the Opening Avenues to Reentry Success program by providing $2,254,400 GPR in fiscal year 2021-22 and $3,005,800 GPR in fiscal year 2022-23.

- Provide $250,000 GPR in each year to expand the Windows to Work program.

- Provide $800,000 GPR in each year to expand a medication-assisted treatment program at the Department of Corrections.

- Establish a behavioral modification unit at Racine Youthful Offender Correctional Facility as an alternative to restrictive housing. Provide $399,000 GPR in fiscal year 2021-22, $520,500 GPR in fiscal year 2022-23, and 4.0 FTE positions.

- Provide $1,039,200 GPR in fiscal year 2021-22 and $2,078,300 GPR in fiscal year 2022-23 to expand options for alternatives to revocation.

- Provide $1,579,800 GPR in fiscal year 2021-22, $1,869,100 in fiscal year 2022-23, and 27.0 FTE positions to expand substance use disorder treatment capacity for the Earned Release Program at adult institutions.

- Legalize the sale of marijuana for recreational use if it is sold by a retailer holding a permit issued by the Department of Revenue and direct that 60 percent of the resulting excise tax collections be deposited into a newly created Community Reinvestment Fund to support $69,852,800 of programs to improve social equity, aid underserved communities, and support sparsity aid during fiscal year 2022-23.

- Provide $203,400 PR in fiscal year 2021-22, $251,100 PR in fiscal year 2022-23 and 3.0 FTE PR positions to the Department of Agriculture, Trade and Consumer Protection to provide staffing for the regulation of marijuana.

- Provide from the Community Reinvestment Fund the following appropriations for fiscal year 2022-23:

    - $10 million for grants to promote diversity and advance equity and inclusion.
    - $10 million for community health worker grants.
    - $10 million for equity action plan grants.
    - $5 million to assist underserved communities.
    - $34,852,800 to provide school sparsity aid.

- Allocate funding to purchase body-worn cameras for state police officers and pay for the storage of data. This includes $50,000 PR-S in each fiscal year for police officers in the Department of Administration's Division of the Capitol Police, $406,000 in each year for the Department of Natural Resources' law enforcement staff, and $700,000 SEG annually for the Department of Transportation's Division of State Patrol.

G. SUSTAINABILITY AND CONSERVATION

- Create a new earnings activity for the Business Development Credit for energy efficiency and renewable energy project expenditures by a business, specifying WEDC may provide an incentive of up to 25 percent of expenditures on real or personal property for such projects.

- Provide $731,300 SEG in fiscal year 2021-22, $936,700 SEG in fiscal year 2022-23, 10.0 FTE SEG permanent positions, and 1.0 FTE SEG four-year project position in the Department of Natural Resources for the development and implementation of a per- and polyfluoroalkyl substances (PFAS) action plan.

- Provide $1,430,000 SEG in fiscal year 2021-22 and $680,000 SEG in fiscal year 2022-23 for statewide monitoring and testing for PFAS.

- Provide $10 million GPR in each year of the biennium for a municipal grant program for the testing and remediation of PFAS by local units of government.

- Provide $1 million SEG in fiscal year 2021-22 for the collection and disposal of firefighting foam that contains PFAS.

- Establish and enforce various environmental standards for PFAS.

- Extend the Warren Knowles-Gaylord Nelson Stewardship 2000 Program until fiscal year 2031-32 at $70 million per year. Provide $700 million in bonding authority for the program.

- Create a Great Lakes Erosion Control loan program. The program would assist municipalities and owners of homes located on the shore of Lake Michigan or Lake Superior where the structural integrity of municipal buildings or homes is threatened by erosion of the shoreline. Provide $5 million SEG in fiscal year 2021-22 as an initial capitalization for the program.

- Authorize $25 million in bonding for contaminated sediment removal from sites in the Great Lakes or its tributaries that are on Wisconsin's impaired waters list.

- Prohibit the sale and use of sealants that contain coal tar, coal tar pitch, coal tar volatiles, or high concentrations of polycyclic aromatic hydrocarbons.

- Authorize $12 million in environmental fund-supported general obligation bonding authority for urban nonpoint source cost-sharing and the municipal flood control program. Of the $12 million in bonding, $8 million must be set aside for the municipal flood control program.

- Provide $1 million SEG in expenditure authority in each year for the Department of Natural Resources to provide funding for the preparation of flood insurance studies and other flood mapping projects.

- Provide $3.6 million SEG in fiscal year 2021-22 and $3,708,000 SEG in fiscal year 2022-23 for grants to counties for county conservation staff to support land and water conservation activities.

- Provide $1.8 million GPR in each year for grants to counties for additional county conservation staff to support climate change resiliency efforts.

- Authorize $6.5 million in bonding for grants to counties for capital projects that implement land and water resource management plans under the Targeted Runoff Management program.

- Provide an additional $100,000 SEG in each year for noncapital projects under the Targeted Runoff Management program.

- Authorize $7 million in bonding for grants to counties for implementation of land and water resource management plans, including cost-share grants to landowners through the Soil and Water Resource Management program.

- Provide an additional $250,000 SEG in each year for Producer-Led Watershed grants.

- Expand the farmland preservation planning grant program to allow for activities that implement certified farmland preservation plans.

- Provide $500,000 GPR in fiscal year 2021-22 to establish a nitrogen optimization pilot program.

- Provide $370,000 SEG in each year for a pilot program that studies the feasibility of a carbon market covering the state. Provide grants to producers and producer-led groups who participate in a carbon market pilot program.

- Create a new food waste reduction pilot project, funded at $100,000 GPR in each year.

- Create a new biodigester planning grant, funded at $250,000 GPR in each year.

- Provide $200,000 SEG in each year for snowmobile trail mapping.

- Increase the funding for all-terrain vehicle and utility terrain vehicle trail maintenance, trail development, and recreational projects by $250,000 SEG in each year. Increase the funding for county and local all-terrain vehicle and utility terrain vehicle trail projects and support facilities by $617,500 SEG in each year.

- Provide $1 million SEG in one-time funding in fiscal year 2021-22 to issue grants for the purchase of deer carcass disposal sites.

- Provide $50,000 SEG in each year for chronic wasting disease education for hunters.

- Provide $900 SEG in fiscal year 2021-22 and $19,500 SEG in fiscal year 2022-23 to allow the Department of Natural Resources to reallocate an existing position as a wildlife veterinarian.

- Authorize $6 million in bonding for the repair, reconstruction, and removal of dams.

- Expand public accessibility to electronics recycling by providing E-Cycle grants to rural counties of the state.

- Eliminate the June 30, 2021, sunset date for the Private On-Site Wastewater Treatment System Replacement or Rehabilitation Program and provide the Department of Safety and Professional Services with spending authority of $840,000 PR in both years of the biennium to allow a larger number of individuals and businesses to repair or replace eligible failing private on-site wastewater treatment systems through expanded eligibility criteria.

- Require the University of Wisconsin (UW) System Board of Regents to establish a partnership program among UW-Superior's Lake Superior Research Institute and surrounding northern Wisconsin communities to address local environmental health issues and priorities. Provide $402,500 GPR in fiscal year 2021-22 and $500,000 GPR in fiscal year 2022-23 and 5.0 FTE positions for the program.

- Provide $105,300 GPR in fiscal year 2021-22, $140,300 GPR in fiscal year 2022-23, and 1.0 FTE GPR faculty position at the State Laboratory of Hygiene to conduct research and provide outreach and training to help reduce PFAS and other emerging contaminant exposures and associated adverse environmental and health impacts in the state.

- Provide $105,300 GPR in fiscal year 2021-22, $140,300 GPR in fiscal year 2022-23, and 1.0 FTE GPR soil health faculty position at the State Laboratory of Hygiene that will work to advance, sustain, and protect the state's soil resources and an agriculture sector that is highly dependent on these soil resources.

- Provide $365,000 GPR in each year of the biennium for the Wisconsin Institute for Sustainable Technology at UW-Stevens Point.

- Increase Wisconsin's commitment to advance water-centric training, research, and innovation by providing $3 million GPR in fiscal year 2021-22 and $6 million GPR in fiscal year 2022-23 for the freshwater collaborative in the University of Wisconsin System to offer student support and scholarships, and to recruit faculty and staff.

- Create the Office of Environmental Justice within the Department of Administration, which will facilitate collaboration across state agencies and engage with environmental justice advocates, communities of color, Native Nations, and low-income populations to design climate policies that reduce emissions and pollutants and address the cumulative and deadly impact of their concentration within those communities. Provide a new 1.0 FTE PR-S unclassified office director position, appointed by the Secretary of Administration. In addition, reallocate 2.0 FTE vacant positions within the department for classified office staff.

- Provide funding to the Office of Environmental Justice for the execution of state and local government climate risk assessment and resilience plans. Provide a new 1.0 FTE PR-S unclassified position for a new chief resilience officer to oversee development and execution of these plans.

- Establish a technical assistance grant program to assist municipalities and tribal nations to develop a plan to be carbon-free by 2050. Provide $200,000 GPR over the biennium at the new Office of Environmental Justice for this purpose.

- Require a comprehensive plan be developed by municipalities to address climate change, require that local hazard mitigation plans include climate change, and require communities throughout the state to include climate change in their community health improvement assessment and plans.

- Establish the existing Office of Sustainability and Clean Energy in statute within the Department of Administration, which will continue to 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 a $4 million renewable and clean energy research grant in fiscal year 2021-22 administered by the Office of Sustainability and Clean Energy and funded by the environmental fund.

- Allocate $10 million of the remaining Volkswagen emissions settlement funds to be dedicated to the reestablishment an electric vehicle charging station grant program administered by the Department of Administration. Allocate remaining funds in excess of $10 million for the replacement of state vehicles with a focus on clean energy vehicles.

- Require the Public Service Commission to reevaluate the appropriate social cost of carbon every two years, in consultation with the Department of Natural Resources, and report the findings in a biennial report to the standing legislative committees. Require the commission to consider the social cost of carbon when determining whether to issue construction certifications.

- Direct the Public Service Commission to establish an Innovative Technologies Pilot Program, which would set a voluntary goal for utilities to collectively spend $100 million over five years on a pilot for a range of innovative technologies, including storage and microgrids.

- Expand low-cost debt financing of clean energy projects for residential, commercial, and governmental customers, including:

    - Require the Public Service Commission to create a model ordinance for counties to establish a property assessed clean energy (PACE) financing program.
    - Authorizing the Focus on Energy program to allocate funds to market PACE programs across the state.
    - Authorize regulated utilities to offer inclusive on-bill financing for energy efficiency improvements.

- Expand the types of remaining costs incurred by retiring power plants that can be securitized using environmental trust bonds, which can result in cost-savings for customers.

- Create a nonrefundable individual income tax credit equal to 10 percent of the amount individuals pay for flood insurance premiums in a tax year beginning with tax year 2021, limited to $60. The fiscal impact of this provision is an estimated reduction in individual income tax revenues of $800,000 in each year.

- Help families to access our state parks and inspire the next generation to both enjoy and preserve Wisconsin's great outdoors by providing fee waivers for annual admissions receipts to state parks for the families of fourth grade students. Provide $243,600 GPR in each year to the Department of Natural Resources to offset the revenue foregone under this item.

H. OTHER GOVERNMENT

- Ensure everyone in Wisconsin pays their fair share by limiting the amount of qualified production activities income that may be claimed by manufacturing firms under the manufacturing and agriculture credit to $300,000 per tax year – while leaving the agricultural portion of the credit unchanged. The fiscal impact is an estimated increase in tax revenue of $258.9 million in fiscal year 2021-22 and $228.5 million in fiscal year 2022-23.

- Adopt numerous changes made to the federal Internal Revenue Code, including major provisions of the Tax Cuts and Jobs Act of 2017. The net fiscal impact of these changes is an increase in tax revenue of $264.2 million in fiscal year 2021-22 and $275.9 million in fiscal year 2022-23.

- Preserve the current law 30 percent long-term capital gains exclusion for single filers with federal adjusted gross income below $400,000 and below $533,000 for married-joint filers while eliminating it for taxpayers above those income levels. Taxpayers with noncapital gains income below those thresholds could claim capital gains income that, when combined with other sources, would stay within those limits for purposes of the exclusion, but not those amounts above the income limits. These modifications will preserve the exclusion for low- and middle-income investors while creating greater equity in the tax treatment of different sources of income for higher-income taxpayers. These modifications do not affect the 60 percent capital gains exclusion for farm assets. The fiscal impact is an estimated increase in tax revenue of $202.1 million in fiscal year 2021-22 and $148.4 million in fiscal year 2022-23.

- Provide $156,100 GPR in fiscal year 2021-22 and $16,600 GPR in fiscal year 2022-23 for the Wisconsin Elections Commission to work with the Department of Transportation to begin automatic voter registration. The commission should facilitate the initial registration of all eligible electors as soon as practicable.

- If approved by local referendum, allow counties to impose an additional 0.5 percent sales tax and allow municipalities with populations over 30,000 to impose a 0.5 percent sales tax to diversify local revenue sources and better empower local governments to fund police and fire protection, transit, roads, and other important services.

- Provide successive 2 percent increases in the funding for the County and Municipal Aid Program to take effect in 2021 and then again in 2022. Each county and municipality's base entitlement will be increased by 2 percent over its 2020 levels for 2021 payments and then will be increased by 2 percent again in 2022 over 2021's payments. These increases will provide $15.06 million for county and municipal governments in 2021 and $30.4 million in 2022 and in future years.

- Increase the payments for municipal services appropriation to restore the cuts imposed during the 2011-13 biennium, providing $2.065 million annually to governments serving property tax-exempt state property.

- Make it easier for communities to work together to create cross-boundary transit corridors by creating an exclusion to county and municipal levy limits for cross-municipality transit routes where the counties and municipalities meet a number of criteria, including that the counties and municipalities claiming the exclusion must be adjacent, must have entered into an intergovernmental cooperation agreement to provide new or enhanced transit services across county or municipal boundaries, and that each participating county or municipality must have passed a referendum approving the agreement.

- Allow towns to fund emergency medical services via the same mechanisms allowed for fire protection services.

- Modify current tax incremental financing (TIF) law to allow municipalities to use TIF districts to spur the creation of workforce housing.

- The Governor's budget includes funding in the compensation reserve and any needed statutory language changes for the following items that will also have to be approved by the Joint Committee on Employment Relations:

    - Provide $87.5 million GPR over the biennium for a general wage adjustment for most state employees at state agencies and UW System of 2 percent on January 1, 2022, and an additional 2 percent on January 1, 2023.
    - Provide $10 million GPR over the biennium for targeted market and parity wage adjustments for employees within certain classifications in state agencies to better align their wages to those paid by private and other public sector employers.
    - Decrease the waiting period for all new state and UW System employees to receive the employer share of their health insurance from three months to one month.
    - Create a new paid parental leave program for state and UW System employees for up to six weeks annually.
    - Establish Juneteenth as a holiday for all of state government.
    - Increase the minimum hourly wage for all permanent and project employees at state agencies to $15.
    - Institute a pay progression system for certified nursing assistants and residential care technicians within the Department of Health Services, the Department of Veteran Affairs, and the Department of Corrections.
    - Fund paid sick leave for limited term employees that work for state agencies.
    - Modify the vacation allowance during the first five years of employment at state agencies to improve retention of employees for state agencies.
    - Increase hourly night and weekend differential rates for those employees of state agencies that qualify for such payments.

- Restore funding for the discretionary merit compensation appropriation to $6 million GPR per year.

- Consolidate the Department of Employee Trust Funds' Wisconsin Retirement Board and the Teachers Retirement Board into the Employee Trust Funds Board, reducing the number of retirement board member positions from 35 to 13.

- Establish the Office of Digital Transformation within the Department of Administration, which, among other projects, would establish the Wisconsin Front Door on-line services hub, a comprehensive portfolio of state resources in a consolidated and centralized format, and support data-sharing initiatives among state agencies. The office would also support an opioid and methamphetamine data system that would require collaboration and data-sharing from a number of state agencies.

    - Provide $1.5 million GPR in fiscal year 2021-22 to establish the opioid and methamphetamine data system.
    - In addition, provide expenditure and position authority for a new unclassified office director, one-time start-up costs, and ongoing consulting service costs. Finally, reallocate existing expenditure and position authority for classified office staff.

- Establish a grant resource team within the Department of Administration's Office of the Secretary, which will assist state agencies and local governments in navigating state and federal grant application processes, building on the success of the broadband connector technical assistance pilot in 2020.

State Budget Overview

III. STATE BUDGET OVERVIEW

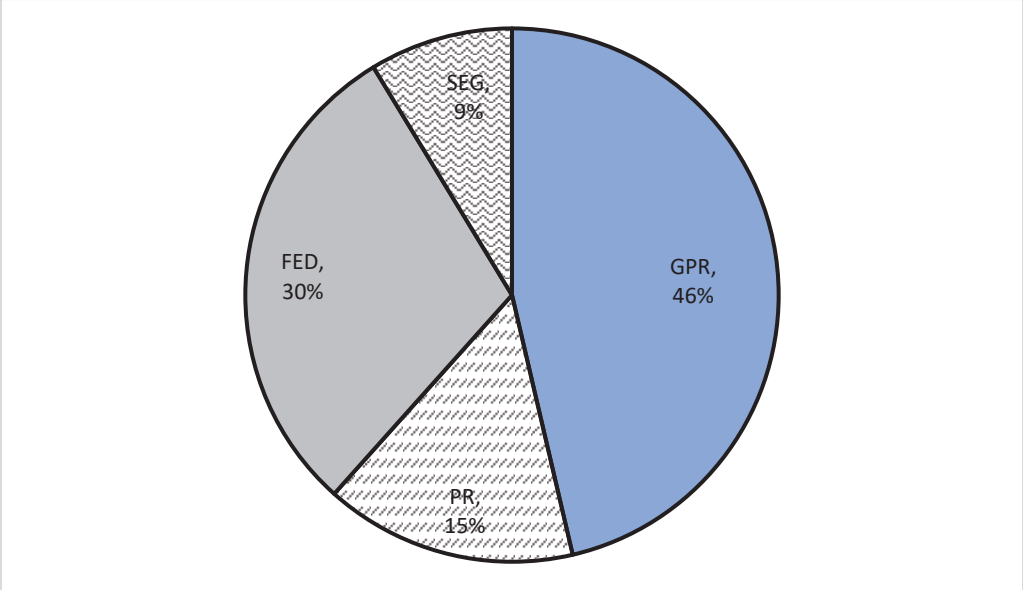
A. PRESENTATION OF THE GOVERNOR'S 2021-23 BUDGET

The Governor's recommended budget for the 2021-23 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 2021-23 biennium.

B. EXPENDITURES

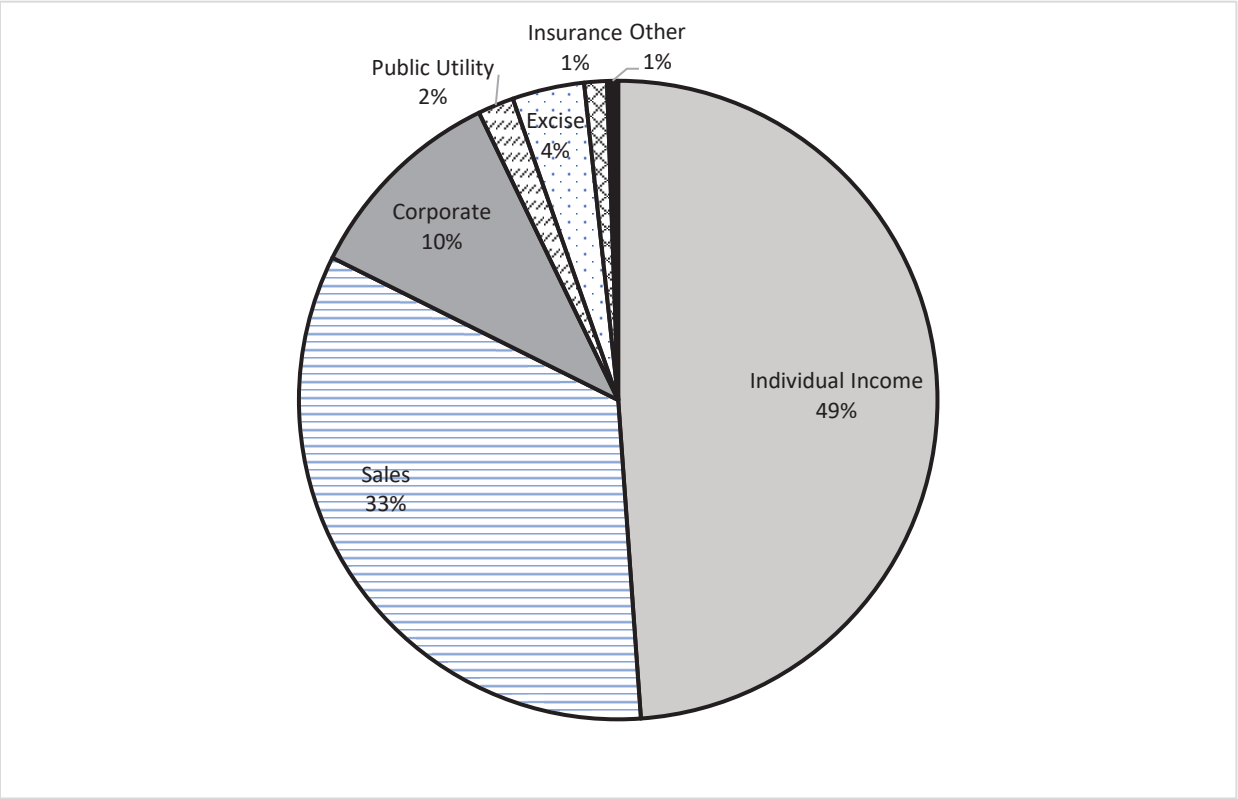
The Governor recommends an operating budget of $45.4 billion in fiscal year 2021-22 and $45.6 billion in fiscal year 2022-23. These figures include all four major funding sources and all state agencies and programs (see Chart 1). On an annual basis, the Governor's all funds budget for fiscal year 2021-22 represents an increase of $3,843.1 million (9.3 percent) over the fiscal year 2020-21 adjusted base, and the budget for fiscal year 2022-23 represents an increase of $200.7 million (0.4 percent) compared with fiscal year 2021-22.

CHART 1: FISCAL YEAR 2022-23 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 2022-23 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)

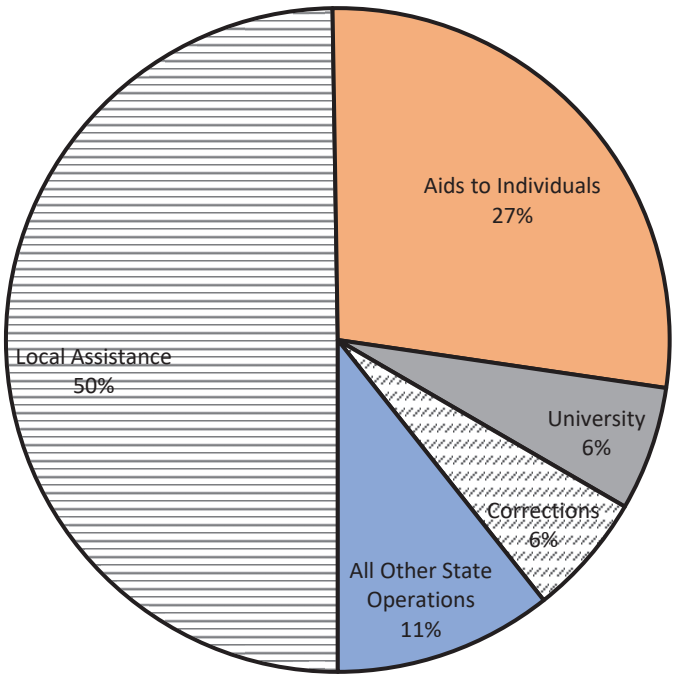
Department of Public Instruction	$1,642
Department of Health Services	463
Wisconsin Economic Development Corporation	320
Department of Children and Families	247
University of Wisconsin System	192
Public Service Commission	156
Department of Workforce Development	127
All Other Changes	79
TOTAL	$3,224

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

	FY23 Budgeted	Percent of Total	Cumulative Percent
General and Categorical School Aids	$7,663.9	36.3%	36.3%
Medical Assistance and Related Programs	3,830.4	18.1%	54.4%
University of Wisconsin System	1,310.3	6.2%	60.6%
Corrections	1,302.2	6.2%	66.8%
State Property Tax Credits	1,202.6	5.7%	72.5%
Shared Revenue	889.7	4.2%	76.7%
Technical College System	550.3	2.6%	79.3%
Community and Social Service Aids	396.6	1.9%	81.2%
Homestead, Earned Income and Other Individual Income Tax Credits	309.9	1.5%	82.6%
State Supplement to Social Security Income	158.4	0.7%	83.4%
Top Ten Program Total	$17,455.8	83.4%	83.4%
Debt Service (not included above)	277.5	1.3%	84.7%
Debt Service for Appropriation Obligation Bonds	311.2	1.5%	86.2%
All Other Programs	2,918.6	13.8%	100.0%
GPR Total	$21,121.5		

Detail may not add due to rounding.

CHART 3: FISCAL YEAR 2022-23 GPR BUDGET ALLOCATION BY PURPOSE



The Governor recommends a GPR budget of $20.7 billion in fiscal year 2021-22 and $21.1 billion in fiscal year 2022-23. On an annual basis, the Governor's GPR budget for fiscal year 2021-22 is a spending increase of $1,409.0 million (7.3 percent) over the fiscal year 2020-21 base, and for fiscal year 2022-23 is a spending increase of $406.0 million (2.0 percent) over fiscal year 2021-22.

C. POSITIONS

The Governor's budget recommendations include authorization for 71,789.33 FTE state positions from all fund sources by the end of the next biennium (fiscal year 2022-23). This represents an increase of 308.74 FTE positions from the fiscal year 2020-21 adjusted base of 71,480.59. From GPR funds, the budget provides 35,922.07 FTE positions, an increase of 363.95 from the fiscal year 2020-21 adjusted base of 35,558.12.

Table 3 demonstrates the changes from the adjusted base level FTE positions to the second year of the biennium (fiscal year 2022-23).

TABLE 3: FISCAL YEAR 2022-23 FTE POSITION CHANGES OVER BASE

	GPR	FED	PR	SEG	All Funds
Adjusted Base	35,558.12	10,172.38	20,918.98	4,831.11	71,480.59
Agency Requests	165.47	-148.56	8.88	35.90	61.69
Governor's Recommendation	198.48	1.90	42.42	4.25	247.05
TOTAL	35,922.07	10,025.72	20,970.28	4,871.26	71,789.33

Positions are increased in the following key areas:

- Improve Wisconsin's ability and capacity to prepare for and respond to communicable disease outbreaks by providing: (a) 23.0 FTE GPR positions for the Department of Health Services to sustain the state's COVID-19 response and be prepared to respond to future communicable disease outbreaks; (b) 3.0 FTE GPR positions to create a communicable disease harm reduction strike team; and (c) 2.0 FTE GPR positions to create a data analytics and predictive modeling team.

- Provide 48.0 FTE project positions and $9.7 million GPR to create a new customer-centric worker pilot program at the Department of Workforce Development to assist individuals in obtaining meaningful employment by overcoming barriers to employment.

- Increase the affordability of prescription drugs and health insurance coverage by providing: (a) 16.0 FTE positions to establish the Office of Prescription Drug Affordability and (b) 10.0 FTE positions to establish a state-base health insurance marketplace by plan year 2024.

- Provide 7.0 FTE GPR positions to expand 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.

- Provide 5.0 FTE GPR positions and associated funding to provide regional mental health support for farmers and farm families.

- Provide 27.0 FTE positions and associated funding to expand substance use disorder treatment capacity for the Earned Release Program at adult institutions.

- Improve the safety of Wisconsin residents' drinking water by providing 10.0 FTE SEG permanent positions and 1.0 FTE SEG four-year project position in the Department of Natural Resources to develop and implement a per- and polyfluoroalkyl substances (PFAS) action plan.

- Provide 73.0 FTE positions to keep the forensic patient units operating at the Sand Ridge Secure Treatment Center and the Mendota Juvenile Treatment Center. These units will continue to operate as a part of the forensic treatment services program at the Mendota Mental Health Institute.

- Provide an additional 10.0 FTE positions for the State Public Defender and 5.9 FTE GPR assistant district attorney positions.

- Increase the University of Wisconsin System's position count by 44.52 FTE PR positions to reflect the Board of Regents' approved 2020-21 operating budget for academic student fees.

D. BUDGET BALANCE

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

	2021-23 Governor's Budget			2023-25 Estimates	
	FY21	FY22	FY23	FY24	FY25
OPENING BALANCE, JULY 1	$1,172.4	$1,894.6	$803.2	$142.7	-$539.6
REVENUES AND TRANSFERS					
Taxes	$18,101.5	$18,909.0	$19,752.9	$19,747.7	$19,742.4
Departmental Revenues					
Tribal Gaming Revenues	0.0	2.0	25.2	25.2	25.2
Other	516.3	503.6	519.1	505.1	505.1
Total Available	$19,790.2	$21,309.3	$21,100.4	$20,420.7	$19,734.1
APPROPRIATIONS, TRANSFERS AND RESERVES					
Gross Appropriations	$18,932.5	$20,715.5	$21,121.5	$21,117.6	$21,124.0
Compensation Reserves	94.5	54.1	117.8	117.8	117.8
Transfers					
Transportation Fund	44.1	47.3	49.4	49.4	49.4
Budget Stabilization Fund	231.8				
Less Biennial Appropriation Spend Ahead	-3.4				
Less Estimated Lapses	-1,403.9	-310.8	-331.0	-324.5	-324.5
Total Expenditures	$17,895.6	$20,506.0	$20,957.8	$20,960.3	$20,966.6
BALANCES					
Gross Balance	$1,894.6	$803.2	$142.7	-$539.6	-$1,233.6
Less Required Statutory Balance	-85.0	-90.0	-95.0	-100.0	-105.0
Net Balance, June 30	$1,809.6	$713.2	$47.7	-$639.6	-$1,338.6
Structural Balance	$722.2	-$1,091.3	-$660.6	-$682.3	-$694.0

Detail may not add due to rounding.

The estimated four-year fund condition statement is balanced through fiscal year 2022-23. The estimates for the 2023-25 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 2023-24 and 2024-25.

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.

Historically, Wisconsin has had a deficit under generally accepted accounting principles. However, the Comprehensive Annual Financial Report for fiscal year 2019-20, the most recent available, showed that Wisconsin ended the fiscal year with a positive GAAP balance of $1.5 million. This balance was supported by recent significant growth in the state's Budget Stabilization Fund ("rainy day" fund) and the large fiscal year 2019-20 budgetary closing balance in the General Fund.

Despite unprecedented social and economic circumstances related to the COVID-19 pandemic, Wisconsin is expected to close fiscal year 2020-21 with a large General Fund budgetary balance (see Table 4), which will offset other pressures that often result in a GAAP deficit. As shown in Table 5, currently estimated revenues, net appropriations and a projected transfer to the Budget Stabilization Fund indicate that Wisconsin will maintain a positive GAAP balance for fiscal year 2020-21.

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

	2020-21	2021-22	2022-23
Opening Balance	$1.5	$921.4	-$196.8
Revenue			
Estimated Taxes	$18,101.5	$18,909.0	$19,752.9
Departmental Revenues and Transfers	516.3	505.7	544.3
Tribal Gaming Revenue	0.0	2.0	25.2
Total Revenue	$18,617.8	$19,414.7	$20,297.2
Total Available	$18,619.3	$20,336.1	$20,100.4
Less Total Appropriations (Net)	$17,895.6	$20,506.0	$20,957.8
Balance Before Change in Adjustments to GAAP	$723.7	-$169.9	-$857.4
Net Contributions to Balance Adjustments in GAAP (change from prior year)			
Transfer to Budget Stabilization Fund	$231.8		
School Aids	0.0	75.0	0.0
County and Municipal Aids	0.0	-7.5	-7.5
Accrue/Defer Tax Revenues	-34.1	-94.4	-73.4
Estimated Closing Balance	$921.4	-$196.8	-$938.3

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 2019-21 biennium. Projected annual debt service payments, as a percentage of GPR tax revenues, is 2.66 percent for the second year of the 2021-23 biennium, compared to 2.93 percent for the second year of the 2019-21 biennium. This reflects proactive debt management of the State as evidenced by the recent unprecedented action of using cash to retire outstanding debt early. It also reflects active debt management with the tax-exempt municipal bond market experiencing a continued 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 2021-23 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 continue to carry the following ratings: Aa1/AA/AA+/AA+ from Moody's, S&P, Fitch and Kroll, respectively. In addition, in 2019, Kroll provided a positive rating outlook for the State. Finally, 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 2021-23 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 2021-23 biennial budget is balanced as required by state law, cash challenges 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.

Any cash shortfalls are accommodated through short-term borrowing. Most often, this borrowing occurs automatically by using the balances of other state funds. More than ten years ago, operating notes were issued in times of significant need for cash or if the operating notes were 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. BADGER BOUNCEBACK

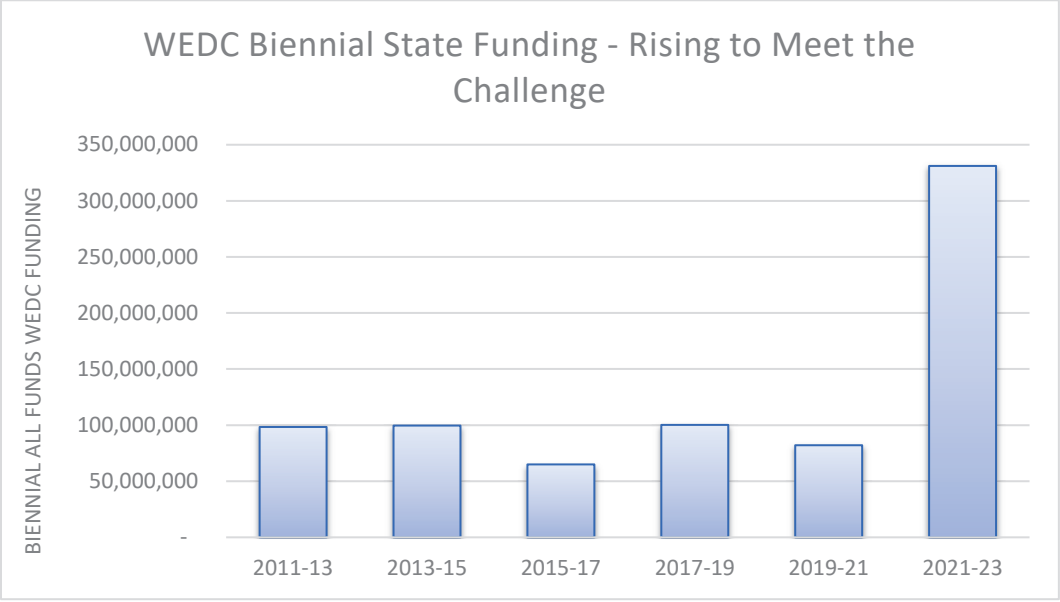
ECONOMIC DEVELOPMENT

To confront the extraordinary economic challenges presented by the COVID-19 pandemic, the Governor recommends a bold series of initiatives to address this urgent crisis and put Wisconsin's economy on the road to recovery and to bolster its standing in the future.

Throughout the pandemic, the Wisconsin Economic Development Corporation has distributed $220 million in federal aid to Wisconsin businesses to assist them in confronting the challenges posed by this unique crisis. In this budget, the Governor recommends continuing to provide unprecedented resources to WEDC aimed at aiding small businesses in weathering the remainder of the pandemic and to bounce back, in building a strong and enduring recovery.

First, the Governor recommends creating a $200 million biennial appropriation dedicated to assisting small businesses affected by the pandemic with retaining and rehiring employees. Second, the Governor also recommends increasing WEDC's annual block grant by $10 million in each year of the biennium to provide additional resources to WEDC across its range of programs to assist businesses, communities, and organizations. Further, the Governor recommends providing $5 million in each year of the biennium in assistance dedicated to underserved communities and their businesses, including minority and women-owned businesses. Underserved communities were especially hard hit by the pandemic and need additional dedicated assistance on the road to recovery. To support tribal economic development, the Governor recommends providing $390,000 in tribal gaming revenue annually to WEDC to support businesses and communities among Wisconsin's Native American tribes.

CHART 4: WEDC BIENNIAL FUNDING COMPARISON



Regional economic development in every corner of the state has never been more critical than it is today with the devastating effects of the pandemic throughout Wisconsin. To bolster local efforts, the Governor recommends providing $8 million on a one-time basis to WEDC for awards to organizations focused on local or regional economic development. This investment will help ensure that Wisconsin's recovery from

the devastation of the pandemic is equitable across Wisconsin's regions, communities, and economic sectors.

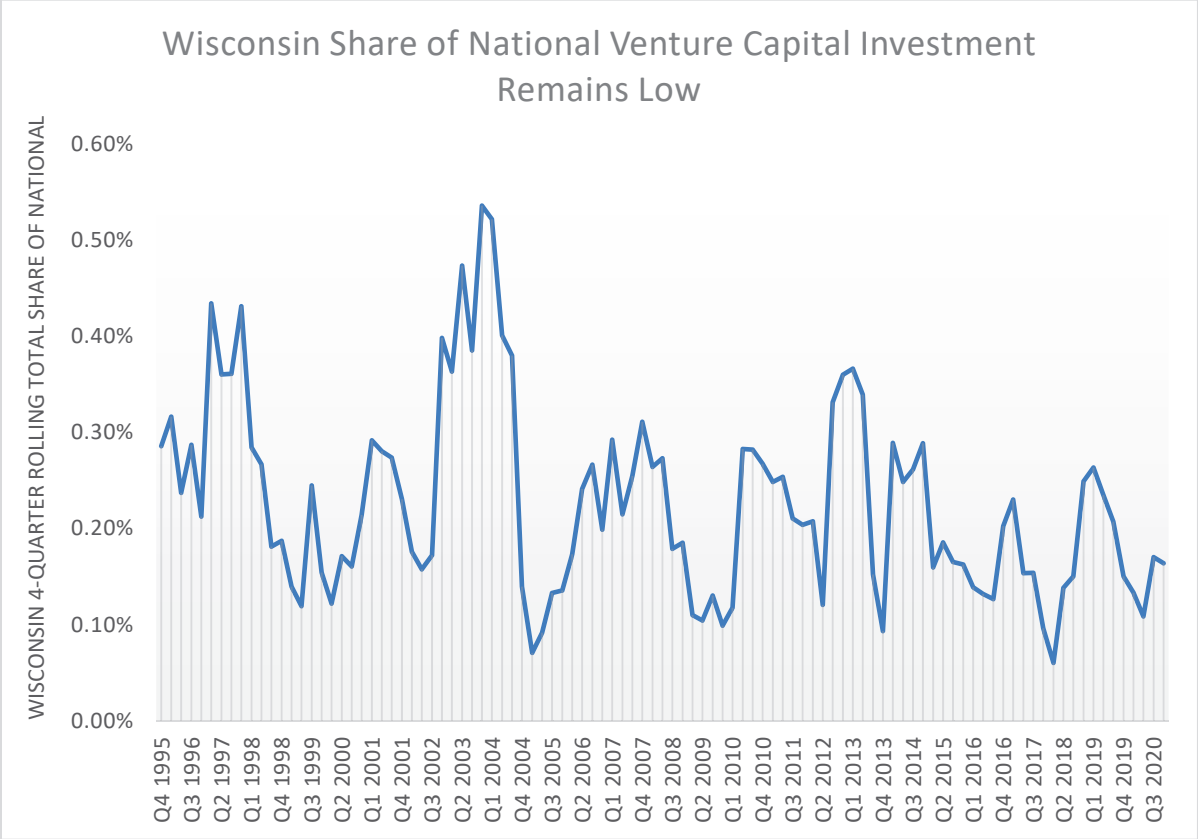
In total, this allocation of $238 million in state funds constitutes a significant and necessary investment in the recovery of Wisconsin's small businesses from the most severe public health and economic crisis in our lifetimes. Combined with efforts by the federal government, this recovery package will help save thousands of jobs and small businesses in all parts of Wisconsin.

Additionally, the Governor recommends numerous proposals to enhance Wisconsin's long-term economic growth prospects in the years ahead. The largest of these proposals is the creation of a $100 million venture capital fund of funds under the direction of WEDC. This fund of funds investment program will invest in venture capital funds that commit to invest the state's funds in emerging Wisconsin companies alongside outside private capital to leverage other sources of financing. Furthermore, the fund of funds proposal will require that 20 percent of all investments go to underserved communities, including minority and women-owned businesses as well as parts of the state that do not traditionally receive venture capital financing, including rural areas. By locating this fund of funds program at WEDC, this venture capital initiative will be able to utilize WEDC's extensive relationships with businesses across Wisconsin to ensure that promising new businesses can be matched with necessary investment capital.

To further enhance the state's venture capital ecosystem, the Governor also recommends removing the requirement that the current Badger Fund of Funds program, overseen by the Department of Administration, repay its initial investment to the State. This will allow the Badger Fund of Funds to continue its important work in creating a venture capital ecosystem in Wisconsin. The Badger Fund of Funds has developed important relationships with venture capital funds, emerging businesses, and other entities. Allowing the fund to reinvest will help further nurture those developments in building Wisconsin's venture capital ecosystem.

Improving Wisconsin's entrepreneurial environment is vital to the state's economic success, especially in high-growth industries in medical and informational technologies. Robust venture capital investment is the necessary condition for the development of such industries and Wisconsin has routinely lagged in attracting such investment. Not only does Wisconsin attract far less than its share of national population or income in venture capital investment, in recent years such investment has been near historic lows relative to the national total. It is time to change this and the venture capital provisions included in this budget will help do just that.

CHART 5: WISCONSIN VENTURE CAPITAL INVESTMENT



Source: PwC MoneyTree Report

To foster the growth of employee-owned and cooperative businesses in Wisconsin, the Governor recommends directing WEDC to provide $200,000 in each year of the biennium to help prospective cooperative enterprises pay for feasibility studies. Feasibility study costs are one of the most frequently cited impediments to the formation of cooperatives. This is a targeted investment to address a key need for Wisconsin's prospective cooperatives.

The Governor also recommends changes to tax incentives for businesses administered by WEDC.

First, to spur additional investment in this state, the Governor recommends increasing the refundable share of the research credit from 10 percent under current law to 20 percent beginning in tax year 2021. 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 $10.6 million in tax relief annually to businesses beginning in fiscal year 2021-22.

In addition, the Governor recommends creating a new earnings category under the Business Development Tax Credit for renewable energy and energy efficiency projects for up to 25 percent of the costs of real or personal property investments undertaken by award recipients. This will help incentivize the generation of more renewable energy on-site at businesses and reduce energy consumption, improving Wisconsin's competitive standing and addressing climate change.

Second, the Governor recommends incentivizing the creation of higher wage jobs by increasing the wage thresholds for businesses under the Business Development Tax Credit and the Enterprise Zone Jobs Tax Credit. Both the lower and upper bounds of maximum eligible wages have not been adjusted since the creation of either program, which in the case of the Enterprise Zone Jobs Tax Credit dates back to 2007. To ensure that the state is only incentivizing the creation and retention of jobs that relate to jobs that pay living wages, the Governor recommends increasing the minimum qualifying level for wages under the Enterprise Zone Jobs Tax Credit from $30,000 to $37,000 for tier II counties and municipalities and from $22,620 to $27,900 for tier I counties and municipalities. The maximum wage level eligible for credit earnings will be raised from $100,000 to $123,000. These changes will also apply to the Business Development Tax Credit. These higher thresholds will apply to awards first certified in 2022 and the thresholds will be indexed annually thereafter to avoid having award thresholds fall behind cost of living increases in the future. These reforms to our business tax incentives will ensure that Wisconsin is only incentivizing the creation of jobs that pay at least a living wage now and into the future as the cost of living increases.

To help individuals who face persistent barriers to employment, the Governor recommends creating a nonrefundable Wisconsin supplement to the federal Work Opportunity Tax Credit equal to 50 percent of the amount an employer claims for the federal credit for their qualifying Wisconsin employees. Even before the pandemic and its economic effects, a variety of groups faced acute difficulties in accessing employment, including veterans, ex-felons, TANF recipients, and certain other public assistance recipients. The Work Opportunity Tax Credit currently provides an incentive at the federal level for employers who hire these targeted groups. A Wisconsin supplement to the federal credit will provide a greater incentive for employers to hire members of the groups and get them actively involved in the labor force. This provision is estimated to provide $27.8 million in tax relief to employers in fiscal year 2021-22 and $24.1 million in fiscal year 2022-23.

IMPROVING FAMILY FINANCES

Assisting Higher Education Borrowers

The Governor’s Task Force on Student Debt found that Wisconsin residents have more than $24 billion of outstanding student loan debt. Our residents will be better able to pursue their dreams, improve their financial situations, and be better situated to help grow Wisconsin's economy if student loan burdens are diminished. Unfortunately, some of this burden exists unnecessarily due to either inadequate information provided to borrowers or lack of positive actions by loan servicers that could reduce an individual's debt balance. While incurring student loan debt can improve an individual's future income, poor information from or poor treatment by student loan servicers can harm an individual's ability to become free of their debt.

Following the recommendations of the Governor's Task Force on Student Debt, the Governor recommends taking action to help ensure that our Wisconsin residents get the best guidance to pay off their student loan debt by creating a student loan borrower bill of rights and an Office of Student Loan Ombudsman within the Department of Financial Institutions. The borrower bill of rights would require student loan servicers to provide complete and accurate information to borrowers on payment options and would ensure that our residents be treated fairly. It will shift the focus of student loan debt repayment from mere debt collection, to instead, place an emphasis ensuring all Wisconsinites have the support and resources to make the best decisions for their educational and financial future. The borrower bill of rights would require student loan servicers to provide information on income-based repayment plans prior to placing an individual borrower in default and require loan servicers to respond to borrowers in a timely manner. Loan servicers would be prohibited from omitting or misrepresenting material information. The Office of Student Loan Ombudsman would oversee the implementation of the borrower bill of rights, and if necessary, revoke the license of a loan servicer imposing unjustified harm on borrowers. The Office of Student Loan Ombudsman would also function as a central resource for information for student loan borrowers.

The Office of Student Loan Ombudsman and the borrower bill of rights represent two direct ways the Governor would act to assist student loan borrowers. The Governor recommends an additional, and simple, step in this manner by requiring the Department of Financial Institutions to maintain and make available information regarding student loan forgiveness programs for which employees of the state or employees of a local unit of government may be eligible. The Governor further recommends that all state and local public employers be required to provide information regarding student loan forgiveness programs to their employees.

Financial Security in Retirement

Not all employees have similar options to save for retirement. Indeed, approximately 930,000 Wisconsinites do not have access to a retirement savings plan through work according to the American Association of Retired Persons' Public Policy Institute. In addition, the Governor's Task Force on Retirement Security found that many small business owners who want to offer retirement plans to their workers struggle to find simple, cost-effective options to do so.

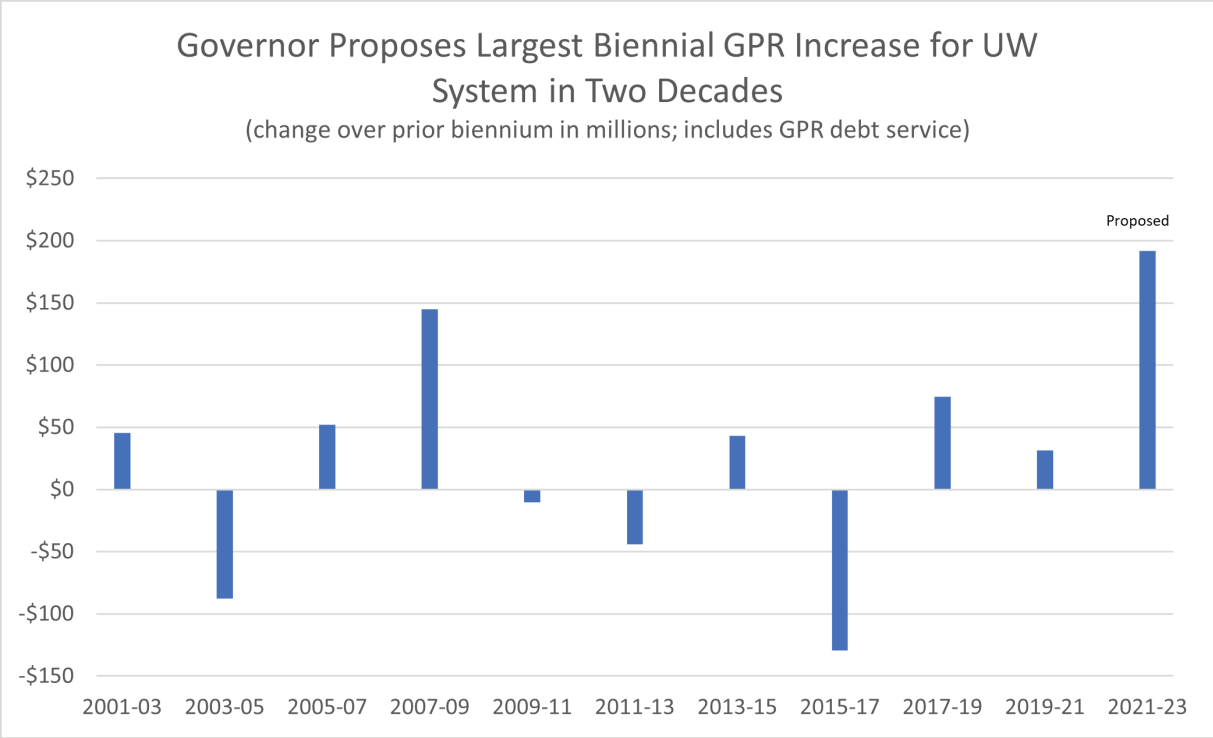
To help fill the retirement savings gap that is most acute for the employees of small businesses, the Governor proposes to create a Small Business Retirement Savings Board that will establish and oversee a small business retirement savings program for privately employed individuals who are not currently eligible for an employer-sponsored retirement plan. The board will be attached to the Department of Financial Institutions and will be empowered to contract with a vendor to administer the retirement program. The program will target businesses with 50 or fewer employees.

After choosing to participate in the program, a participating employer must notify each of its employees of their right to opt out of the plan. Payroll deductions for participating employees will be remitted to the program administrator and, unless otherwise directed by an employee, begin at 5 percent of an employee's gross wages, with this percentage increasing 1 percentage point each year until a maximum rate of 10 percent is reached. Participating employees will be offered several investment options – including an age-based fund. By filling a void in small business retirement plans, this effort will improve the long-term finances of Wisconsin workers and enhance the range of benefits offered by our employers.

Higher Education

The Governor believes every kid should have access to high-quality public education from early childhood programs to our universities and technical college systems. Not only do many of our youth aspire to attend our institutions of higher education, but the state's technical colleges and university system are also critical economic engines, providing workers with opportunities to expand their skills and knowledge and ensuring our employers have access to a skilled and educated workforce. The Governor's budget reflects this priority by providing the largest increase to the University of Wisconsin System (UW System) in over 20 years, investing significant funding in student supports, and increasing funding for the Wisconsin Technical College System (WTCS) by over 17 percent.

CHART 6: HISTORY OF UW SYSTEM BUDGET CHANGES



The COVID-19 pandemic upended the operations of Wisconsin's institutions of higher education throughout the state. Institutions pivoted to on-line learning in an exceptionally short amount of time, and concurrently experienced reduced revenues in auxiliary areas, as well as in athletic departments. These institutions will face continuing challenges regarding how to conduct in-person and on-line learning, as well as increased uncertainly related to future enrollments. Robust state investment is necessary at this time to maintain the ability of our UW System and WTCS institutions to meet and exceed their missions and goals, grow the state's workforce, and maintain affordability for students.

College affordability has always been a priority of the Governor.

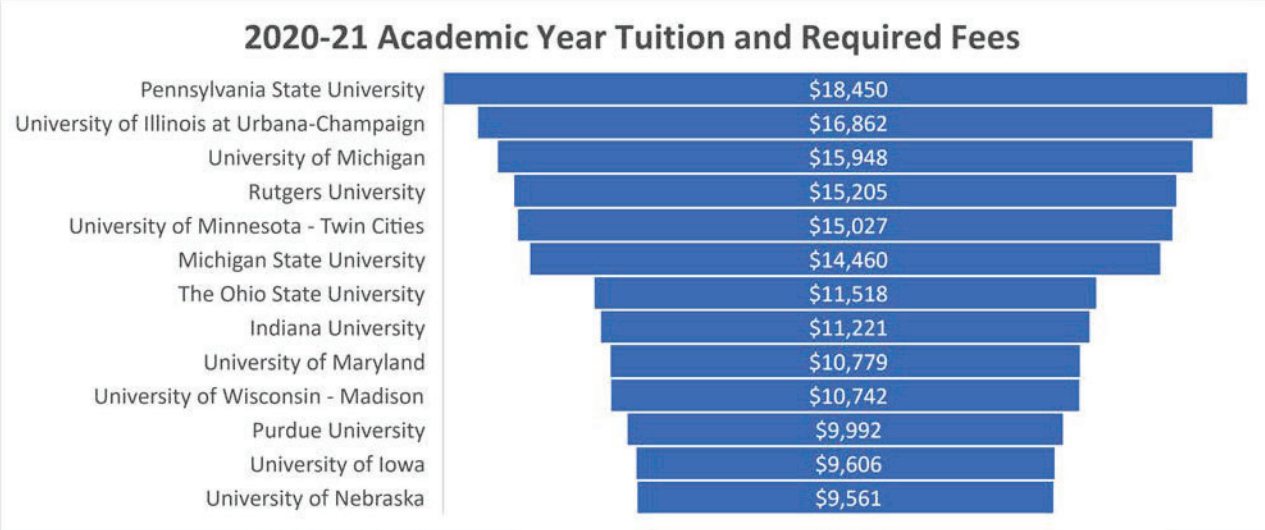
Now, in addition to longstanding concerns around college affordability, the pandemic poses new and unprecedented concerns. Some families may have lost income or jobs as a result of the pandemic, which may hamper the ability of family members to attend a postsecondary institution. In some cases, students may be reluctant to pay "regular" tuition for credits that will be earned in a nontraditional setting, or in a setting in which they feel uncomfortable. Therefore, to encourage students to continue their higher education, college affordability again is a cornerstone of the Governor's higher education budget.

It is more important than ever for the state to make significant investments in our higher education systems to ensure every Wisconsinite has the opportunity and option to continue their education. As evidence of this commitment to broadening opportunity and in alignment with the values of the people of Wisconsin, at the end of this proposed budget, the state will again be investing more GPR dollars in the UW System than the Department of Corrections. While more work must be done, this is an important step in defining the future we want for the residents of our state.

Affordability

Wisconsin's public colleges continue to be an incredible bargain for most state residents, and the resident undergraduate tuition freeze has certainly played an important part in this benefit for in-state students. The UW- Madison is far less expensive than peer institutions.

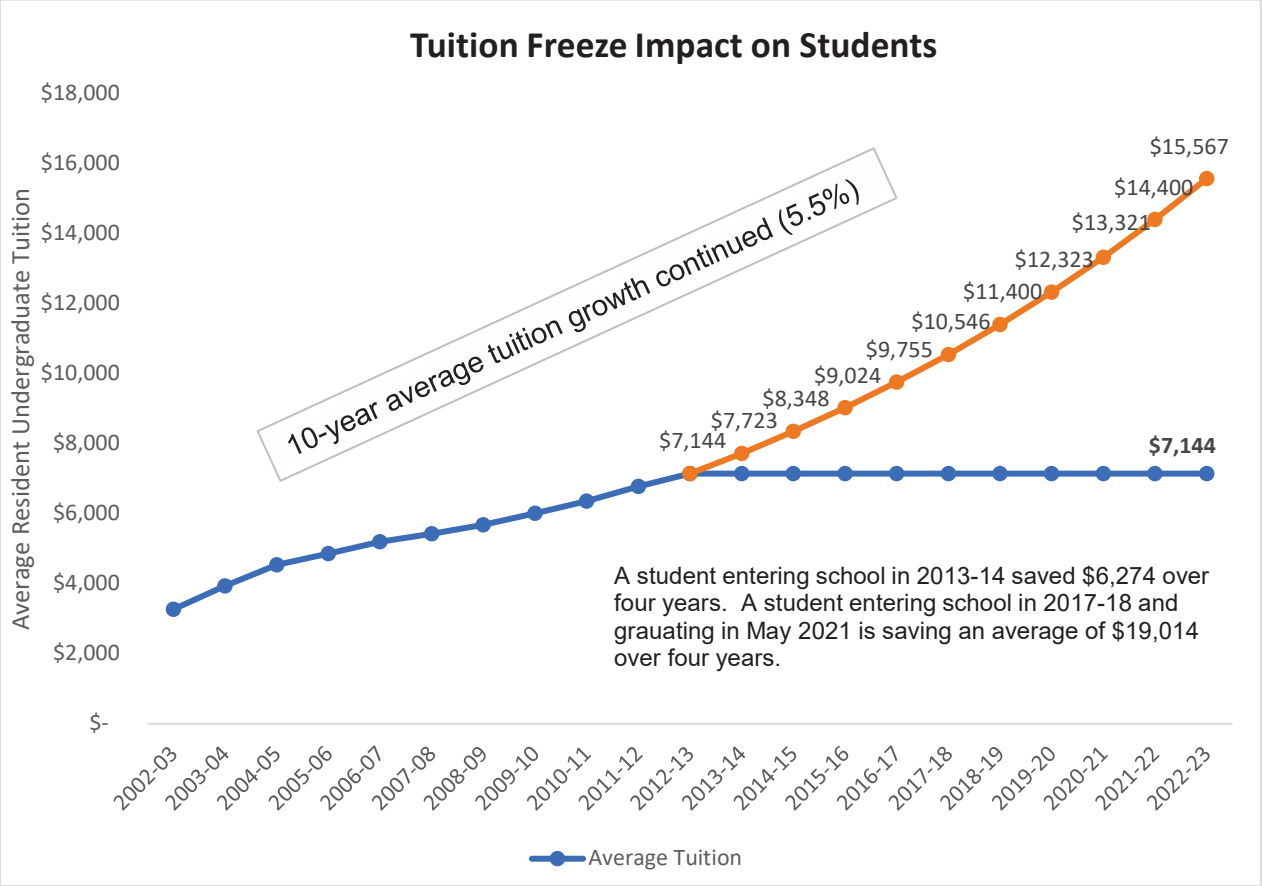
CHART 7: UW-MADISON COST OF ATTENDANCE REMAINS LOWER RELATIVE TO PEERS



However, according to the Institute for College Access and Success, in 2016, Wisconsin ranked 14th among states based on average student debt, and 7th overall for the proportion of graduates with debt. The final report of the Governor's Task Force on Student Debt noted that because 53 percent of Wisconsinites live paycheck-to-paycheck, outstanding debt places students and families in precarious financial situations. This likely has been exacerbated by the job losses and changing student mobility resulting from the COVID-19 pandemic. Maintaining the affordability of our state public higher education institutions is essential to regaining the vitality of our economy and keeping the best and brightest in Wisconsin. The Governor's budget proposal addresses this in several ways.

- The UW System resident undergraduate tuition freeze is extended through the end of school year 2022-23.

CHART 8: TUITION SAVINGS RESULTING FROM TUITION FREEZE



- In 2018, the UW-Madison created a program called Bucky's Tuition Promise to provide resident low-income students with free tuition. The program provides four years of free tuition to students in a household with adjusted gross income of $60,000 or less. The Governor is supporting the expansion of this program to all UW System campuses by providing $13.8 million in fiscal year 2021-22 and $25.2 million in fiscal year 2022-23.

- The UW System nonresident tuition exemptions are provided to: (a) certain members of Native American tribes in states contiguous with Wisconsin, (b) undocumented individuals, and (c) resident active-duty military service members and their families who are relocated to another state by the service agency.

- The budget includes 10 percent increases in each year of the biennium in Wisconsin Grant appropriations for need-based financial aid for eligible students attending UW System, WTCS, private nonprofit colleges, and tribal colleges.

- The Governor proposes doubling funding for the need-based Minority Undergraduate Retention Grant program, which provides students of color with grants of up to $2,500 per year to offset postsecondary education costs.

- The Governor also once again recommends increasing loan repayment assistance to dentists practicing in rural areas.

- Fellowships and loan repayment assistance will be offered to individuals who commit to teach nursing at a UW System institution for at least three years, with $5 million appropriated in fiscal year 2022-23.

The Governor’s budget also provides numerous streams of fiscal support to UW System intended to provide maximum flexibility to address operational needs and ensure high quality education continues to be available to Wisconsinites at an affordable cost.

- The UW System will receive $20 million each fiscal year in general unrestricted aid to address operational needs; and the fiscal year 2022-23 increase will continue as a part of the system's base budget for the 2023-25 biennial budget.

- To offset foregone revenue related to the current tuition freeze, the Governor recommends providing $16.8 million in fiscal year 2021-22 and $33.6 million in fiscal year 2022-23 in unrestricted, flexible dollars.

- The budget will permit the UW System Board of Regents to direct the State of Wisconsin Investment Board to invest certain system program revenues outside of the State Investment Fund, in order to increase investment revenues to the system. The UW System also will be able to obtain extensions of credit using athletic revenue pledges to address short-term operational needs.

- Additionally, the budget transfers responsibility for the negotiation and execution of the Wisconsin-Minnesota tuition reciprocity agreement from the Higher Educational Aids Board to the UW System. As part of this transfer, the budget specifies that UW System is entitled to receive any "excess" payment from Minnesota, which likely will increase program revenues to the system and offset auxiliary revenue losses.

The Governor recognizes that the UW-Extension, now a division within the UW-Madison, provides critical support for farmers and other agriculture-industry parties. While the previous executive budget, and legislation during the Governor's January 2020 special session, included new funding and positions to expand local access to county-based agricultural agents, the Legislature failed to extend this critical support to state farmers. This budget again recognizes the importance of local outreach and education conducted by the UW-Madison Division of Extension.

- The budget provides $2 million for an additional 15.0 FTE county-based agriculture expert positions, as well as 5.0 FTE research specialist positions, two of whom will specialize in climate science.

- The time spent by Division of Extension specialists providing education in the field will be officially recognized as teaching hours, similar to classroom teaching hours.

The Governor proposes additional budget initiatives for the UW System that address our climate, our environment, and sustainability. As noted above, the budget supports two Division of Extension research specialists for climate science research.

Additionally:

- The budget provides $3 million in fiscal year 2021-22 and $6 million in fiscal year 2022-23 to advance water-centric training, research, and innovation at UW System's Freshwater Collaborative.

- The budget further provides $365,000 in each fiscal year for the Wisconsin Institute for Sustainable Technology at UW-Stevens Point, which aims to help businesses and organizations find ways to more sustainably use natural resources.

- UW-Superior's Lake Superior Research Institute will receive $402,000 in fiscal year 2021-22 and $500,000 in fiscal year 2022-23 to foster partnerships with surrounding communities to address environmental concerns.

- The Wisconsin State Laboratory of Hygiene is the state's public, environmental, and occupational health laboratory. The budget bolsters the laboratory's ability to provide research regarding per- and polyfluoroalkyl substances, emerging contaminants, and state soil health through the provision of two faculty positions and associated funding.

The Governor also recommends continued investments in our state's excellent technical colleges so that they continue to provide critical services to the 286,000 students they currently serve and to our state's employers in providing training for our skilled workforce. Building upon the down payment established in the 2019-21 biennial budget, this budget will further increase state general aid for Wisconsin Technical College System institutions by $18 million in each year of the biennium.

Workforce Fairness

This past year has highlighted the importance of the state's unemployment insurance system, and also its limitations. That is why this budget proposes several reforms to make the system less complicated and to increase the number of individuals who are eligible and reduce adjudication time. The budget provides reasonable flexibilities for unemployment insurance benefit recipients who have lost jobs through no fault of their own. The Governor proposes increasing the weekly benefit rate, permitting laid-off workers to earn money and still receive benefits, modifying suitable work definitions, and allowing spouses who move as a result of a spouse's military deployment to receive benefits.

The COVID-19 pandemic has also exposed how critical, and all too often underpaid, many workers are to keeping our communities and economy running. The Governor believes that these workers deserve the opportunity to work together to have a say in their workplace, especially during the unprecedented public health and economic crisis as well as in any future challenges. The Governor recommends modifying current law to allow state and local front-line workers to negotiate together. Front-line workers are defined as employees whose jobs entail regular interaction with members of the public or with large populations of people or directly involve the maintenance of public works. The Governor also proposes to require public employers to meet at least quarterly or upon a change in policies affecting wages, hours, and working conditions to consult with employees.

The Governor also recommends strengthening private sector workers' voices in their workplace by repealing the prohibition on contracts between labor unions and employers that specify the employer may only hire unionized workers and repealing certain other prohibitions that limit worker freedom. The Governor's proposed budget would also require employers conducting projects of public works, both state and local, to pay workers the hourly wage and benefits paid to the majority of workers in the project's area, commonly known as prevailing wage.

In addition, the Governor recommends long overdue increases to the state minimum wage, as well as the creation of a task force to study and recommend options for achieving a statewide minimum wage of $15 per hour.

The budget also includes modifications to benefits under the federal and Family and Medical Leave Act laws (commonly known as "FMLA") in an effort to cover more individuals and families who need employment support at the most critical times. Some of these changes reflect the effects of the COVID-19 pandemic – such as the unanticipated impact of working parents staying home with their children, or the need to quarantine to protect their family and co-workers. The Governor is recommending that, for state-required FMLA purposes: (a) smaller employers (those with at least 25 employees, as opposed to 50 under current law) be required to offer FMLA; (b) leave may be taken to care for a grandparent, grandchild, or sibling with a serious health condition; (c) a "qualifying exigency" includes the deployment of a spouse or child, or an unexpected school or child care facility closure;

(d) FMLA may be used for medical quarantine; (e) employees only need to work 680 hours for an employer to qualify for FMLA, instead of 1,000 as under current law; and (f) the FMLA complaint statute of limitations is extended from 30 to 300 days.

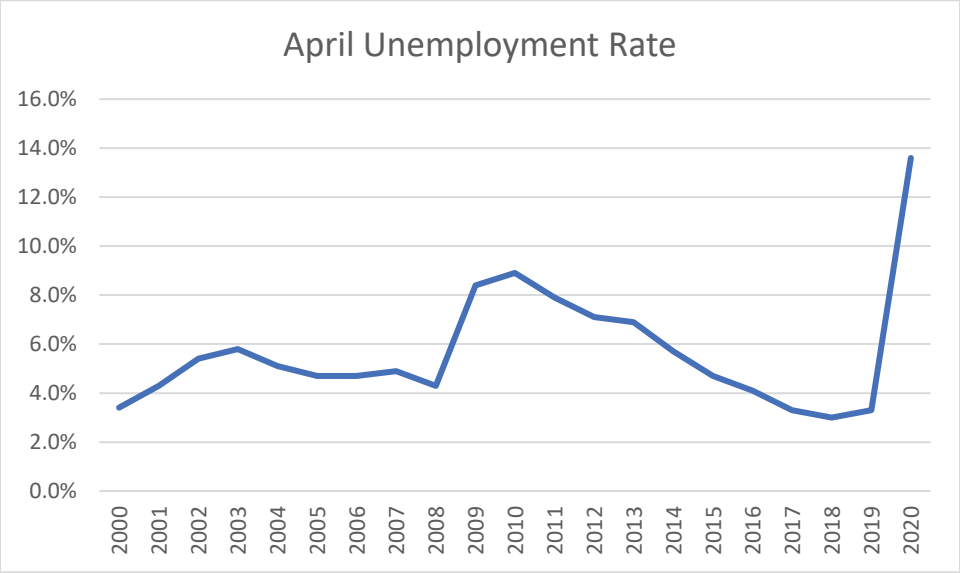
Workforce Development

Pandemic Response

Prior to the COVID-19 pandemic, employers were concerned about having enough qualified workers to fill openings. The pandemic dramatically changed many employers' needs, now forcing employers to grapple with how to continue providing paychecks to their employees and how their business will recover after the pandemic. Employers, business owners, and Wisconsin workers experienced a complete turnabout in a very short amount of time. Many individuals experienced wholly unexpected unemployment.

In a near unprecedented manner the state's unemployment rate rocketed from a season of record lows to recession-level highs. The COVID-19 pandemic caused the fastest spike in unemployment insurance claims in at least 20 years – far exceeding the Great Recession, which had then prompted an unsuccessful effort to upgrade the unemployment insurance benefits and tax system. This extreme spike in claims strained the resources and information technology systems of almost every state in the nation, including Wisconsin.

CHART 9: HISTORIC SPIKE IN UNEMPLOYMENT



Source: Wisconsin Department of Workforce Development WisConomy.

The Governor's efforts to provide crucial dollars to struggling laid-off workers and cash-strapped employers have been hampered by the Legislature's unfortunate refusal to enact meaningful workforce development legislation. Across Wisconsin and the country, people have lost their jobs, and many are still out of work due to the COVID-19 pandemic as people are encouraged to continue staying safer at home. Consequently, many states, including Wisconsin, have seen unemployment programs inundated by millions of claims from individuals affected by the COVID-19 pandemic. Even with the Department of Workforce Development increasing staffing, adding call centers and streamlining systems, and utilizing partnerships with outside entities, there are still people in need of help in part due to the complex and outdated unemployment insurance system.

After years of neglect and repeated audits preceding his administration that highlighted the system's failures, the Governor's budget rights the wrongs that have gone unaddressed for more than a decade and provides other investments to help our economy recover as quickly as possible in light of the continuation of the pandemic. In particular, the budget:

- Provides $79.5 million to modernize the state's brittle, antiquated unemployment insurance claims program, which has been in use for 50 years. While the benefits of this complex modernization project may not be experienced by claimants immediately, the project will ensure that the department is better equipped to address dramatic swings in workload due to recessions or other crises.

- Provides $15 million in fiscal year 2022-23 to address costs associated with the dramatic administrative workload increase resulting from the pandemic, with which federal revenues have not kept pace.

- Provides $8 million for grants to local workforce development boards; funding can be subgranted to local businesses or organizations for pandemic relief.

- Provides $10 million in fiscal year 2021-22 within the framework of Wisconsin Fast Forward to support training for individuals, businesses, and organizations affected by the pandemic.

Responding to the pandemic's effects on workers and businesses is critical, while also working to ensure the state does not lose focus on the postpandemic labor economy. The Governor's budget targets worker development generally and in specific areas that are forecasted to require a significant labor force in the coming years. According to the Department of Workforce Development's WisConomy, the overall need for workers will increase 3.5 percent through 2028, with the largest needs in construction, education, and health services.

- The budget provides $2,226,700 in fiscal year 2021-22 and $7,483,000 in fiscal year 2022-23, as well as related position authority, to create a program in the Department of Workforce Development that is focused on helping individuals overcome barriers to employment.

- The budget also provides $5 million to the UW System to work collaboratively with the Department of Corrections in developing programming to help incarcerated individuals achieve postsecondary credentials or degrees, which in turn will increase the state's future skilled labor force.

- The budget provides $200,000 in fiscal year 2021-22 for grants to local workforce development boards to conduct health care career events and courses. This occupational cluster is expected to need a large workforce expansion in coming years.

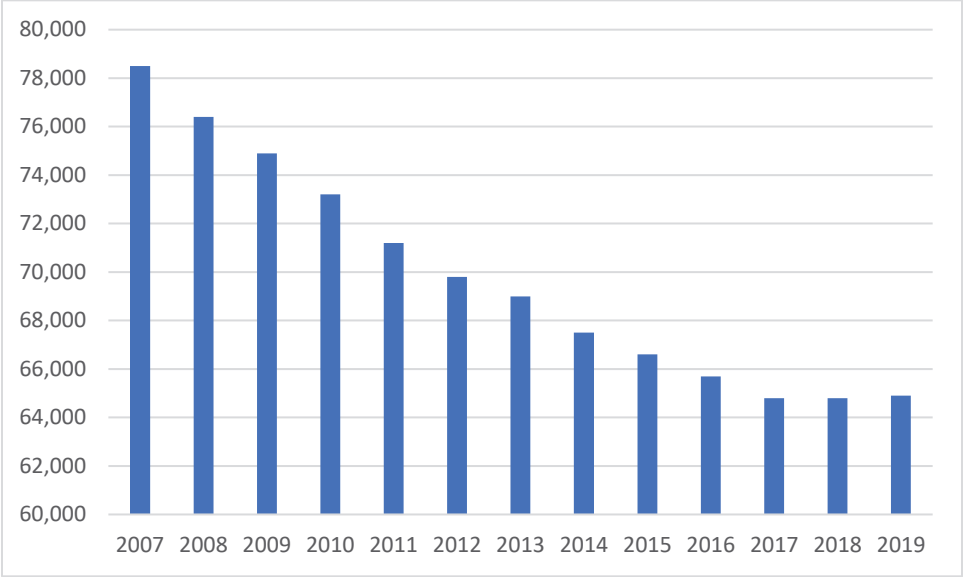
- Within the Wisconsin Fast Forward framework, the budget provides $500,000 in each year to support grants to train individuals in green jobs – those that benefit the environment or conserve natural resources.

- Apprentice education can be a pathway to high-demand, good-paying jobs. The Governor is providing $250,000 in each year to expand youth apprenticeship opportunities, which expose high school students to the employment prospects available in the trades.

Agricultural Assistance

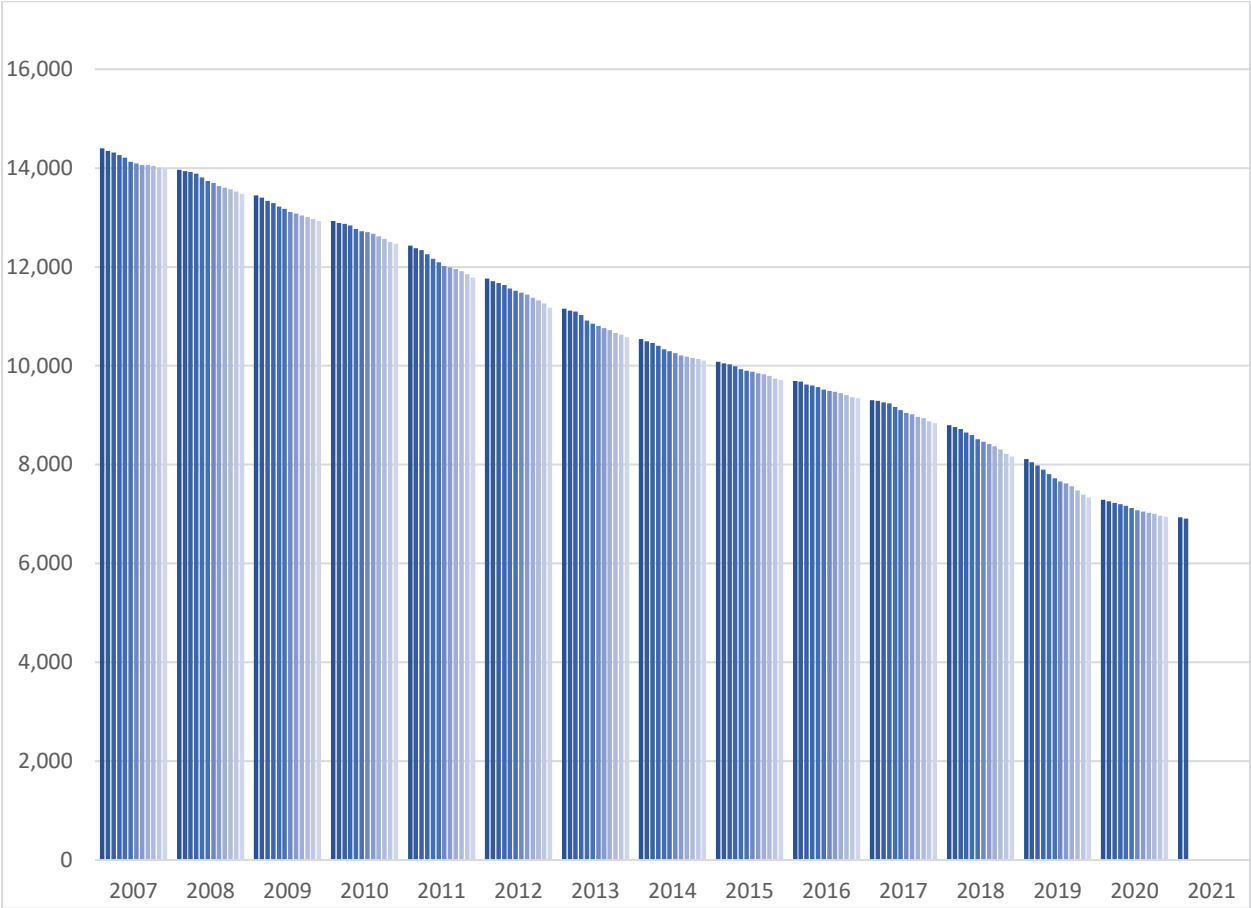
According to a study by the University of Wisconsin, agriculture contributes nearly $105 billion to our state's economy annually. Agriculture is Wisconsin's past, present, and future. While Wisconsin has a strong agricultural background, times are tough for both farmers and the food industry as whole. As illustrated by the following two charts, there continues to be a crisis in farming.

CHART 10: TOTAL NUMBER OF FARM OPERATIONS IN WISCONSIN



Source: U.S. Department of Agriculture's National Agricultural Statistics Service (USDA-NASS)

CHART 11: NUMBER OF MONTHLY MILK COW HERDS, WISCONSIN, 2007 TO PRESENT



Source: U.S. Department of Agriculture's National Agricultural Statistics Service (USDA-NASS)

The Governor's budget expands on existing successful programs at the Department of Agriculture, Trade and Consumer Protection, as well as launching new programs that will grow Wisconsin's agriculture economy. This budget both encourages the development of local markets for Wisconsin products as well as increases Wisconsin producers' global footprint by increasing exports to international markets.

At the end of 2019, Wisconsin was home to more than 7,000 dairy farms with almost 1.28 million cows. Wisconsin accounts for more than 14 percent of the nation's milk production. In 2019, Wisconsin was the nation's top cheese producing state with over 3.36 billion pounds of cheese or more than 26 percent of the nation's cheese production. Wisconsin's nearly 1,200 licensed cheesemakers produce over 600 types, styles, and varieties of cheese. Wisconsin's specialty cheese production was more than 818 million pounds. According to the Dairy Business Association, Wisconsin produces 45 percent of all specialty cheese made in the United States. The Governor's budget will increase funding for the popular Dairy Processor Grant program by $600,000 GPR annually. The grant program provides funds to dairy processors to expand and modernize their operations but has been consistently oversubscribed.

Wisconsin exported $3.3 billion in agricultural products to 151 countries in 2019. Wisconsin currently ranks 13th among states in agricultural exports. Wisconsin's top five markets for agricultural exports were Canada, Mexico, China, Korea, and Japan. Wisconsin ranked first in the export of bovine genetics, ginseng, raw furskins, prepared/preserved sweet corn, and prepared/preserved cranberries. Wisconsin ranked second in the export of cheese and whey. In order to both continue and expand Wisconsin's international market presence, the Governor recommends creating the Wisconsin Initiative for Agricultural Exports. The initiative will help build Wisconsin's agricultural brand in international markets and increase agricultural exports.

The COVID-19 pandemic highlighted some of the chokepoints within the food distribution system. Working quickly, the Department of Agriculture, Trade and Consumer Protection set up a food security grant program utilizing federal emergency relief funds. The program connects local nonprofit food assistance programs with local food production companies, like cheesemakers, meat processors, and vegetable growers. It was a win-win program; food pantries gained access to high quality food to provide to people experiencing food insecurity, while food processors found a market for their products as their normal supply chains were disrupted by the COVID-19 pandemic. While the federal money is running out, the pandemic is not over and the need for the program has not subsided. Thus, the Governor's budget will continue the food security program at $10 million GPR annually for the next two years.

The Farm-to-School program supports efforts to connect schools with nearby farms to provide children with locally produced fresh fruits and vegetables, dairy products, and other nutritious, locally produced foods in school breakfasts and lunches. The Department of Agriculture, Trade and Consumer Protection coordinates the program, but has been limited by insufficient funding. The Governor's budget will provide $200,000 GPR in each year of the biennium to fund a Farm-to-School Grant Program that can be used directly by schools. Similarly, the Governor provides $200,000 GPR annually to create a Farm-to-Fork grant program that connects nonschool institutions that have cafeterias to nearby farms to provide locally sourced food. This budget also provides additional resources to the Buy Local, Buy Wisconsin and Something Special *from* Wisconsin programs. An additional $100,000 GPR annually in Buy Local, Buy Wisconsin grants and 1.0 FTE position will help reduce the marketing, distribution, and processing hurdles that impede the expansion of the sales of Wisconsin's food products to local purchasers. Something Special *from* Wisconsin is a trademark marketing program administered by the state that brings recognition and credibility to Wisconsin companies. This budget provides a one-time infusion of $400,000 GPR into the Something Special *from* Wisconsin program.

While Wisconsin is America's Dairyland, Wisconsin also has a strong history in meat production. The Governor's budget takes a three-pronged approach to promoting and expanding meat production in Wisconsin. Using the high successful Dairy Processer Grant program as a model, the Governor recommends the creation of a $1 million annual meat processer grant program. The grant program will help meat processors expand and modernize their operations. The Governor also recommends creating a new meat talent development grant program. The grant program will support meat industry workforce

development needs by providing tuition assistance to individuals pursuing meat processing programming at Wisconsin universities, colleges, and technical schools. Finally, safety and efficiency are crucial for a healthy meat industry. The Governor's budget provides an additional 6.0 FTE meat inspector positions at the Department of Agriculture, Trade and Consumer Protection, to ensure that meat is processed correctly and in a timely manner.

The Governor's budget also includes a number of initiatives to help farmers adapt to a changing climate and changing market conditions. The Governor recommends providing $100,000 GPR annually for grants to help farm operations hire business consultants to examine their farm business plans. This budget also includes $125,000 GPR annually for a Small Farm Diversity grant program to provide capital to small- and mid-sized farms to help in diversification of their production. The Governor recommends creating a $400,000 GPR annual value-added agricultural grant program to expand agricultural practices that produce value-added products and increase profits for producers. In addition to the grant programs, the budget provides additional resources at the Department of Agriculture, Trade and Consumer Protection about value added practices, as well as organic farming and managed grazing.

Finally, the Governor's budget will provide much needed flexibility to the state's agriculture assistance programs. Too often government programs get siloed, with inflexible rules and regulations. One thing the COVID-19 pandemic has taught us is for the need for government to be nimble when responding to a crisis. The Governor's budget will provide the Department of Agriculture, Trade and Consumer Protection with the ability to administratively move funds from one agriculture assistance program to another, in order to more efficiently match the supply of funds with the greatest demand.

B. EQUITY AND OPPORTUNITY

On November 12, 2019, the Governor issued Executive Order #59 relating to diversity, equity, and inclusion in state government. As the order states, the Wisconsin Constitution guarantees equality and the protection of certain inherent rights and government is tasked with the responsibility to secure and defend these rights. While Wisconsin has historically been a leader in the fight for equality and equal opportunity, more must be done to ensure that state government protects against discrimination, promotes diversity, and advances equity and inclusion. The Governor believes that the priority is and always has been building a Wisconsin that works for everyone, and in order to do that, we have to have a state government that reflects the people we serve.

Part of the executive order created the Governor's Advisory Council on Equity and Inclusion. The council will provide strategic guidance to the Governor, Lieutenant Governor, and Department of Administration Secretary, in developing a sustainable framework to promote and advance diversity, equity, and inclusion practices across Wisconsin state government.

The council is charged with:

- Identifying and promoting best practices and excellence in diversity, equity, and inclusion across the state.

- Reviewing and analyzing statutes, regulations, and policies to identify equity and inclusion barriers, and recommend changes or amendments, where necessary, to advance diversity, equity, and inclusion. Taking into consideration the impact of policies surrounding homeownership, business development, education, and other important issues.

- Analyzing and evaluating relevant information and data concerning diversity, equity, and inclusion; and establishing specific goals and objectives for achieving and enhancing awareness, understanding, and support of underrepresented groups.

- Identifying and recommending strategies to increase the utilization of minority- and women-owned businesses in the state contracting process.

- Identifying and recommending ways to engage and bring visibility, public acknowledgment, and recognition to community and state cultural events, significant activities, and initiatives of underrepresented communities in Wisconsin.

- Providing membership recommendations to ensure that boards and commissions reflect the diversity of the people of Wisconsin.

The budget provisions are consistent with these goals and establish the organizational infrastructure, named the "Wisconsin For All" initiative, that promotes equity across state government and state programs. Included are the following provisions:

- Lead a state diversity, inclusion, and equity conference, as well as establishing workshops and seminars for human resources staff and state/local government employees, in order to cultivate workplaces built on mutual respect and appreciation of the varying backgrounds and experiences of all employees.

- Establish a Governor's Fellowship Program, which will be an eight-week paid fellowship program for six to ten rising college seniors of diverse backgrounds to gain experience working on policy initiatives within state government.

- Establish the Governor's Wisconsin Progress Summit. The summit will be a twice-annual event for local, state, and tribal leaders to discuss data and initiatives regarding equity and outcomes for Wisconsinites, including in areas of racial justice, economic equity, education, housing, and employment.

- Create a cabinet-level chief equity officer position, who will work within the Department of Administration Secretary's Office, and establish agency equity officers, who will be embedded within secretary's offices of cabinet agencies and work with the chief equity officer to identify opportunities to advance equity in government operations. This includes determining how current government practices and policies impact communities of color and individuals with disabilities.

In addition to ensuring state agencies lead by example in working together to leverage their experience and expertise for the benefit of the entire state, the Governor has also prioritized including provisions in the budget that aim to refocus the lens on equity and inclusion throughout the administration, to invest directly in communities and organizations in the state who are working to improve equity. Examples of some initiatives the Governor is recommending include:

- Create equity grants at the Departments of Children and Families, Health Services, and Administration, funded at $50 million all funds over the biennium, that could be granted to public, private, or nonprofit entities that promote diversity and advance equity and inclusion.

- Expand the Wisconsin Supplier Diversity Program to include new supplier certifications for disability-owned business enterprises and lesbian, gay, bisexual, and transgender-owned business enterprises. The department also proposes elimination of the fees currently charged for the disabled veteran-owned and woman-owned busines certification programs.

- Authorize an equal opportunity paid internship program for state agencies and the Legislature for students who are at least 18 years old and from a household whose income does not exceed 300 percent of the federal poverty level. The provision requires interns to be paid at least $15 per hour, which may be paid up to 20 hours per week.

- Reinstate domestic partnership benefits for all insurance programs administered by the Department of Employee Trust Funds. These benefits were originally eliminated under 2017 Wisconsin Act 59, effective January 1, 2018.

- Modify statutes to make references to marriage, spouses, and parentage gender neutral, recognizing the legalization of same-sex marriage and providing greater flexibility and inclusion for all individuals and couples.

A diverse, equitable, and inclusive government and society benefits all of us.

TAX FAIRNESS

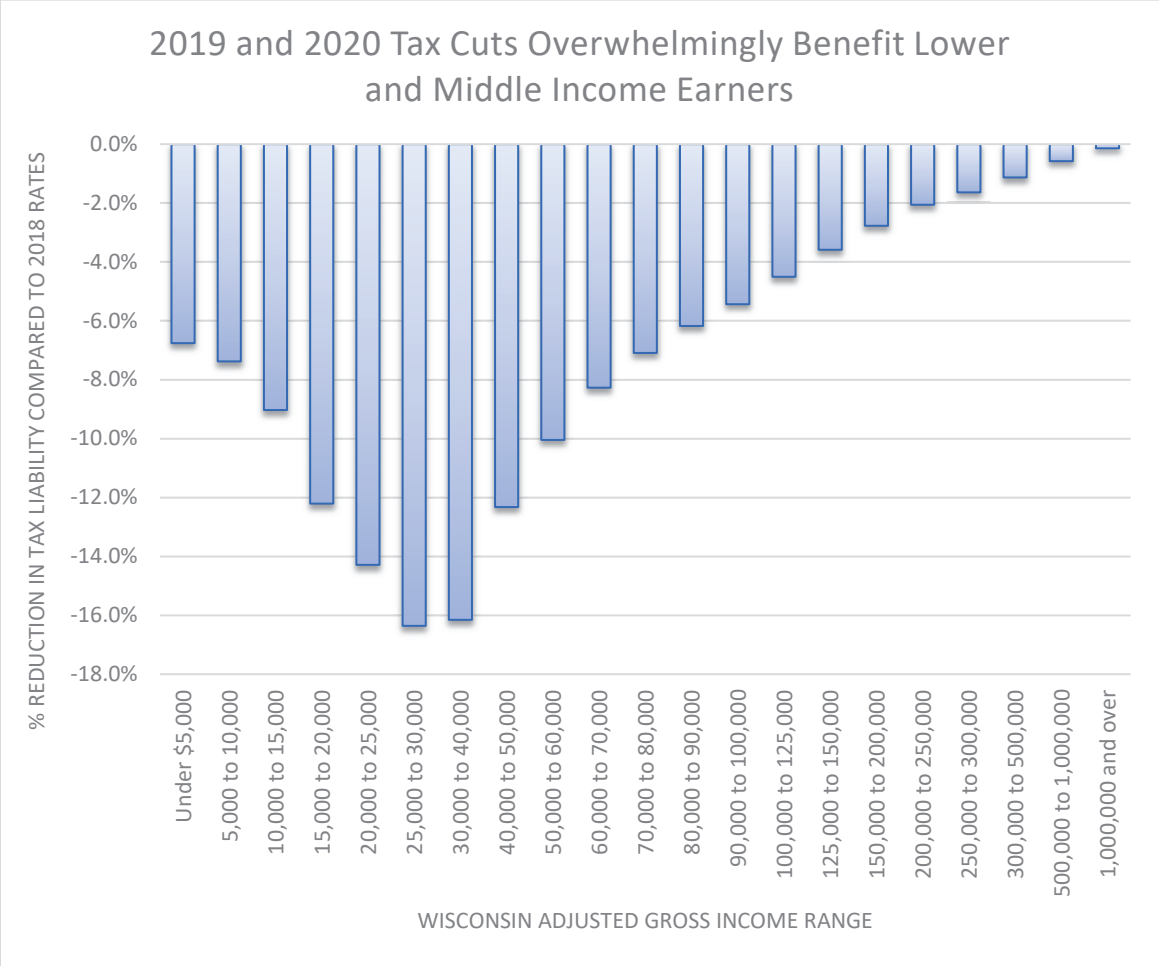
The Governor's 2021-23 biennial budget builds on the middle-income tax relief provided by the 2019-21 biennial budget. The Governor's 2021-23 proposals add approximately $450 million in tax relief for low- and moderate-income Wisconsinites, especially those with children or those who provide care to family members. These taxpayers have faced increased adversity during the COVID-19 pandemic. The Governor's budget also provides over $90 million in targeted tax relief to businesses to encourage investment and hiring.

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 specific preferences pay their fair share while also providing funding for the necessary support to spur Wisconsin's recovery from the pandemic's economic effects and invest in critical public services.

TAX RELIEF FOR THOSE WHO NEED IT

In the 2019-21 biennial budget and 2019 Wisconsin Act 10, the two lowest tax rate brackets were substantially lowered, reducing individual income taxes by over $400 million annually. These savings accrued overwhelmingly to lower and middle-income Wisconsinites. In total, 87 percent of the tax savings have gone to taxpayers with adjusted gross incomes below $150,000.

CHART 12: INCOME TAX SAVINGS FROM PRIOR BUDGET



The result of these reductions has been a progressive shift in Wisconsin's tax structure that allows working families to keep more of their hard-earned money. There is more to do, however; and the Governor's 2021-23 biennial budget provides additional relief to lower and middle-income Wisconsin taxpayers, who have struggled the most with the effects of the COVID-19 pandemic. While nonfarm payroll employment in Wisconsin is down approximately 7 percent year-over-year as of December, a steeper decline than any point of the Great Recession, individual income tax revenues are still rising because this economic crisis has disproportionately afflicted almost exclusively low- and moderate-income earners while higher income earners have benefited from more stable employment and strong gains in asset prices. This has preserved Wisconsin's tax revenues and given us the responsibility to direct assistance to those who have struggled and continue to do so.

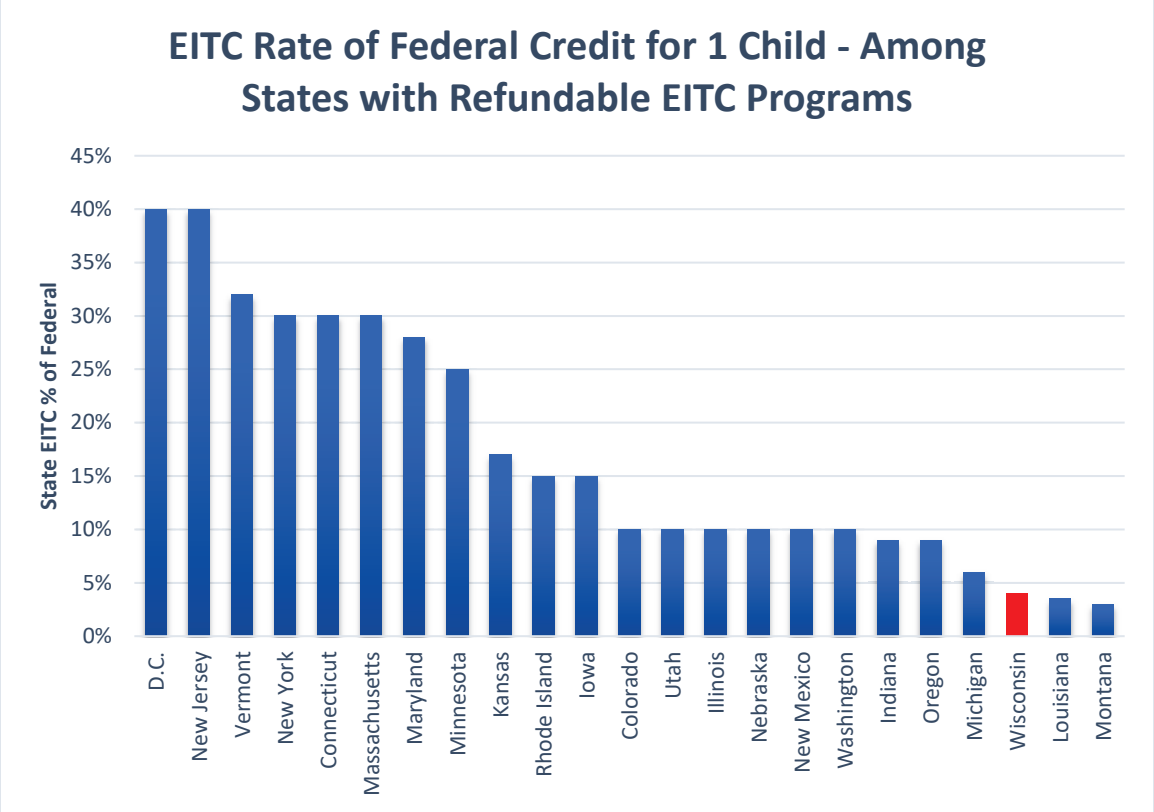
The Governor recommends several tax reforms to provide necessary relief to these Wisconsinites. In total, these initiatives will provide approximately $450 million in tax relief to low- and moderate-income taxpayers, helping them financially recover from the pandemic and also establishing a more equitable tax code in the years ahead.

First, the Governor recommends adopting a nonrefundable credit for family caregivers that will provide $100.4 million in tax relief in fiscal year 2021-22 and $102.5 million in fiscal year 2022-23. The credit is equal to 50 percent of the qualifying expenses incurred by those providing care or support to adult family members requiring assistance with one or more daily activities, limited to $500 in a tax year. The credit will be available to married-joint filers with incomes up to $150,000, subject to a phase-out after that point

with the credit being unavailable for those with incomes above $170,000. For single, married-separate, and head of household filers, the credit will be available for those with incomes up to $75,000, subject to a phase-out after that point with the credit being unavailable to those filers with incomes above $85,000. Qualifying expenses under the credit are those amounts incurred during a taxable year related to modifications to a dwelling for the care or support of a qualified family member, purchase or lease of assistance equipment, and acquisition of goods or services or support to assist in caring for a qualified family member. Tens of thousands of Wisconsinites incur high financial burdens in caring for members of their family who require assistance with daily living activities. This credit represents a meaningful commitment by the State of Wisconsin to aid these taxpayers and those they care for. Those caring for family members throughout the pandemic have faced unique challenges and deserve this targeted relief.

Second, the Governor recommends greatly increasing Wisconsin's supplement to the federal Earned Income Tax Credit (EITC) for working families with one or two children. Targeted tax relief through EITC has been shown to be effective in reducing child poverty, yet Wisconsin's credit for those with one or two children lags most other states and should be increased. Beginning with tax year 2021, the Governor's budget will increase the percentage of the federal credit that filers with one dependent child may claim from 4 percent to 16 percent. For filers with two children, the rate will increase from 11 percent to 25 percent. 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, over 200,000 filers with children will receive $74.3 million in fiscal year 2021-22 and $74.0 million in fiscal year 2022-23. Average tax relief for these taxpayers will be over $350 annually.

CHART 13: WISCONSIN'S EITC LAGS OTHER STATES FOR FILERS WITH ONE CHILD

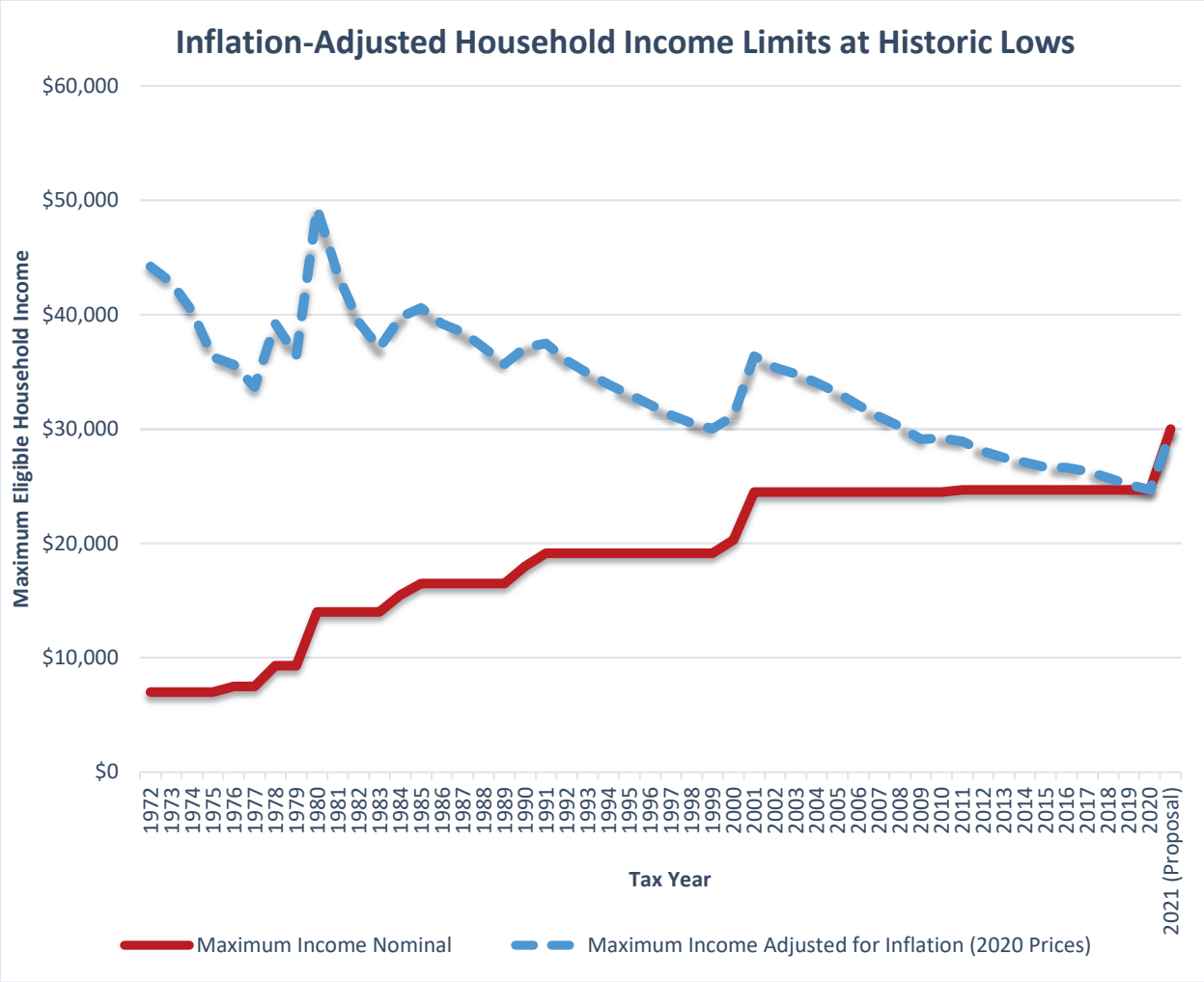


Source: National Conference of State Legislatures

Third, the Governor also recommends enhancing the Homestead Credit to provide increased relief to lower-income Wisconsinites to meet their property tax and rent burdens. The Governor's budget will

increase the maximum eligible household income under the program to $30,000 in tax year 2021 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. The Governor's budget will also restore indexing for the credit beginning with tax year 2023, 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 due to inflation.

CHART 14: REVITALIZING THE HOMESTEAD CREDIT TO AID WISCONSIN PROPERTY TAXPAYERS



Because 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 people with disabilities stay in their homes and improving housing affordability for low-income working households.

Fourth, the Governor recommends expanding the Veterans and Surviving Spouses Property Tax Credit to include renters, matching the treatment of the Homestead Tax Credit and the School Property Tax Credit. Renters pay property taxes that are passed through by their landlords and should receive tax relief as a simple matter of tax equity. As with the current law provisions, this proposal would extend the Veterans and Surviving Spouses Property Tax Credit for renters at the rate of 20 percent for those with heat

included in their rent and 25 percent for those without heat included in their rent. This provision will provide $4.9 million in relief in fiscal year 2021-22 and $5.1 million in fiscal year 2022-23.

Fifth, 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 2021 that is equal to 50 percent of the same credit available at the federal level. As this is a more generous benefit than the current law subtraction to adjusted gross income available for qualifying child and dependent care expenses claimed under the federal credit, 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 2021-22 and will benefit approximately 106,000 taxpayers.

Sixth, 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. The Governor's 2019-21 biennial budget proposal included this provision as well, and it has been considered by the Legislature as recently as this past year. Self-employed Wisconsinites will save $9.5 million annually beginning in fiscal year 2021-22 as a result of this proposal.

Seventh, to aid first-time homebuyers, the Governor recommends creating state tax-advantaged first-time homebuyer savings accounts starting in 2022. 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 2022-23 as a result of these tax-advantaged accounts.

Finally, the Governor also recommends a number of smaller targeted provisions to aid Wisconsinites in particular income tax circumstances. For those paying for costly flood insurance, the Governor recommends creating a nonrefundable flood insurance premiums tax credit equal to the lesser of 10 percent of flood insurance premiums or $60, providing $800,000 in relief annually starting in fiscal year 2021-22. In addition, for Wisconsin National Guard personnel called up on state active duty and for reservists activated for certain preplanned support missions, the Governor recommends providing a subtraction from Wisconsin adjusted gross income for those amounts earned during those periods, providing an estimated $430,000 in relief annually beginning in fiscal year 2021-22. Further, the Governor recommends excluding from Wisconsin adjusted gross income AmeriCorps education awards, providing an estimated $136,000 in individual income tax relief annually beginning in fiscal year 2021-22.

CREATING A FAIRER TAX CODE

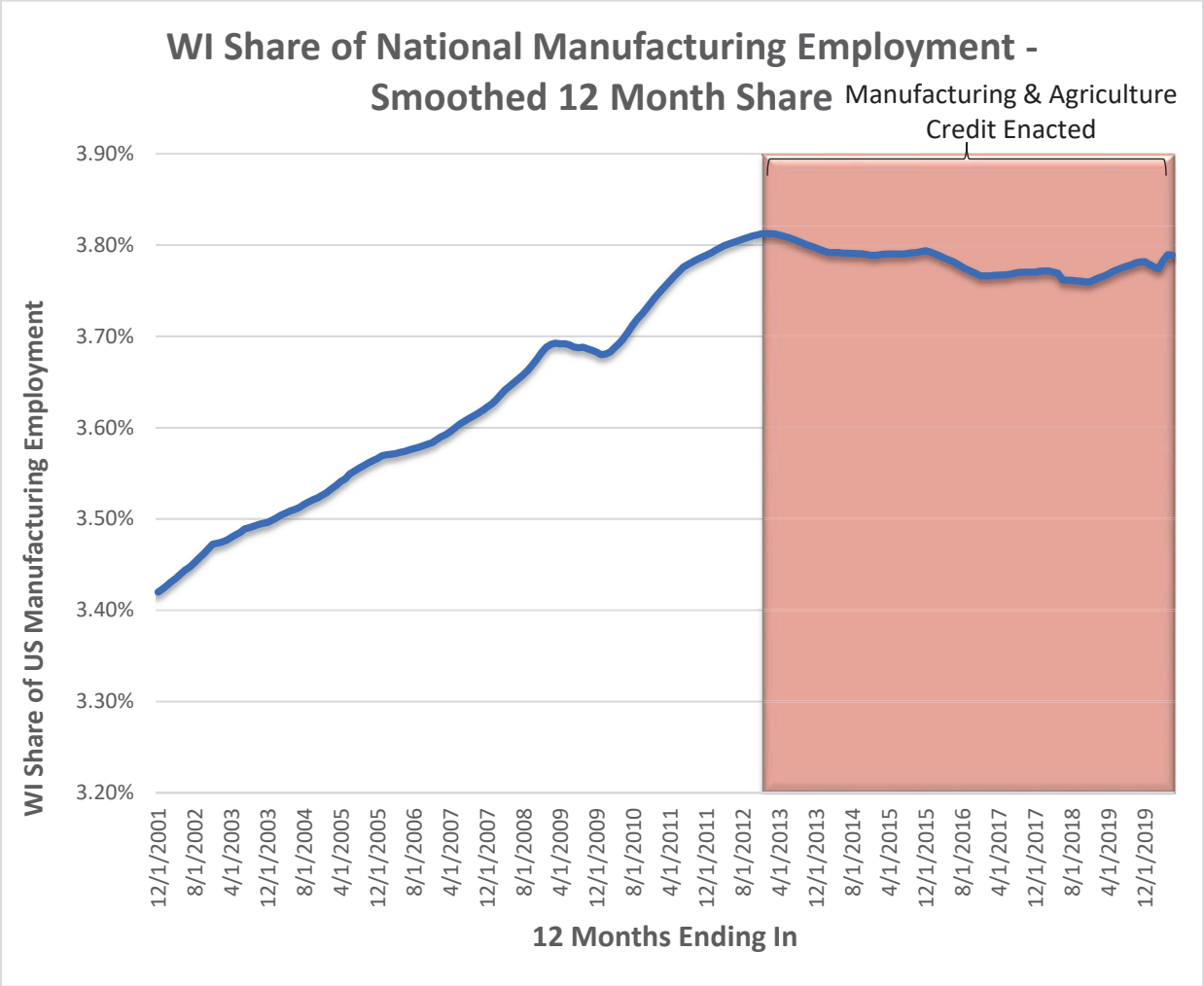
At a time when the COVID-19 pandemic has devastated thousands of small business owners across the state, state policy must prioritize dollars carefully to provide desperately needed support and make essential investments to restore Wisconsin's economic health. Prudent fiscal management requires routine evaluation of the policies that do and do not work in achieving their aims, investing more in those that do and adjusting those that do not. In doing so, we can raise funds from ineffective provisions to deploy those resources into programs with higher return on investment for the people of Wisconsin. This is as true in the tax code as it is in any other program area.

The Manufacturing & Agriculture Credit has failed to provide the benefits promised for manufacturing at the time of its creation in 2013 while its costs to Wisconsin taxpayers 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 now

costing the state approximately $340 million a year in lost revenue, according to the most recent estimates from the Department of Revenue.

Meanwhile, the credit has failed to demonstrate any measurable success at increasing Wisconsin's share of national manufacturing employment. The chart below demonstrates that in fact the period during which the credit has been in place has seen Wisconsin's share of national manufacturing employment stagnate after years of increases prior to its implementation.

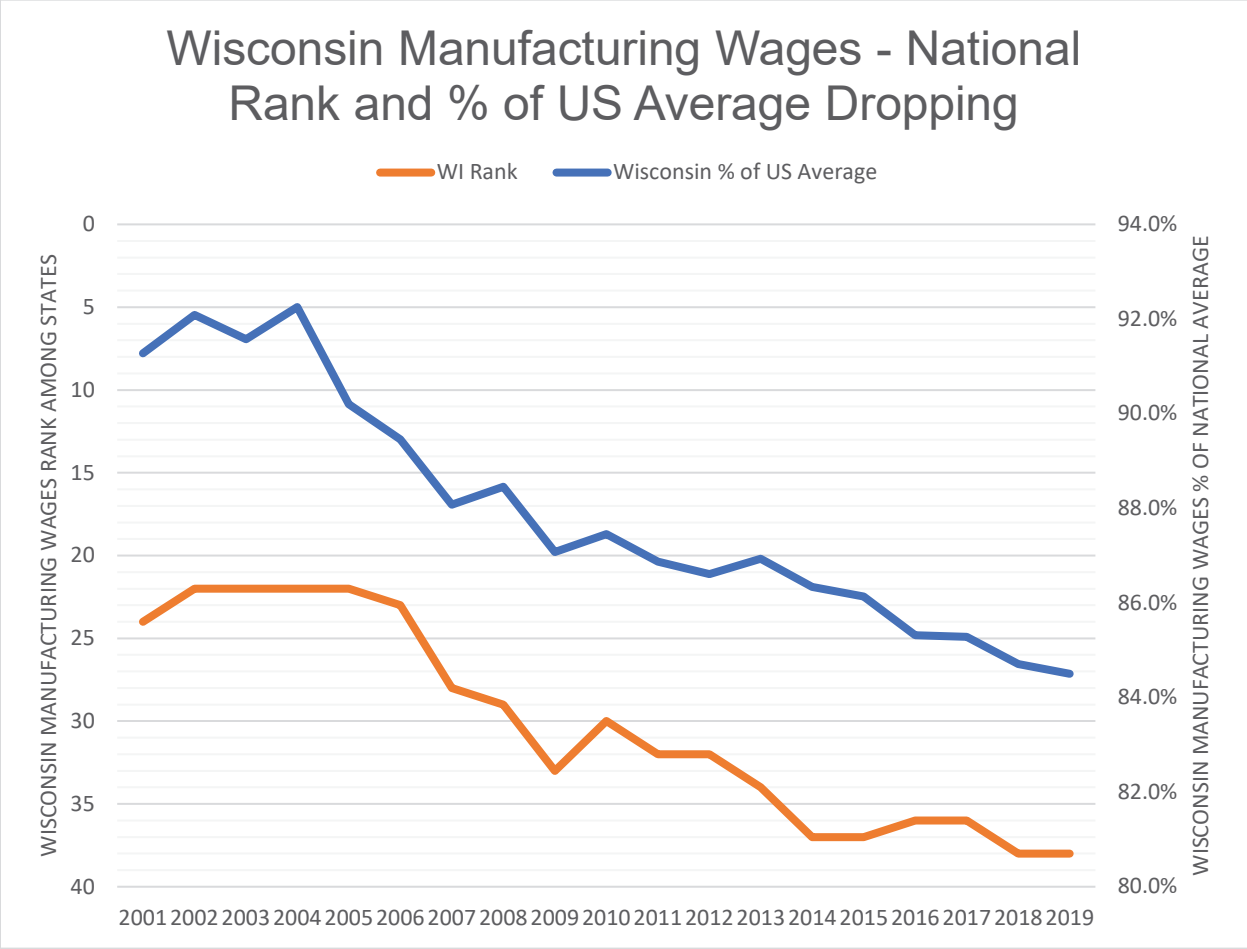
CHART 15: MANUFACTURING AND AGRICULTURE CREDIT INEFFECTIVE AT INCREASING MANUFACTURING EMPLOYMENT



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

If the purpose of the Manufacturing & Agriculture Credit was to increase Wisconsin's share of national manufacturing employment, it has failed in its goal. Furthermore, Wisconsin's relative standing in manufacturing wages has declined with Wisconsin manufacturing workers only ranking 38th among the 50 states for average annual wages and only paid 84.5 percent of the national average. If the credit is ineffective at increasing employment and also ineffective at helping to increase wages among those employed in the manufacturing sector, its only effect has been to greatly reduce state tax revenues by providing massive tax benefits to high-income earners. Because it is a nonrefundable credit, it cannot be argued that the credit helps keep firms in business since it is only available to those earning a net profit. 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.

CHART 16: WISCONSIN MANUFACTURING WAGES RANKING

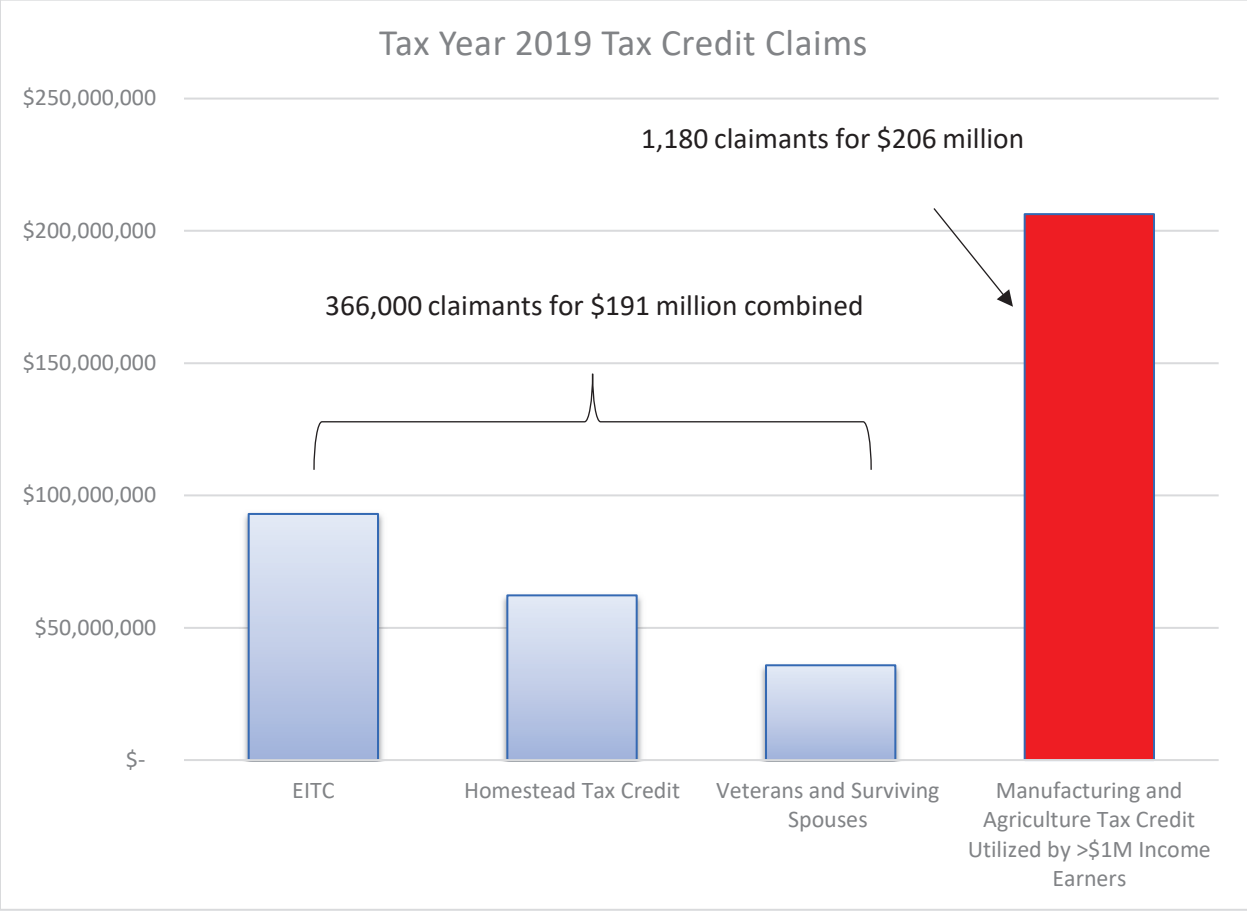


Source: Bureau of Labor Statistics, Quarterly Census of Employment & Wages

The benefits of the credit to high income earners are extraordinary. In tax year 2019, a mere 6,260 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 $246.3 million in utilized credits, approximately $39,300 per claimant. Eighty-four percent of the aggregate dollar claim went to taxpayers with adjusted gross incomes in excess of $1 million and more than half of that was to taxpayers with adjusted gross incomes in excess of $5 million.

To put these massive claims in context, the amounts claimed by this handful of taxpayers with incomes greater than $1 million dollars in adjusted gross income exceed the combined cost of the Homestead Tax Credit, the Wisconsin Earned Income Tax Credit, and the Veterans and Surviving Spouses Property Tax Credit.

CHART 17: TAX CREDIT CONTEXT



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 wages and is among the most costly provisions in the state budget. Under the Governor's proposal, the agricultural portion of the credit will remain as it is under the current law. However, 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 $258.9 million in fiscal year 2021-22 and $228.5 million in fiscal year 2022-23. The amounts raised will help pay for the Governor's tax relief to lower and middle-income Wisconsinites and support programs for small businesses. 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 $400,000 for individuals and $533,000 for married-joint filers. This preserves the exclusion for all but the highest income earners, while continuing to provide relief to 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 retain 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 $202.1 million in fiscal year 2021-22 and $148.4 million in fiscal year 2022-23. Wealthy stock market investors have prospered during the pandemic with rapidly rising asset prices while ordinary small businesses have suffered. Limiting the exclusion helps to level the playing field while providing resources to spur Wisconsin's recovery from the pandemic's severe economic effects.

Finally, the Governor recommends conforming Wisconsin's tax base with certain 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 major remaining provisions of the Tax Cuts & Jobs Act, except for accelerated depreciation provisions. Together, these provisions will raise $264.2 million in fiscal year 2021-22 and $275.9 million in fiscal year 2022-23. 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 million in fiscal year 2021-22 and $4.1 million in fiscal year 2022-23.

C. WHAT'S BEST FOR KIDS

K-12 Public Schools

The Governor believes what's best for our kids is what's best for our state. The 2019-21 biennial budget provided the largest biennial increase in funding for students with disabilities ever and the largest increase in state general equalization aid in over a decade. However, even with those historic investments, there are still significant unmet needs in school districts across the state that have been exacerbated by the COVID-19 pandemic. The Governor's budget builds on the 2019-21 down payments in an effort to address the considerable challenges faced by both students and educators.

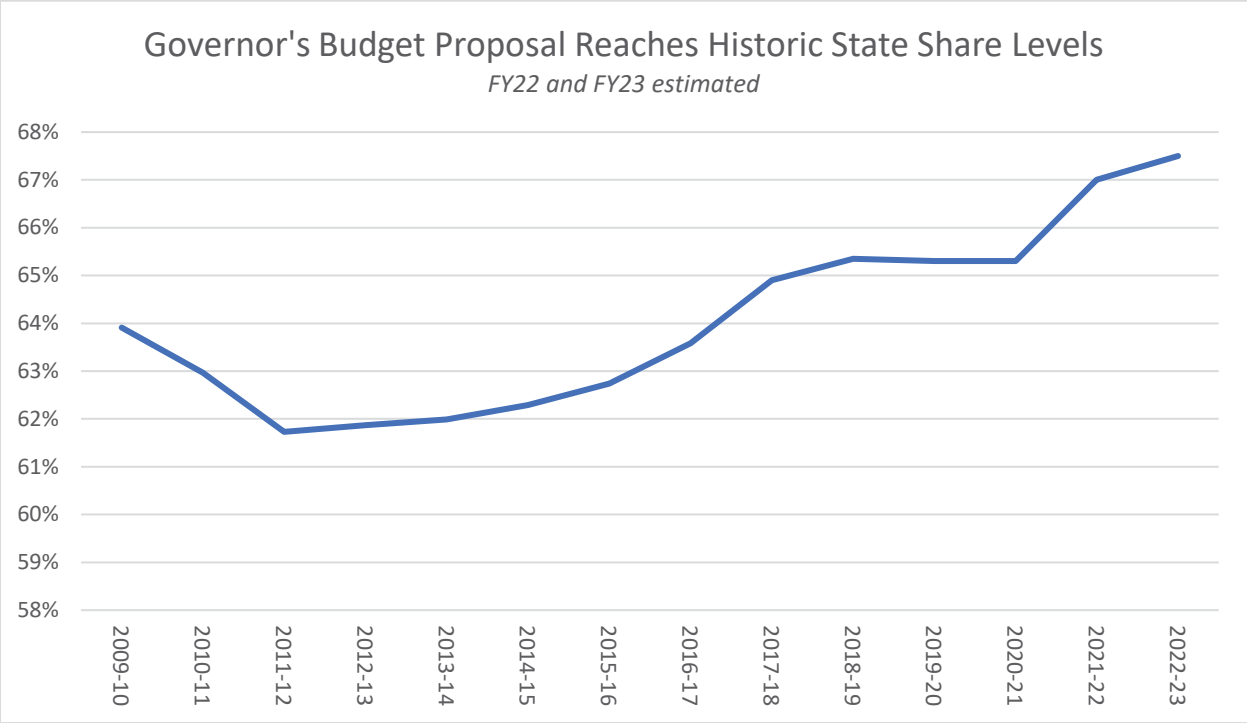
It is a testament to our outstanding teachers and school leaders that, even though Wisconsin's per pupil spending was below the national average as of 2018, Wisconsin's students continue to excel. In 2019, according to the Nation's Report Card, our 8th grade students outperformed the national average in math, reading, science, and writing. According to the Department of Public Instruction's WISEdash portal, high school completion rates are increasing in four- and five-year cohorts. The investments made in the last budget are now starting to be realized in the classroom (whether in a school or at home) as increased state aid has benefitted all students by permitting districts to reallocate monies to boost services and tools for all.

However, there is little doubt that we have more work to do. School districts need additional flexible revenues to address novel and unique challenges resulting from the pandemic, including changed learning environments, additional staff needs, physical space modifications, and more. Additionally, an increasingly large number of students needs the state to make specific investments in targeted services.

As such, the Governor's budget makes important and substantial state investments in our K-12 schools – and restores the state's historic two-thirds funding commitment for public schools beginning in fiscal year 2021-22. Even though on more than one occasion during the past biennium, the Legislature rejected the Governor's call to return to what once was a bipartisan achievement, the Governor hopes that legislators

on both sides of the aisle will join him in this endeavor that will directly benefit the kids of our state and provide property tax relief.

CHART 18: STATE SHARE OF PARTIAL SCHOOL REVENUES



This budget proposal provides a significant general aid increase, which reduces the need for school districts to levy additional property taxes to make up for a lack of state support. Moreover, the Governor's budget provides school districts with revenue flexibility through per pupil revenue limit adjustments – districts can choose the level to which tax levies are necessary based on local needs and programming. In particular, school districts have responded to the COVID-19 pandemic in a wide variety of ways, and flexibility is more important in the upcoming two school years than ever. While we do not know exactly what our schools will require to ensure the health and safety of students and staff this fall, we do know needed health safety measures will continue to evolve, and schools will be required to adapt in creative ways.

- The budget provides a general aid increase of $612.8 million GPR over the biennium, which will be provided to school districts through the state's general equalization aid formula. These funds will help school districts with lower property wealth per student avoid having to choose between reducing services or incurring higher property tax levies.

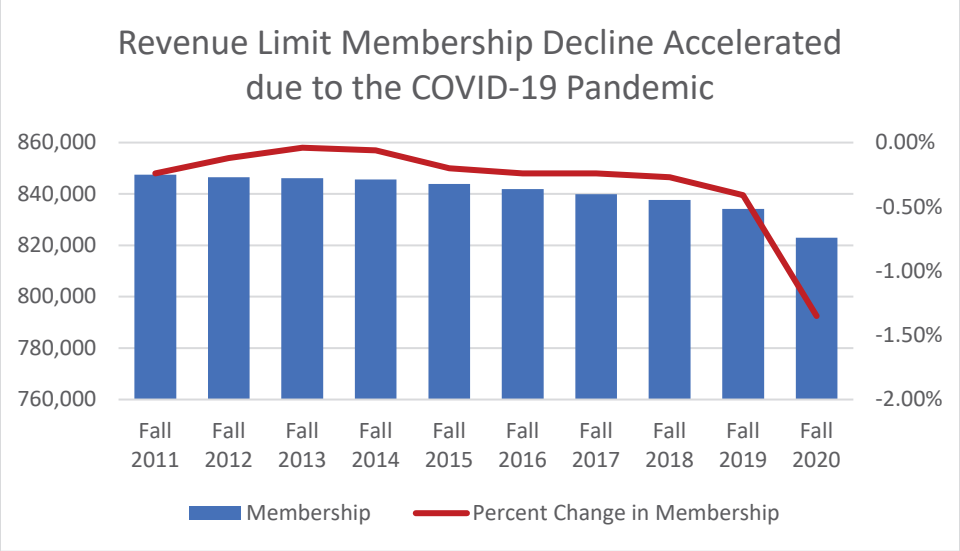
- The budget also allows school districts to increase current revenue limits by $200 per pupil in fiscal year 2021-22 and $204 in fiscal year 2022-23. Revenue limit adjustments are flexible tools for school districts; they can scale any use of the adjustments to school and local needs. The budget further requires that these adjustments be indexed in future biennia according to the consumer price index so that local school district officials can plan ahead with more certainty than they are able to do now.

- The low revenue ceiling, which is currently set at $10,000 per pupil, allows the state's lowest-spending districts that have been constrained by revenue limits in the past to gain additional parity with higher-spending school districts. The budget recommends increasing the low revenue ceiling by $250 per pupil (to $10,250) in fiscal year 2021-22 and an additional $250 per pupil (to

$10,500) in fiscal year 2022-23. The Governor also recommends repealing the current punitive prohibition that disallows certain school districts from using the low revenue ceiling due to having a failed referendum.

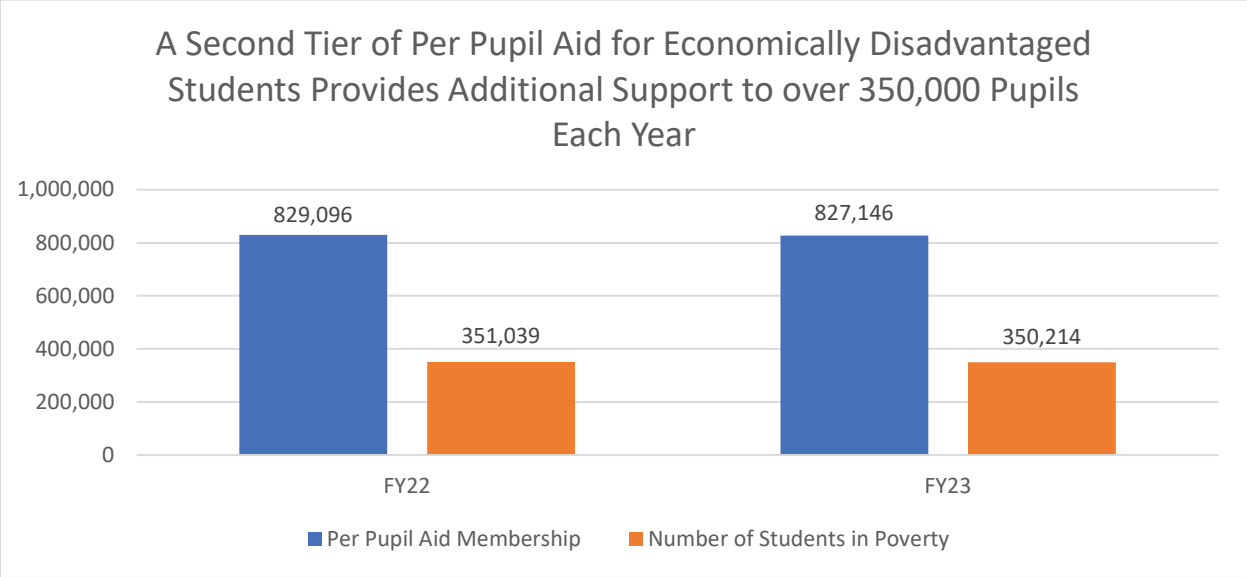
- The COVID-19 pandemic significantly altered how many pupils attended school in the 2020-21 school year – students attended public schools virtually, in person, or in a hybrid model, and some parents chose to homeschool their children. These options and choices logically and rightly varied across the state as such decisions were made by parents and locally-elected school boards. Nonetheless, the pandemic's impact has deeply affected many school district enrollments across our state over the past year. Thus, the Governor recommends that school districts have the flexibility to choose between the greater of their summer and fall 2019 or 2020 pupil counts for purposes of calculating their revenue limits.

CHART 19: SCHOOL DISTRICT REVENUE LIMIT MEMBERSHIP



- While not directly part of the state's general aid and revenue limit formulas, per pupil aid is unrestricted in its use by school districts. The budget further increases per pupil aid by: providing $55.8 million over the biennium to fund per pupil payments of $750 in each year for all students, and supplementing these payments by $75 per pupil for each economically disadvantaged resident pupil in order to recognize the costs to school districts of providing additional supports to such pupils.

CHART 20: NUMBER OF ECONOMICALLY DISADVANTAGED PUPILS



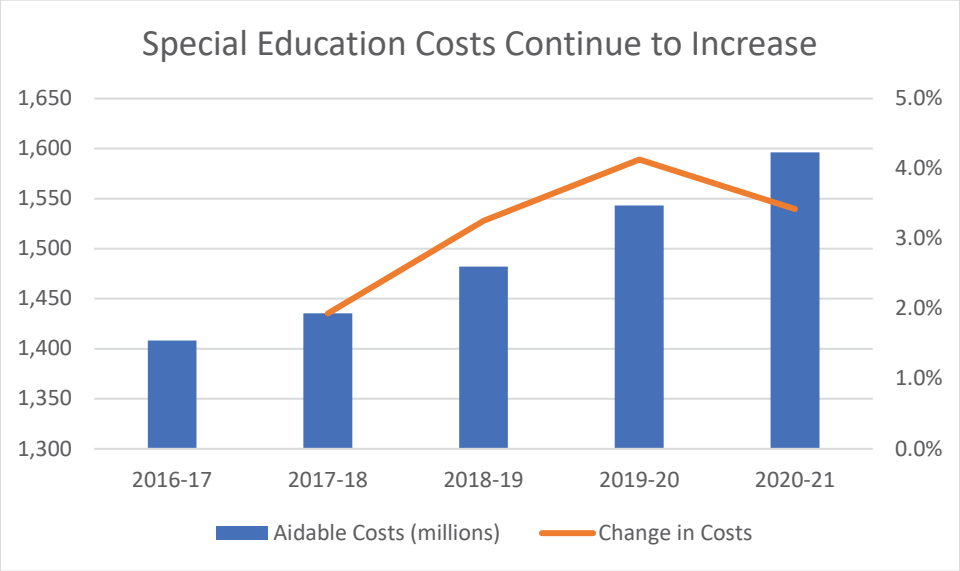
The costs associated with educating students with disabilities continues to increase. The final 2019-21 budget provided an additional $96.9 million over the biennium for special education categorial aid, the first increase in funding in over a decade. While this was a significant and important investment, it did not increase the reimbursement rates for school district special education costs to a level that is critically needed by school districts. State investment in special education services not only provides enhanced direct support to students with disabilities, it also provides school districts with budget flexibility to address the needs of the general student population, such as technology, mental health services, or facilities upgrades. To address the relatively flat level of reimbursement that has been all too often preferred by the Legislature, the Governor recommends in increase of over $709 million for special education aid to achieve reimbursement rates of 45 percent in fiscal year 2021-22 and 50 percent in fiscal year 2022-23.

- The budget also changes the special education appropriation from sum certain to sum sufficient, which will ensure the specified reimbursement rates are not reduced due to proration based on a lack of appropriated funds.

- The budget also increases the reimbursement rate for high cost special education aid from 31 percent in fiscal year 2020-21 (according to the Department of Public Instruction) to 40 percent in fiscal year 2021-22 and 60 percent in fiscal year 2022-23, which will help districts provide appropriate services to those students with more severe disabilities.

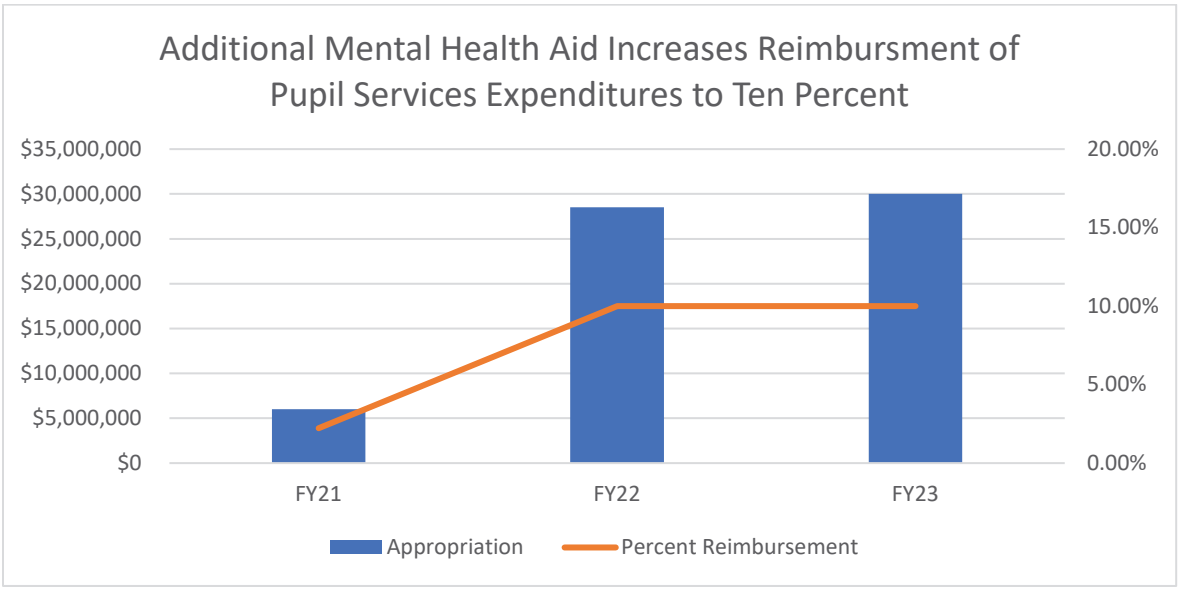
- Special education transition readiness grants are increased by $1.5 million in fiscal year 2022-23, which will enhance services for special needs students transitioning to postsecondary education or the workforce.

CHART 21: SPECIAL EDUCATION COSTS



Recent budgets have made important investments in a variety of programs to support student mental health and wellness. However, the Department of Public Instruction indicates that school districts spent an estimated $270 million on pupil services staff in fiscal year 2020-21, while state support for those costs was only $6 million, equating to a reimbursement rate of little more than 2 percent. The Governor continues to make addressing students' mental health needs a priority and recommends significantly increasing state support for school-based student mental health services.

CHART 22: K-12 MENTAL HEALTH SERVICE EXPENDITURES AND REIMBURSEMENT RATES



- To increase reimbursement of school mental health services to 10 percent, the budget provides $46.5 million over the biennium. Under current law, only costs related to school social workers are reimbursable under the School Mental Health categorical aid program. The budget expands the scope of allowable expenses for reimbursement to include school counselors, psychologists, and nurses as well, and specifies that the program is to support mental health and student wellness.

- Funding for mental health training of school professionals is increased by $500,000 in each year.

- Mental health collaboration aid currently provides support for school districts to partner with community health agencies to provide students with mental health services, specifically through co-location of service availability in school buildings. The budget not only increases funding for these efforts by $7 million over the biennium, but also aids rural districts by expanding the definition of eligible partner agencies to include individual providers, telehealth, or on-line services.

The Governor's budget again reaffirms his commitment to supporting rural schools in multiple ways with the following by recommendations:

- Sparsity aid is increased to fully fund current law per pupil payments of $400 per pupil for sparse districts with 745 or fewer pupils. In addition, the Governor recommends providing $100 per pupil for those districts with 10 or fewer pupils per square mile with more than 746 or more pupils. This is accomplished through a biennial investment of roughly $20 million.

- The reimbursement rate for pupils transported over 12 miles is increased from $365 per pupil to $375 per pupil.

- The budget provides $4 million over the biennium to fully fund high cost transportation aid for school districts with relatively high transportation costs on a per pupil basis, which are more often than not rural districts. Aid was prorated at 91.1 percent of eligible costs in fiscal year 2020-21, and the increased funding is estimated to reimburse 100 percent of costs. The budget also removes the cap on "stopgap" payments for districts that fall out of eligibility.

Although not specific to rural or sparsely populated districts, the Governor's investments in supports for English Learners is likely to benefit such districts as well as many others. The number of English Learners continues to increase rapidly; therefore, so does the need for school districts to increase capacity to provide additional supports to help these students succeed.

CHART 23: GROWTH IN K-12 ENGLISH LEARNER POPULATION

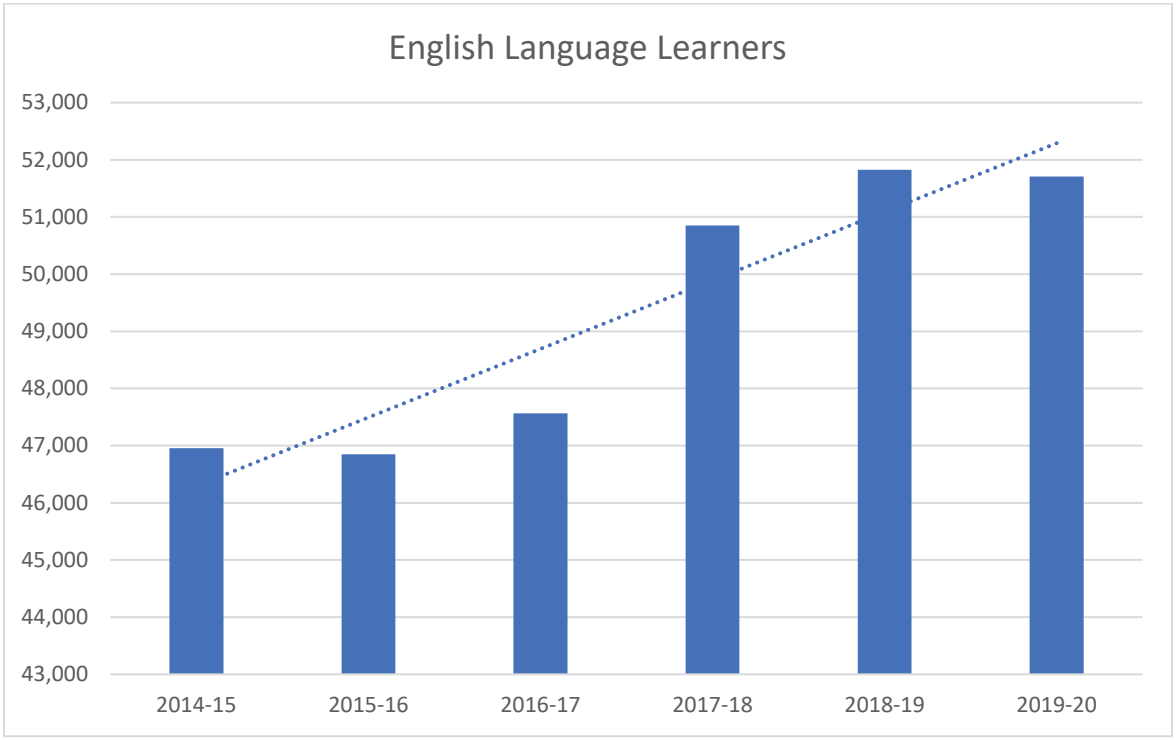
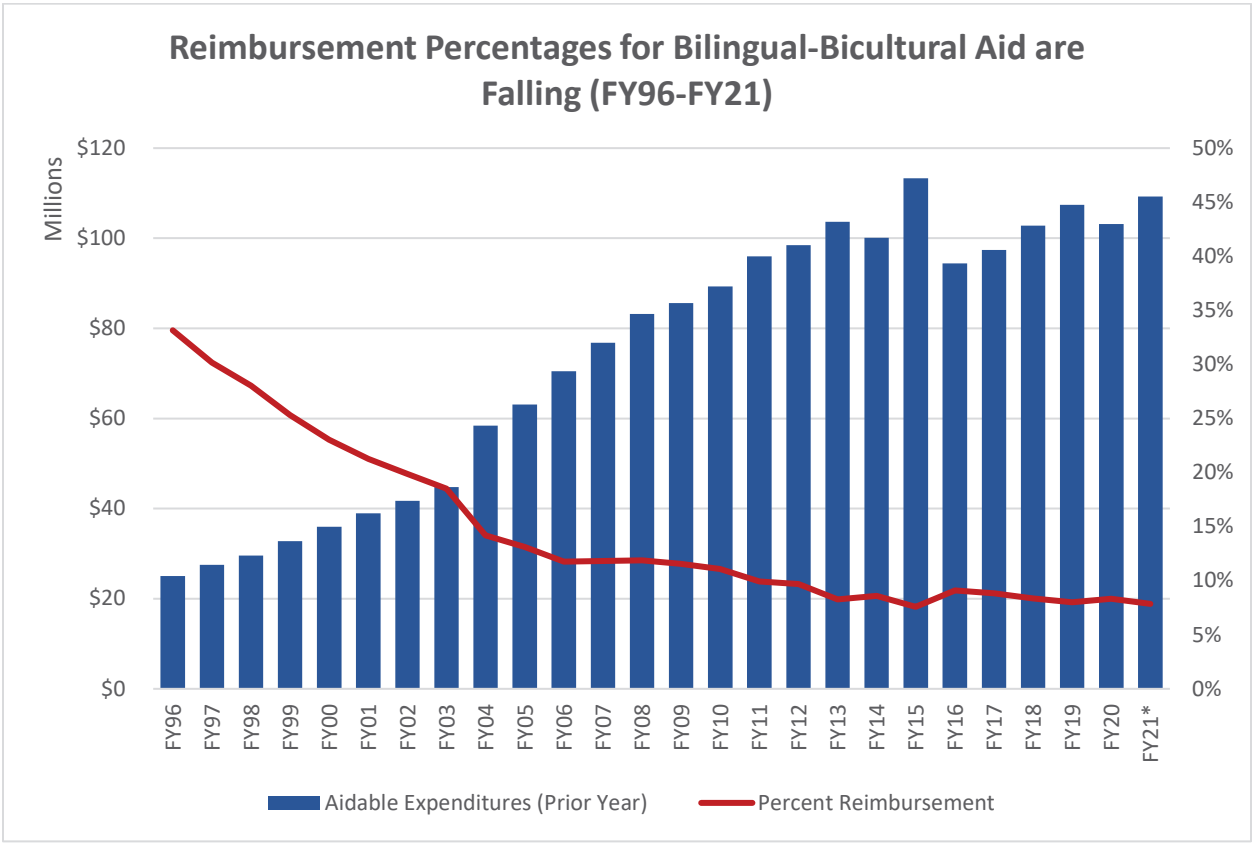


CHART 24: STATE REIMBURSEMENT OF K-12 ENGLISH LEARNING COSTS



- State aid for English Learners (formerly known as Bilingual-Bicultural Education aid) is increased by $28 million over the biennium. These recommendations will increase reimbursement of eligible expenses from 8.1 percent in fiscal year 2019-20 to 15 percent in fiscal year 2021-22 and support expansion of the program in fiscal year 2022-23 to include any school with at least one English learner.

- The budget creates a new grant program of $750,000 in fiscal year 2022-23 to help staff obtain licensure as a bilingual teacher or teacher of English as a second language.

Other new categorical aid programs proposed by the Governor include:

- $20 million in fiscal year 2022-23 to support out-of-school time programs and sites.

- $2.9 million in fiscal year 2022-23 to reimburse driver education programs for classes provided to economically disadvantaged students, which will assist those students in traveling to jobs or school.

- $20 million over the biennium for energy efficiency projects that improve student health, especially heating and ventilation projects necessitated by the COVID-19 pandemic.

- $750,000 in fiscal year 2022-23 for computer science teacher professional development.

- $1.4 million over the biennium to subsidize costs associated with General Education Development tests, as well as digitization of related records.

Child Care

Home to the country's first kindergarten and a state constitution that champions early education, Wisconsin's commitment to early care and education (ECE) is as old as the state itself. Wisconsin has many strong ECE programs, partnerships, and innovative cross-sector collaborations supporting its youngest residents. Yet significant challenges remain, and more must be done to reach and effectively support all vulnerable and underserved children and families across the state.

The Governor is committed to the goal that all Wisconsin children and youth are safe and loved members of thriving families and communities, and that every kid has access to high-quality early childhood educational experiences. To support this goal, the Department of Children and Families works to support low-income working families by sharing the cost of child care and promoting the social well-being of all kids and families through safe, high-quality early education experiences. When everyone in Wisconsin has an equal opportunity to succeed and reach their full potential, everyone benefits.

Birth to age five is the most critical time in a child's development. During their first five years, Wisconsin's kids can potentially be involved with multiple programs across multiple agencies. Consistent, responsive care is foundational to brain development and lays the groundwork for a child's whole life. Based on a variety of measures, Wisconsin faces an extreme shortage in infant and toddler care and nonstandard hour care (evening, overnight, weekend), and lacks overall care choices for families.

According to the Department of Children and Families, an estimated 54 percent of Wisconsin residents live in a child care desert defined as "any census tract with more than 50 children under age five that contains either no child care providers or so few options that there are more than three times as many children as licensed child care slots." A lack of equitable child care access and quality ECE options across the state is having fundamentally negative impacts on Wisconsin's families, its workforce, and its economy as a whole.

Clearly, even before the pandemic, the child care industry was under stress. 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. Led by the Governor, the last budget made a significant investment, over $23.5 million during the biennium, in the Shares child care program by increasing provider rates.

The COVID-19 pandemic highlighted the critical role the state's ECE system plays for both families and businesses alike, and it also exposed many of the fault lines in the industry, including razor-thin operating margins, low pay, and high turnover. Between March 1st and May 1st of 2020, Wisconsin saw 54 percent of its large, licensed group centers close compared to only 18 percent of licensed family providers.

In the past year, knowing that the state's economic recovery is dependent on the existence of child care, the Governor invested $131.5 million of new federal funds in the child care industry in an effort to stave off the worst effects of the COVID-19 pandemic, one of the largest investments in the country. In addition, the Governor recently announced an additional temporary rate increase of $10.2 million in fiscal year 2020-21 that will provide a 21 percent rate increase for families with children ages 0 to 3, making child care more affordable for families while providing additional support for child care centers at a time when it is greatly needed, until there is wider distribution of vaccines and the budget passes. The state was also recently awarded $148.8 million in federal Child Care and Development Block Grant funds to provide additional response to the ongoing effects the pandemic has had on the child care industry in the state.

Now, more than ever, Wisconsin's work to address pervasive challenges around equity, access, quality, and affordability within the ECE system are imperative to helping the state move forward. Improving recruitment, retention, and support of a high-quality and effective ECE workforce to rebuild this system in the wake of the public health emergency will be a critical undertaking. Partnering with local business and community leaders to develop plans for ongoing support and financing of the ECE system is a necessary next step to continue reopening Wisconsin's economy. Without a robust, well-funded ECE system, Wisconsin's ability to continue our economic recovery will not be realized to its full potential.

In this budget, the Governor has included a historic new investment in the Child Care Strong initiative to address quality, affordability, access, and equity for children both in Shares and unsubsidized child care. Over $70 million annually in funding is allocated for this purpose and is focused on an investment in infant and toddler care and the ECE workforce.

The need for high-quality care is great, particularly for infants and toddlers (children under age three). Due to lower teacher to child ratios and other compliance and quality factors, revenue from these programs does not cover operational costs. The financial strain on providers is a key reason for child care deserts in Wisconsin's urban and rural areas.

Another challenge for providers is recruiting and retaining qualified staff. Staff costs comprise roughly 80 percent of providers' expenses. Yet because of providers' razor-thin margins, the ECE workforce generally earns on average between $10 and $13 per hour with few benefits. These low wages have led to a 40 percent annual turnover in workforce, making it difficult for providers to sustain high-quality programs.

Given these structural challenges, the Governor recommends a strategy that invests in infant and toddler care, with an emphasis on lifting wages and retaining talent. Under this strategy, every regulated child care provider may be eligible to receive a base payment, a bonus payment for providers who serve at least 25 percent infant and toddlers and a per child monthly stipends for Shares and non-Shares children, based on age and YoungStar rating.

Because retaining a well-qualified workforce is critical to the ECE landscape across Wisconsin, this plan requires providers to allocate at least half of total monthly payments towards staff salaries and benefits. This dual strategy of investing in infant and toddler care while supporting staff addresses the pervasive challenges around access, quality, affordability, and workforce in the ECE field.

The following table summarizes the different components of the initiative:

TABLE 6: CHILD CARE STRONG INITIATIVE FUNDING COMPONENTS

Component	Annual Estimate
Per-provider grant for all regulated providers	$13,902,000
Per-provider grant to providers with 25% infant/toddler slots	$4,170,600
Per-child grant: Wisconsin Shares children (3-star and above)	$32,887,100
Per-child grant: non-Wisconsin Shares children (3-star and above)	$19,693,700
Total Cost	**$70,653,400**
Reallocate a portion of YoungStar budget	$17,637,000
Total New Investment	**$53,016,400***

*At least $5.3M of these funds will be directed to pilot programs in child care deserts.

In addition, the Governor's budget also includes the following additional investments in child care:

First, the budget continues funding for a child care quality program that is targeted to the 53206 zip code area of Milwaukee, one of the most economically disadvantaged areas in the state, and expands the services to families in adjacent zip codes. The funding in the budget supports access to quality early childhood care by helping 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.

The budget also includes a $500,000 TANF annual increase to the REWARD stipend program for child care workers that is administered by the Wisconsin Early Childhood Association and is based on a worker's educational attainments and longevity in the field. In fiscal year 2019-20, total awards were $627,250 to 1,527 individuals with an average stipend of $410. According to the Wisconsin Early Childhood Association Web site, REWARD recipients have a turnover of less than 1 percent.

In addition, the budget includes $1,327,200 TANF in fiscal year 2021-22 and $1,963,900 TANF in fiscal year 2022-23 for early childhood social emotional training and technical assistance. The overall goal of this program is to reduce instances of children being removed from daycare for behavioral issues.

During the COVID-19 pandemic, Family Medical Leave Act (FMLA) laws were temporarily changed to allow individuals to use leave when their child care provider closed. The Governor is proposing to continue this change permanently under state FMLA laws.

Child Welfare

In recent years, counties across the state 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 2019-21 budget included an ongoing increase in the Children and Family Aids allocation of $30.5 million all funds over the biennium. In this budget, the Governor is recommending an additional increase of $10 million GPR beginning in calendar year 2022, with a total of $15 million GPR appropriated in the

2021-23 biennium. These significant increases will better position counties to meet the needs of vulnerable children and families who are in crisis.

The next big challenge for the state and county child welfare agencies is the implementation of the Family First Prevention Services Act, which was included in the federal Bipartisan Budget Act of 2018. Wisconsin will begin implementation on October 1, 2021. The act reforms federal funding of child welfare and creates new state requirements intended to prevent children from entering out-of-home care in addition to and encouraging states to place children who do enter out-of-home care in family settings, such as foster care. For the first time, the federal government will reimburse states with federal IV-E funds for in-home services that keep children safely in their homes. Previously, IV-E funds could not be used on prevention services and GPR was not spent on these services, although TANF is used to support a home visitation program. States can now claim up to 50 percent IV-E reimbursement for approved, evidence-based services.

Under the Governor's budget, the Department of Children and Families is aligned with this "culture shift" by implementing an in-home prevention services program statewide. The Governor has included $3,870,300 GPR and $2,084,100 federal IV-E in each fiscal year, so the department can create a full prevention-service network of evidence-based service providers statewide, including provider training, travel costs, licensing and certification, and incentive supplements for rural areas. In addition, the budget includes an additional $4,613,000 GPR and $1,575,000 IV-E in each fiscal year for counties to use for direct family support services that are most directly and immediately needed to prevent children from being removed from their homes. These services will include support mentors, respite care, or rental assistance. The Governor is also budgeting $130,000 GPR and $70,000 IV-E in each year to provide training and technical assistance to local child welfare agency staff to shift practices which currently focus on child removal toward prevention.

In addition to strengthening the child welfare infrastructure at the state and local level, the Governor's budget provides additional assistance directly to families in need. Using data from a 2013 Child Trends study, the Department of Children and Families projected that, in 2020 dollars, the average cost of caring for a child in Wisconsin is $733 per month. Comparatively, the base rate for foster care levels 2 and above covers 57 percent of this estimated cost and the current kinship care rate only covers approximately 35 percent. Because the Governor values 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 and because the costs of taking care of children go up every year, his budget increases foster care age-based rates by 2.5 percent in calendar year 2022 and an additional 2.5 percent in calendar year 2023. The Governor's budget also includes an 18 percent increase to foster care level 1 and kinship care rates from $254 to $300 per month, beginning in calendar year 2022.

TABLE 7: FOSTER CARE AND KINSHIP CARE RATE INCREASES

Age Group	CY2021 Base Rate	CY2022 Rate	CY2023 Rate
Kinship Care	$254	$300	$300
Foster Care Level 1	$254	$300	$300
Foster Care Ages 0-4	$420	$431	$442
Foster Care Ages 5-11	$460	$472	$484
Foster Care Ages 12-14	$522	$535	$548
Foster Care Ages 15+	$545	$559	$573

In addition, the budget extends Independent Living services to teenagers who have been in a court-ordered qualifying placement for at least six months after the age of 16, regardless of at which age and

from which placement type they exit their order. Independent Living services currently end at age 21 for all youth. For youth on extended orders, this means that Independent Living services do not extend beyond their time in care, and they do not qualify for a comparable time frame to ease out of care and into adulthood. The budget also increases the maximum age for services from 21 to 23.

Finally, the Governor's budget includes funding to help teenagers who are in the foster care system pay for driver education classes and provides $500,000 GPR per year to the University of Wisconsin campuses to help them provide support services for their students who have aged out of the foster care program.

D. HEALTHY COMMUNITIES

HEALTH SERVICES

The Governor remains committed to expanding access to health care and believes access to quality, affordable health care should not be a privilege afforded only to the healthy or wealthy. For too long, Wisconsin's most vulnerable have had to choose between health care coverage and paying their bills. Expanding BadgerCare to 138 percent of the federal poverty level, which in 2021 is $36,570 annually for a family of four, ensures affordable coverage for an additional 90,900 Wisconsinites. Some estimates project that up to half of the individuals who will be newly eligible for BadgerCare 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 BadgerCare when the federal Affordable Care Act first passed, the state could have saved $2.1 billion in taxpayer funding. Those resources could have been used on middle class tax relief, investments in education, or in a healthier Wisconsin. Medicaid expansion will draw down an additional $1.3 billion FED and result in savings of $634 million GPR. The $634 million GPR in savings from Medicaid expansion in this budget allows the state to make broad investments in provider rate increases, hospital supplemental payments, expanding Medicaid benefits, increasing access to existing Medicaid benefits, rate increases for the state's nursing homes, 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 BadgerCare coverage, ensuring access to quality health care coverage for all low-income individuals in our state.

- Reduces health disparities by investing in several health equity initiatives.

- Reduces the cost of insulin and other prescription drugs by creating a Prescription Drug Affordability Review Board and Office of Prescription Drug Affordability dedicated to overseeing the prescription drug supply chain, increasing the transparency of drug costs, and ending predatory price gouging.

- Invests in a regional behavioral health model to increase access and reduce the financial burden on counties and law enforcement to provide services.

- Initiates the process of creating a state-administered public option health plan which will provide affordable coverage to Wisconsinites.

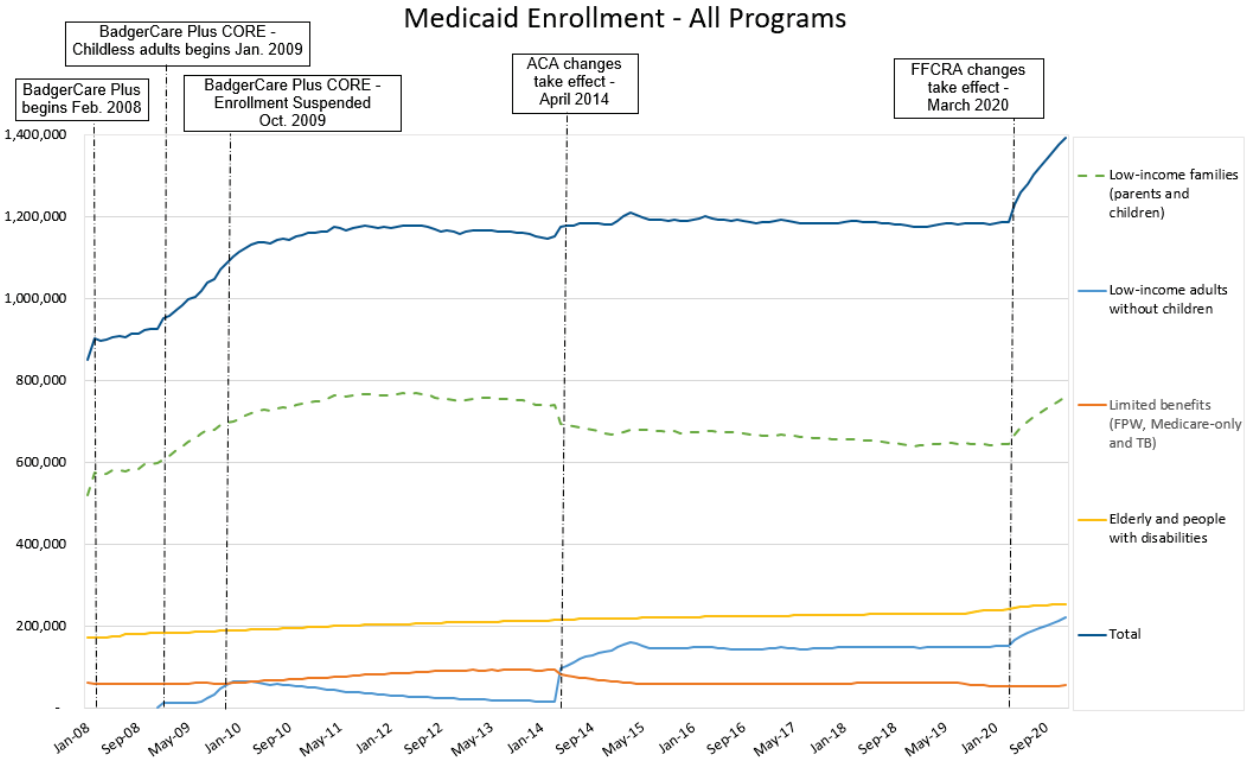
- Invests in a comprehensive array of public health initiatives.

- 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 by incentivizing providers to accept Medicaid patients.
- Invests in lead testing and abatement to help break the cycle of lead poisoning of children in Wisconsin.

The COVID-19 pandemic has led to the tragic death of thousands of Wisconsinites and unprecedented disruption in our state's economy and everyone's day-to-day lives. The U.S. Bureau of Labor and Statistics estimates the seasonally adjusted unemployment rate in Wisconsin rose above 13 percent in April 2020. As a result, many individuals sought coverage through the Medicaid program. In March 2020, the federal Families First Coronavirus Response Act (FFCRA) was passed, providing a 6.2 percent increase to the state's Federal Medical Assistance Percentage (FMAP), or the percentage at which the federal government subsidizes states' Medicaid programs. To receive the increased FMAP rates, states must adopt a continuous coverage policy, meaning that during the federally declared public health emergency related to the COVID-19 pandemic, states cannot disenroll individuals from their Medicaid programs. Chart 25 shows historical Medicaid enrollment and the recent spike in enrollment related to the economic effects of the COVID-19 pandemic and FFCRA's continuous coverage provision. Recently, the acting Secretary of the U.S. Department of Health and Human Services informed states that the federal public health emergency and increased FMAP rate would likely remain in place for the entirety of 2021, leading to further projected savings in the Medicaid program.

CHART 25: MEDICAID ENROLLMENT TRENDS

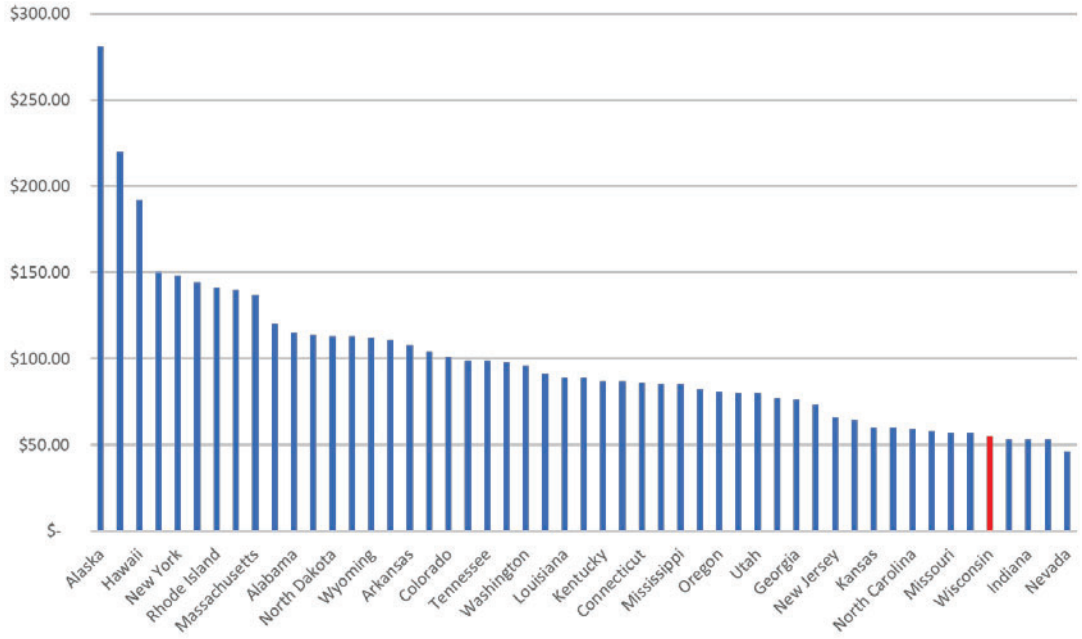


IMPROVING PUBLIC HEALTH RESPONSE AND RESOURCES

The last year has stressed the health care industry unlike any other in the last 100 years. The impacts of the COVID-19 pandemic can be felt across the entire state, but most acutely in public health. Chart 26

shows per capita public health funding. Wisconsin ranked 46th, investing only $55 per person in public health initiatives.

CHART 26: 2019 PER CAPITA PUBLIC HEALTH FUNDING BY STATE



Source: America's Health Rankings

Compared to the rest of the nation, Wisconsin has been significantly underfunding its public health efforts. Recognizing this fact and the importance of a strong public health system to protect and promote the health of all Wisconsinites, the Governor's budget makes the largest GPR public health investment in at least the last 20 years. The Governor recommends a $53 million GPR investment in public health activities, including, but not limited to, the following items:

- Provide $8 million in grant funding to support spinal cord injury research, surgical quality improvement activities, health information exchange activities, and community health centers.

- Provide funding for the Emergency Medical Services Funding Assistance Program to increase program funding back to its previous level of $2.2 million annually.

- A $5 million annual increase in grants to local and tribal public health departments to support communicable disease prevention activities.

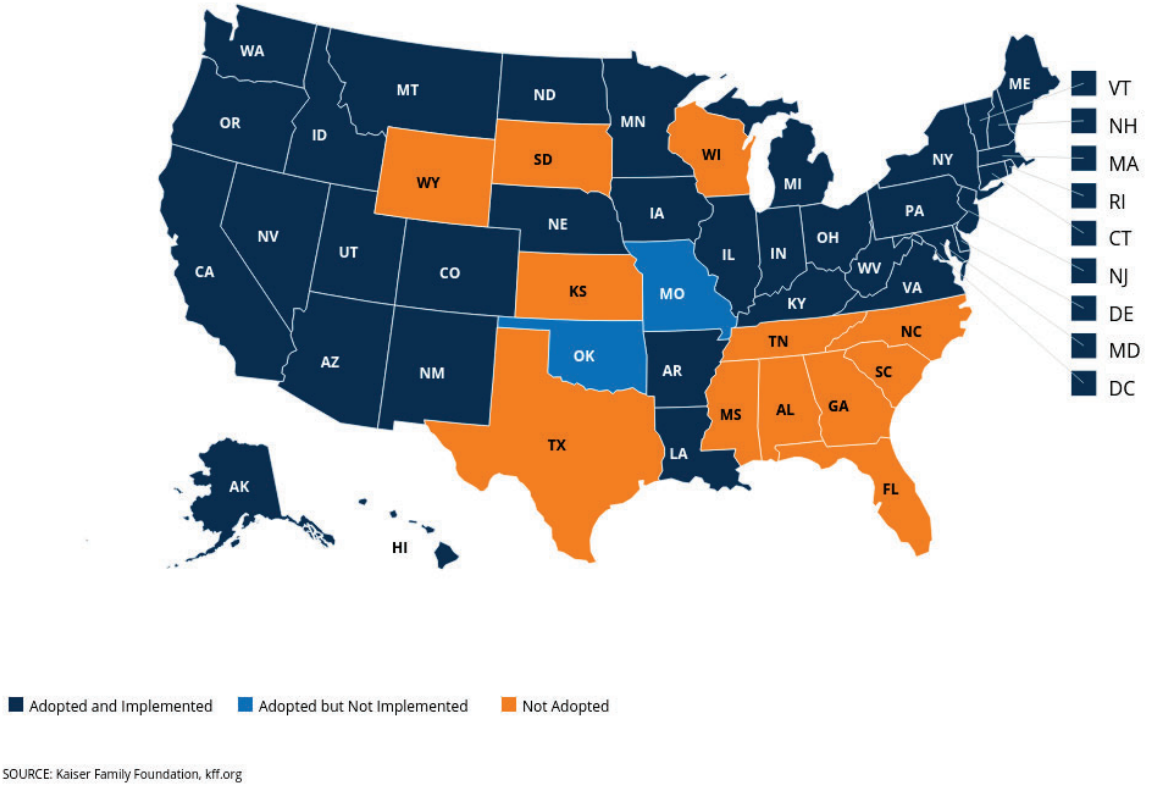
- 23.0 FTE GPR positions for the Bureau of Communicable Diseases that will support the state's COVID-19 pandemic response into the 2021-23 biennium and prepare the state to face future public health threats.

- 3.0 FTE GPR positions to establish a harm reduction strike team which will respond to emerging public health needs.

IMPROVING ACCESS TO AFFORDABLE HEALTH CARE

To provide health care coverage to an additional 90,900 low-income families and lower state health care 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 all low-income Wisconsinites have access to the same affordable health care. Medicaid expansion reduces the fiscal burden associated with health care costs for many more Wisconsin residents and unites Wisconsin with the 38 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 for 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 27 highlights the few remaining states that have not expanded Medicaid.

CHART 27: STATUS OF MEDICAID EXPANSION ACROSS THE U.S.



SOURCE: Kaiser Family Foundation, kff.org

The Governor recommends the $634 million in state savings due to Medicaid expansion in the 2021-23 biennium be reinvested back to the providers and institutions serving Medicaid recipients. In the Governor's budget, savings under Medicaid expansion increased by approximately $46 million compared to the September 15, 2020, agency request. This is due to updated caseload and utilization projections, updates to the projected FMAP rate, and an update to the take-up rate of new enrollees into the program under Medicaid expansion.

The state is investing nearly $1 billion GPR 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 $103 million over the biennium will supplement hospital

payments for 89 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 over $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 $15 million over the biennium to cover costs associated with serving children eligible for Medicaid.

- The Governor's recommendation provides $26 million to expand Medicaid benefits to include community health worker services, group physical therapy, doula services, a new psychosocial rehabilitation benefit, room and board costs for residential substance use disorder treatment, and acupuncture services.

- To improve access to critical services, the Governor's budget provides $88 million in rate increases for speech-language pathology, audiology, Medication-Assisted Treatment, suicide treatment and prevention services, autism treatment, and emergency physicians.

Health Equity

According to the Robert Johnson Wood Foundation, health equity is reached when everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty and discrimination, and their consequences, including powerlessness, lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care. In the United States, there are significant disparities in health outcomes for individuals of different ethnicities and genders. Economic and social factors that impact an individual's health 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 $25 million investment will provide nonmedical support such as housing referrals, nutritional mentoring, stress management, and other services that positively impact an individual's economic and social condition. Services will be delivered by various culturally competent organizations and would be adapted to the particular needs of members in each community. The benefit will include wellness and family support services as a preventive measure to improve emotional health and resilience and reduce health risks, while improving and maintaining general health, and building health literacy and healthy living skills.

Recognizing the long-standing health disparities in the tribal population, the Governor's budget invests in tribal health care systems through a Medicaid tribal shared savings initiative. In addition, the Governor recommends expanding Medicaid benefits to include services provided by community health workers. Community health workers serve as a liaison between health and social services and the community to facilitate access to services and improve the quality and cultural competence of service delivery.

The Governor recommends the creation of a Health Equity Grants program, which will award grants to community organizations to implement community health worker care models throughout the state and to community organizations and local health departments to implement health equity action plans. These grants will ensure that organizations have the capacity to provide community health worker services to Medicaid recipients and will foster a bottom-up approach by allowing organizations to implement health equity action plans that address issues specific to their community.

The Department of Health Services will receive funding through the Governor's budget to implement the National Standards for Culturally and Linguistically Appropriate Services by ensuring the department's

Web page is translated into multiple languages. The department will also receive a position to staff a Health in All Policies Action Team, which will organize representatives from all executive branch agencies to create a shared vision of healthy and equitable communities, define common goals, explore the root causes of health, create a collective action plan, implement health in all policies and programs within their agencies, and engage their stakeholders in conversations about what creates health.

A recent article in the journal *Nutrients* emphasizes that low intake of fruits and vegetables among SNAP eligible households has been a persistent public health challenge. It is well established that eating sufficient fresh fruits and vegetables is vital for a healthy dietary pattern associated with a reduced risk of cardiovascular disease and some cancers. Americans fall short of the daily recommendations for fruits and vegetables, and lower income groups fare worse than those with higher incomes. Affordable foods that also support healthy eating habits can oftentimes be inaccessible to those with lower incomes. To help expand the availability of healthy food options for those enrolled in the FoodShare program, the Governor recommends creating a pilot program that significantly reduces the cost of certain food items, allowing FoodShare benefits to be stretched further. In addition, the Governor recommends expanding locations that accept FoodShare benefits by providing the necessary equipment to local farmer's markets and farmers that directly market their produce, expanding healthy and local food options for those enrolled in FoodShare.

In addition, the Governor knows that your income should not limit your ability to lead an independent life. That is why he recommends supporting the Hearing Aid Assistance pilot program with additional funding to make costly hearing devices affordable to individuals with lower incomes.

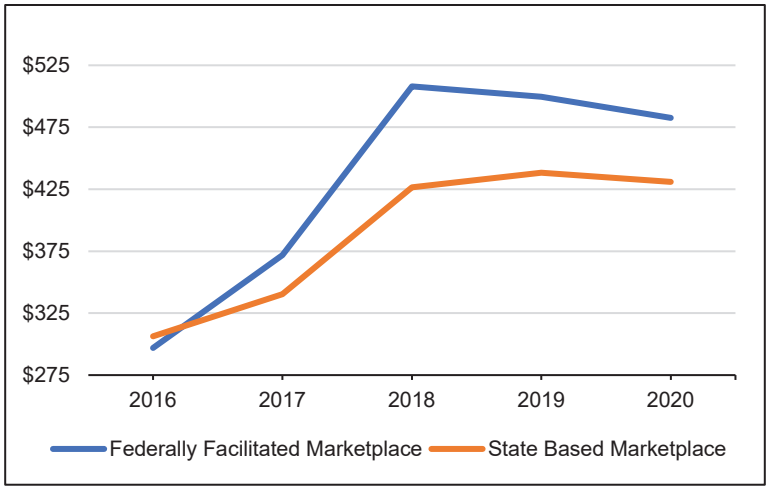
Additional work on improving health equity in Wisconsin will continue with the state's Health Equity Council. The Governor proposes an additional 1.0 FTE position to support the Department of Health Services work in collaboration with the council.

Improvements to the Health Insurance Marketplace

As part of this budget's comprehensive strategy to improve health care affordability in Wisconsin, the Governor recommends creating a state-run health insurance marketplace, transitioning away from a federally facilitated marketplace. This initiative reduces the cost of plans on the marketplace, bringing in revenue to the state that otherwise would go to the federal government, and gives the state more autonomy over creating a marketplace that fits the unique needs of Wisconsinites.

Weighted by population, states that run their own marketplace experience the lowest average benchmark premiums, which are the premiums for the second-lowest cost silver plans offered on the marketplace. In 2020, average benchmark premiums on state-based marketplaces were $51 less than those on federally facilitated marketplaces. The state can also run its own marketplace for less than what insurers are charged by the federal government, resulting in state revenue that can be used for other affordability initiatives, such as offering premium assistance. Furthermore, running a state-based marketplace would allow the state to establish its own open enrollment periods and enhance marketing, outreach, and enrollment assistance efforts to ensure greater access to affordable health insurance plans on the marketplace. Over the biennium, the Governor also recommends providing an additional $1 million to insurance navigator organizations to further improve outreach efforts while transitioning to a state-based marketplace.

CHART 28: AVERAGE BENCHMARK PREMIUMS BY MARKETPLACE TYPE



Source: Centers for Medicare & Medicaid Services

In addition to creating a state-run health insurance marketplace, the Governor recommends improving the affordability of marketplace plans by developing a plan to offer premium assistance for individuals between 138 percent and 250 percent of the federal poverty level who are also enrolled in a silver tier plan. Even with federal premium reductions, plan premiums can still be a deterrent for individuals in this income group to obtain health insurance coverage. This premium assistance will help reduce premiums that act as a barrier to entry and will incentivize enrollment in silver tier plans which get those individuals access to federal cost-sharing reductions, further improving affordability.

Through this budget, Wisconsin would become one of the first states to take the bold step of developing a public option health plan that would be administered by the state. A public option will provide an affordable alternative for many Wisconsinites who struggle to pay their medical bills and cannot afford the copayments, deductibles and other cost-sharing requirements of plans offered on the marketplace. A public option will also foster greater competition in the marketplace and ultimately benefit all consumers. Since many promising public option models exist, the Governor's budget provides funding for the Department of Health Services and Office of the Commissioner of Insurance to conduct an analysis and determine the best approach for Wisconsin. The budget gives the Department of Health Services and Office of the Commissioner of Insurance broad authority to request necessary waivers from the federal government to implement the public option no later than 2025, and no later than 2022 if the federal Affordable Care Act is no longer enforceable.

Due to negligence at the federal level by the prior administration with the elimination of the cost-sharing reduction payments formerly provided by the federal government and the repeal of the individual mandate, the individual health care market has been in disarray. This destabilization has caused increases to premiums and insurers to leave the marketplace in Wisconsin. Thus, the Governor recommends fully funding the $200 million reinsurance program which has brought back insurers into the marketplace and ensured the continuation of a healthy and stable marketplace.

Improvements to Health Insurance Coverage

Alongside efforts to ensure more Wisconsinites are insured by improving the marketplace, this budget takes imperative action to improve health care coverage once insured by addressing some of the worst insurance practices, protecting consumers, and further reducing costs.

As more people benefit from the safety of telehealth services during the COVID-19 pandemic, the Governor recommends expanding coverage protections and providing parity for those telehealth services.

This includes requiring insurance plans to cover telehealth services if an equivalent in-person service is covered, prohibiting insurers from charging a higher cost-sharing amount for the telehealth version of an equivalent in-person service, prohibiting annual or lifetime limits on telehealth services, and eliminating the need for prior authorization to receive telehealth services under an insurance plan, among others.

Before 2014, health insurance plans were not guaranteed to cover certain essential health care services and could discriminate based on characteristics such as having preexisting conditions or past health care usage. The federal Affordable Care Act established issuance and coverage protections to make obtaining health care coverage fairer and easier to understand. This budget recommends ensuring these protections continue to be available to Wisconsinites by codifying them in state law. These include, but are not limited to, the guaranteed issuance of plans; prohibiting denying or discriminating coverage based on preexisting conditions, medical history, disabilities, or claims experience; prohibiting annual or lifetime benefit limits; requiring plans provide coverage for essential health benefits; and requiring plans to provide coverage for certain preventive services at no cost to the plan holder.

Short-term, limited duration health insurance plans, also known as junk plans, offer short-term coverage at lower costs, but with few or no issuance or coverage protections. To make choosing a plan more straightforward and to incentivize individuals to receive quality coverage, the Governor recommends applying certain issuance and coverage protections to short-term, limited duration plans and modifying the initial and aggregate plan duration limits from 12 months to 3 months and from 18 months to 6 months, respectively.

Balance billing, or surprise billing, continues to affect too many people to no fault of their own when receiving emergency medical services or even services at an in-network facility. This occurs when ambulance services or the emergency rooms patients are transported to are out-of-network and when an in-network facility has an ancillary service offered by an out-of-network provider without the patient being aware, resulting in an astronomically high medical bill. To stop this unnecessary and fiscally harmful practice, the Governor recommends eliminating balance billing for ambulatory and emergency services given by an out-of-network provider without patient awareness, as well as for services provided at an in-network facility by an out-of-network provider, and also recommends requiring providers to present a good-faith cost estimate of services before those services are delivered to allow patients to be made aware of potentially unexpected medical costs.

PRESCRIPTION DRUG AFFORDABILITY

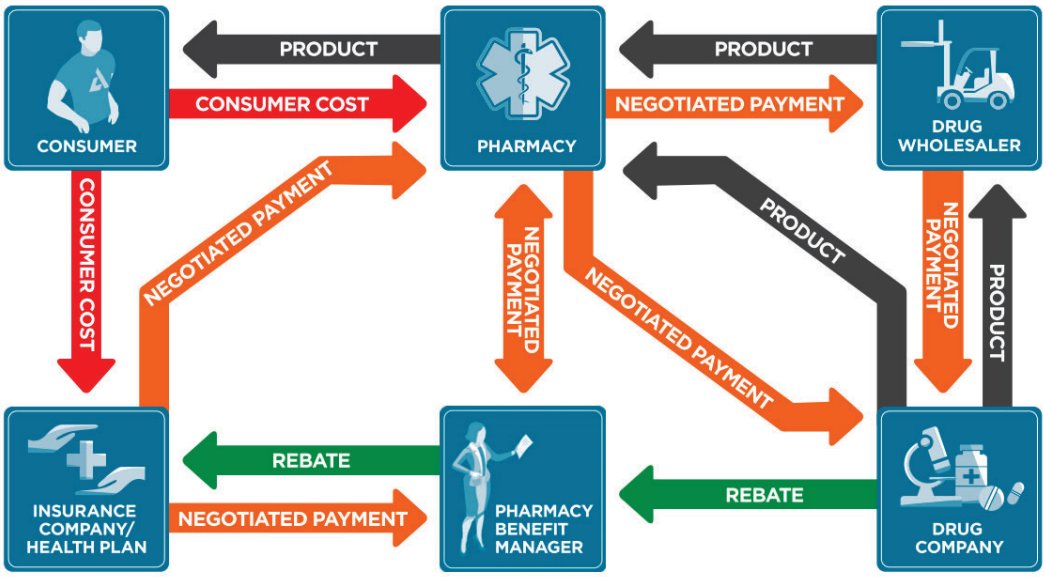
For too long, some Wisconsinites have been forced to choose between life-saving medication and paying their bills while drug manufacturers and insurance CEOs pad their pockets. Even with insurance, some people find a better deal by foregoing insurance coverage and using coupons, discount Web sites, or applications. Individuals who sleuth out better prices are then penalized for their industriousness when their insurance refuses to count those costs toward deductibles or other out-of-pocket maximums. Because of "behind the curtain" negotiations by drug manufacturers, wholesalers, pharmacies, benefits managers, and insurance companies, drug costs vary from insurer to insurer and sometimes even month to month. With all of this in mind, this budget takes bold steps to ensure a fair marketplace for consumers and puts into place commonsense reforms that put Wisconsin residents first, above profit.

Increasing Transparency and Protecting Consumers

To address skyrocketing prescription drug prices and hold the drug industry accountable, in August of 2019, the Governor signed Executive Order #39 creating a task force on reducing prescription drug prices. This budget takes the recommendations of the task force and builds upon them to help ensure affordable drug coverage for all Wisconsinites. Specifically, the Governor recommends strengthening transparency and reporting requirements for entities involved in the prescription drug supply chain and bolstering the state's ability to combat predatory price increases and misleading drug marketing and advertisement practices.

The Governor recommends requiring drug companies, insurers, and pharmacy benefits managers to justify their price increases, disclose production and marketing costs, report on rebates received, and disclose price concessions received from other companies within the prescription drug supply chain. Due to the secretive nature of price setting, and the absolute lack in transparency, it is impossible for any consumer to fully understand the price of the prescriptions they require. These new requirements will bring transparency to the prescription drug industry's "black box" approach to drug price negotiations. Chart 29 demonstrates the overly confusing process by which drug prices are set. The Governor also recommends improving the ability for the Department of Agriculture, Trade and Consumer Protection and Department of Justice to enforce the state's Fraudulent Drug Advertising laws against drug companies who practice unfair marketing and advertising tactics.

CHART 29: PRESCRIPTION DRUG DISTRIBUTION AND PRICE NEGOTIATION



Source: American Diabetes Association

The Governor also recommends requiring pharmacy benefit managers, pharmacy benefit management brokers and consultants, pharmaceutical sales representatives, and pharmacy services administration organizations be licensed to operate in the state to ensure fair business practices are adhered to along the entire prescription drug supply chain. Pharmacy benefit managers would also owe a fiduciary duty to insurers and other payers they contract with. The new Office of Prescription Drug Affordability will oversee and regulate those entities, serve as a watchdog of the industry as a whole and publish reports and documents publicly disclosing price justifications for prescription drugs and emerging trends in prescription drug prices.

Lowering Prices and Controlling Costs

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 Canada 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 also recommends creating a Prescription Drug Affordability Review Board to establish prescription drug price spending targets for public sector entities and establish price limits when

necessary to control unjustifiable price increases and save taxpayer dollars from being funneled to drug companies. A study into creating a prescription drug purchasing entity is also recommended to further identify areas where the state can save taxpayer dollars on prescription drug purchases.

Being insured should not prevent people from choosing the most cost-effective medication option. That is why the Governor recommends requiring insurers to apply discounts received from drug companies for certain drugs towards a plan holder's deductible and out-of-pocket maximum so that individuals are not forced to choose between using a discount or making progress on their out-of-pocket spending.

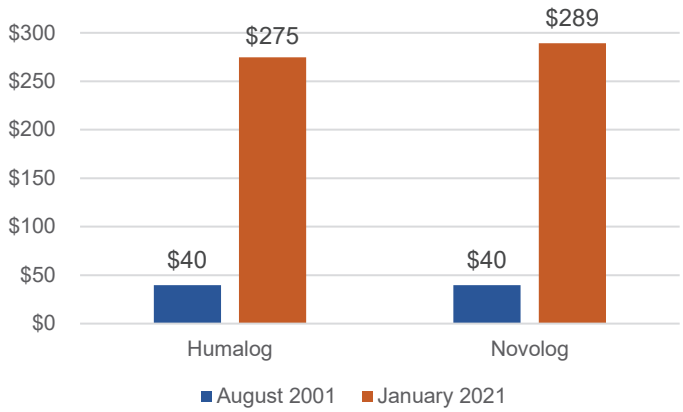
Under different pharmacy benefits plans, some prescription drugs can be cheaper when purchased off insurance than what the out-of-pocket cost would be if purchased on insurance. Additionally, similar drugs can vary in coverage under an individual's plan. To help take these variables into consideration when prescribing medications, the Governor recommends supporting the development of a patient pharmacy benefits tool to allow physicians and other prescribers to conveniently view what is covered under their patient's pharmacy benefits plan and prescribe accordingly.

The Governor's budget will also fully fund the SeniorCare program. SeniorCare is a pharmacy benefit program available to any resident of our state age 65 years or older. In 2020, 95,045 individuals participated in the program, and participation is expected to increase over the biennium.

Ensuring Access for Wisconsin's Most Vulnerable

For thousands of Wisconsinites, insulin is a life-saving necessity that must always be on hand. This fact often leaves families with no choice but to pay the unjustifiably inflated prices set by the three manufacturers of insulin. Over the last 20 years, the prices of the most widely used insulin varieties have risen over 1,400 percent. Chart 30 shows the absurd increases in the list price, or the price paid by wholesalers, for two common insulin products in recent years. While the chart represents the cost for a single vial, individuals often require multiple vials each month.

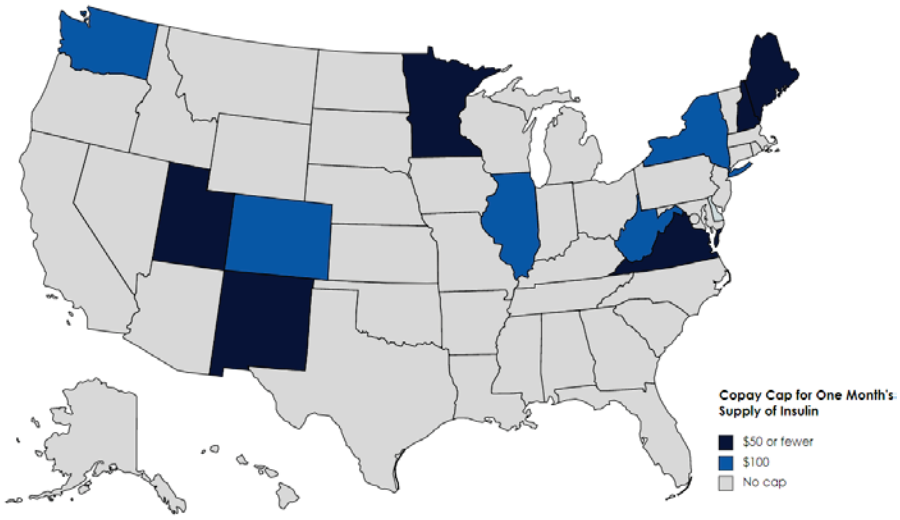
CHART 30: INSULIN VIAL LIST PRICE



Source: The Washington Post, Bloomberg

To help alleviate the effects of this blatant price gouging, the Governor recommends capping copayments for a month's supply of insulin at $50. The Governor also recommends establishing an Insulin Safety Net Program to ensure those with an urgent need for insulin as well as those with lower incomes and limited to no insurance coverage have access to affordable, life-saving insulin. To further reduce costs for diabetes medications in general, the Office of the Commissioner of Insurance is directed to develop an innovative pilot program aimed at creating a value-based formulary to focus on what works and reduce spending waste.

CHART 31: INSULIN COPAYMENT CAP PROGRAMS BY STATE



Free and charitable clinics offer crucial health care services at no cost to over 150,000 Wisconsinites who are uninsured or unable to pay for care they need. Recognizing the valuable services these clinics provide to vulnerable Wisconsinites, the Governor recommends providing an additional $4 million GPR in funding to free and charitable clinics over the biennium. To encourage pharmacists to volunteer at these clinics, the Governor also recommends allowing one-third, or up to 10 hours, of a pharmacist's continuing education requirement be met by volunteering at a free and charitable clinic.

The Wisconsin Drug Repository Program is a network of pharmacies that accept, store, and distribute donated prescription drugs to those who cannot afford their prescriptions. Due to difficulties stemming from the program's decentralized nature, pharmacy participation is low, limiting the potential for such a program. The Governor recommends improving the functionality of the program by creating a centralized inventory of donated drugs and allowing the program to partner with another state's drug repository program, which would expand drug variety access and increase the potential for donated drugs to be used before expiring.

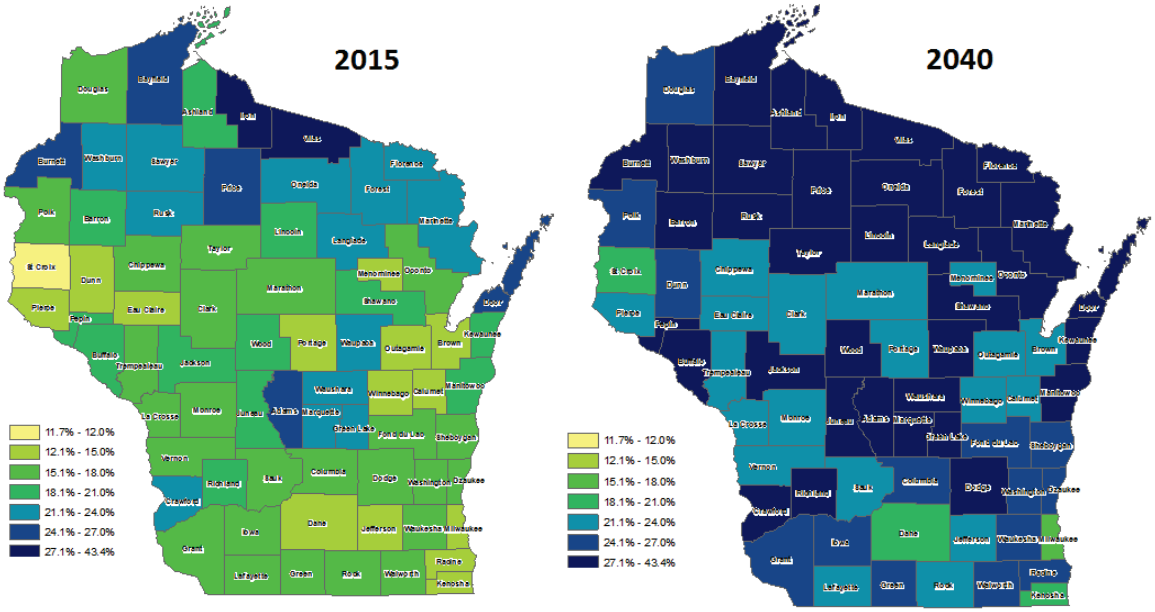
The Governor also recommends ending discriminatory reimbursement practices against federal 340B drug discount program participants, specifically federally qualified health centers, critical access hospitals, and Ryan White HIV/AIDS programs, by requiring pharmacy benefit managers and other insurers to reimburse those entities the same amount that they would reimburse non-340B program participants. To ensure these additional savings are going towards the intent of the 340B Program, hospitals participating in the 340B program would be required to report on how the savings are used.

In addition, the Governor's recommendation will make the Medicaid prescription drug benefit more accessible by eliminating prescription drug copayments for Medicaid recipients.

CAREGIVING AND DIRECT CARE

Wisconsin faces a critical shortage of direct care workers that leaves families and individuals struggling to meet care needs at the same time that the percentage of the population age 65 and older is increasing, as shown in Chart 32. Furthermore, people with chronic conditions and disabilities are living longer, contributing to an even higher demand for paid and family caregivers in Wisconsin's future.

CHART 32: WISCONSIN'S AGING POPULATION



Source: Department of Health Services

Recognizing the need to address caregiver shortages both now and in the future, the Governor signed Executive Order #11 in February 2019, creating the Governor's Task Force on Caregiving. The task force was directed to analyze strategies to attract and retain a strong direct care workforce and to assist families providing caregiving supports and services. The Governor recommends including the following recommendations from the Governor's Task Force on Caregiving:

- Medicaid expansion.
- A pilot program of the Tailored Caregiver Assessment and Referral protocol, which is an evidence-based care management protocol, designed to support family caregivers of adults with chronic or acute health conditions.
- Allow family caregivers to use Wisconsin Family Medical Leave Act leave for those with chronic conditions for caregiving responsibilities and expand the list of individuals covered to include grandparents, grandchildren, and siblings.
- Codify in state law the requirements and standards for hospitals relating to caregivers.
- Invest in Aging and Disability Resource Centers to: (a) expand caregiver support services to address the needs of caregivers of adults with disabilities who are age 19 to 59; (b) expand the tribal aging and disability resources specialist program; and (c) expand the tribal disability benefit specialist program.
- A pilot program to identify standards of practice for training options within the caregiving industry. Also implement a career ladder leading toward a Certified Nursing Assistant certification.
- A pilot of a software platform that allows for a one-stop shop for matching service providers with those seeking services.

- Direct the Department of Health Services to develop a statewide minimum rate band that establishes equitable and sustainable rates for home and community-based long-term care supports.

- Provide an 11.5 percent increase to nursing home rates in fiscal year 2021-22 and an additional 11.7 percent increase in fiscal year 2022-23. Amend the rate-setting process for acuity-specific billing rather than using resource utilization groupings. Of this rate increase, $77.8 million over the biennium will be invested in direct care staff in nursing homes.

- Provide $77.8 million over the biennium to increase the direct care and services portion of the capitation rates to support the direct caregiver workforce in Family Care.

- Allow direct support professionals to disregard a portion of their income related to caregiving without losing eligibility to the Wisconsin Shares child care subsidy program through the Department of Children and Families.

The Governor also recommends further investments into long-term care services that support Wisconsin's most vulnerable residents by expanding the successful dementia care specialists program to all aging and disability resource centers. In addition to providing targeted funding to direct care workers in nursing homes and Family Care, the Governor also recommends providing $77.8 million over the biennium to increase the rates paid to personal care workers. The Governor further recommends expanding eligibility for the Alzheimer's Family Caregiving Support Program by increasing the income limit from $48,000 to $55,000 and providing $1 million during the biennium for the program.

LEAD POISONING PREVENTION

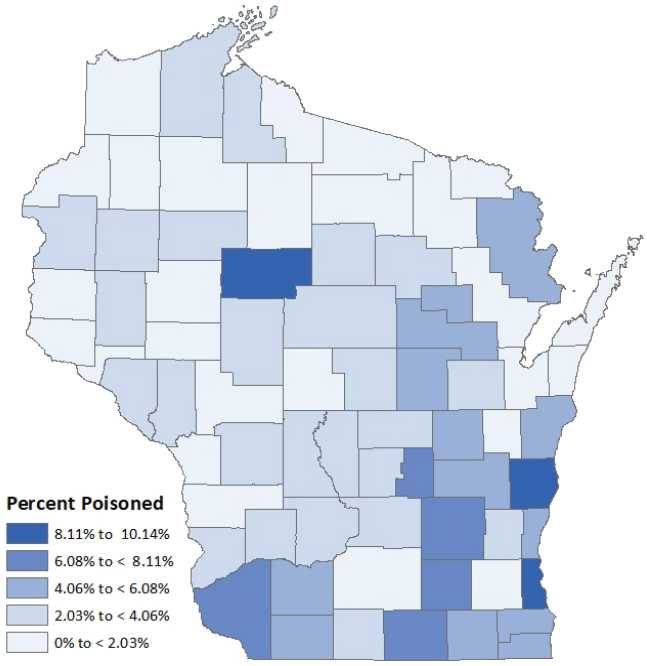
The rate of childhood lead poisoning in Wisconsin has consistently been higher than the national average. The primary source of lead poisoning in our state is lead-based paint in older homes, but lead poisoning can also occur when a person is exposed to lead in their water or soil. Lead exposure to children under age 6 can lead to developmental delays, and there are also racial disparities related to lead poisoning. According to the Department of Health Services' 2016 Report on Childhood Lead Poisoning in Wisconsin, Black children represented 21 percent of children tested but account for over 50 percent of all lead poisoned children in Wisconsin.

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.

In 2018, 3,923 children had a blood lead level above 5 mcg/dL, approximately 4.5 percent of those tested.

Chart 33 shows the 2016 lead poisoning rates by county. Milwaukee had the highest rate with 10.1 percent of children tested being lead poisoned (2,095 kids).

CHART 33: 2016 PERCENT OF CHILDREN UNDER AGE 6 WITH A BLOOD LEAD LEVEL >5 mcg/dL



Source: Department of Health Services

To address the childhood health crisis of lead poisoning, the 2021-23 executive budget builds off the foundation laid by the previous budget.

As part of the Medicaid base reestimate, the Governor's budget provides ongoing funding for the Lead Safe Homes Program, which is a Health Services Initiative operated under the Children's Health Insurance Program (CHIP). The program abates lead hazards in CHIP eligible homes and is projected to abate hazards in 814 homes over the biennium.

The previous budget provided one time funding for the Windows Plus Program, which provides lead-safe renovation focused on replacing windows and other high-risk areas. The program is for families with children who have not been identified as lead poisoned, whose home was built before 1950, and have a household income less than 301 percent of the federal poverty level. The Governor recommends providing permanent funding for the program, which will allow the program to complete 100 projects in the upcoming biennium. These two programs work together to form a comprehensive strategy that address lead poisoning in Wisconsin.

Recognizing that Milwaukee County has unacceptably high levels of lead poisoning, the Governor's budget increases funding for lead screening and outreach grants targeted towards those communities in that county.

Providing safe drinking water to Wisconsin residents is a critical investment. As communities have worked to reduce the impact of lead water mains, we cannot forget that another threat to public health lurks just below the surface in the form of lead service lines. Contamination from lead service lines affects an estimated 170,000 households in the state. This budget provides $40 million over the biennium for the replacement of lead service laterals in communities throughout the state.

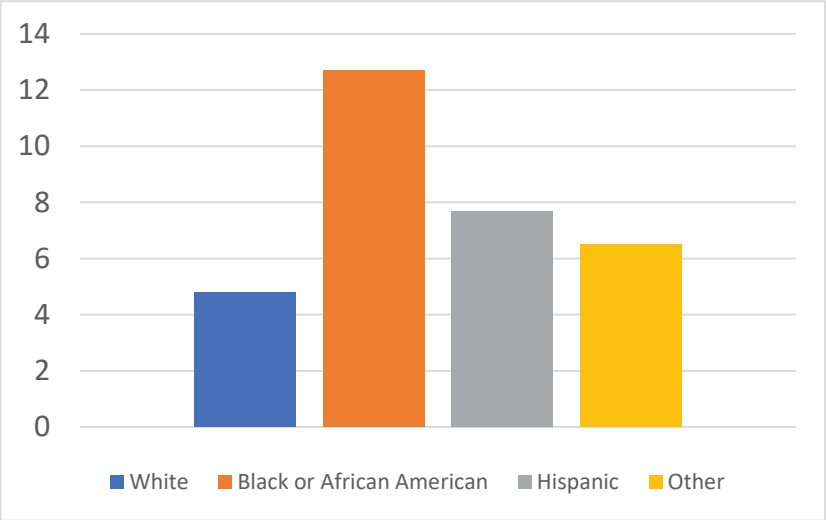
Lastly, additional funding is allocated to the Birth to 3 Program, an early intervention program for children with developmental delays. Eligibility criteria is lowered from a blood lead level of 10 mcg/dL to 5 mcg/dL

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 a Black infant mortality rate that is among the worst in the nation. According to the Department of Health Services, Black babies born in our state die before reaching their first birthday at a higher rate than any other state in the country. Due to myriad risk factors facing Black mothers, their infants are 2.5 times more likely to die than non-Hispanic Caucasian infants even when receiving the same first trimester prenatal care.

CHART 34: 2018 WISCONSIN INFANT MORTALITY RATE PER 1,000 BIRTHS BY RACE/ETHNICITY



Source: Kaiser Family Foundation

Stark disparities also exist in our rates of maternal morbidity and mortality.

- Severe maternal morbidity is a measure of the number of women who experience significant health complications because of labor and delivery. The rate of maternal morbidity in Wisconsin is higher than the national average and Black women in Wisconsin are 1.75 times more likely to experience maternal morbidity, according to the Wisconsin Medical Journal.

- Maternal mortality is a measure of the number of women who died while pregnant or within one year of the end of pregnancy from any cause related to the pregnancy. The rate of maternal mortality is lower in Wisconsin than the national average, but the disparity between Black and white women is greater in Wisconsin than the nation at large. A Black woman in Wisconsin is 5 times more likely to die of maternal mortality than a white woman in Wisconsin.

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

The American College of Obstetricians and Gynecologists (ACOG) recommends all women have an initial postpartum assessment within three weeks of birth and a comprehensive follow-up within 12 weeks of birth. In order to achieve this, ACOG recommends reimbursement policies align with this recommendation, shifting from single or isolated postpartum visits to recognizing the continuum of postpartum care. Under current law, pregnant women are eligible for Medicaid coverage up to 306 percent of the federal poverty level and receive approximately 60 days of postpartum coverage. 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 federal 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 306 percent of the federal poverty level. The waiver will extend eligibility from approximately two months postpartum to 12 months postpartum. This policy will affect roughly 8,100 women and follows the ACOG general recommendations for postpartum care.

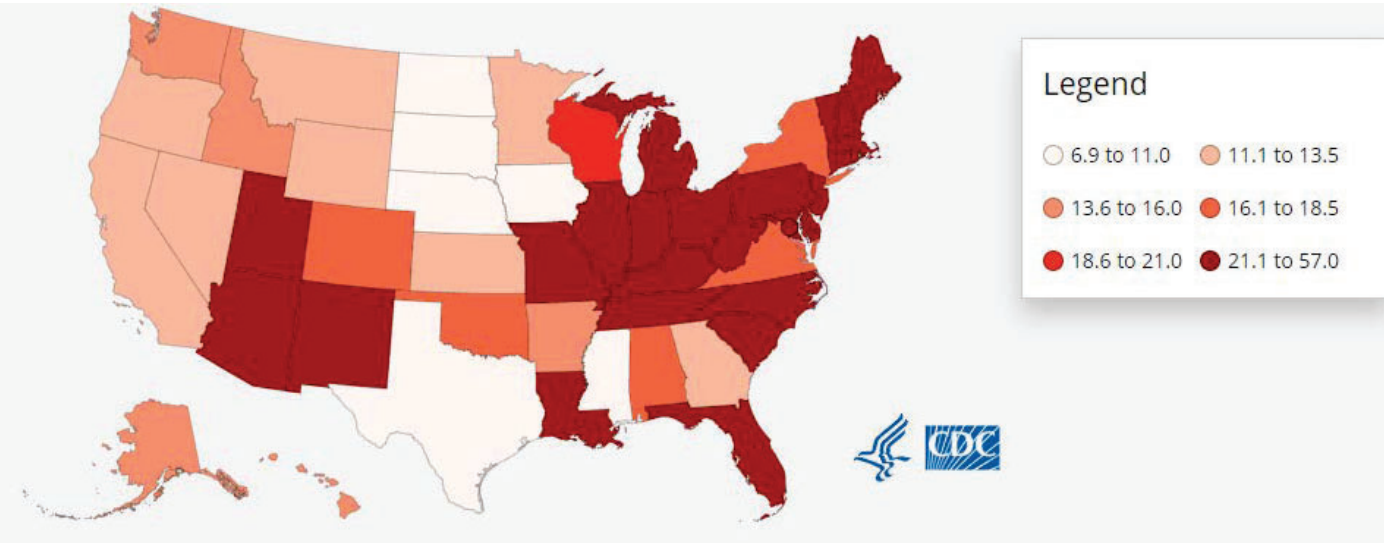
The Governor recommends doula services as an allowable Medicaid reimbursement. A doula does not replace a medical professional yet is trained in supporting a birthing person and their family during labor and birth through emotional and physical support. One study from the *Journal of Perinatal Education* 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. In fiscal year 2022-23 the Medicaid program will begin providing reimbursement for doula services provided to eligible individuals.

The Governor's budget provides grants to organizations working to reduce disparities related to maternal and infant mortality. Recognizing the stark health disparities that Black women in Wisconsin face, this budget provides grants to Black women-led organizations working to improve Black women's wellness in Dane, Milwaukee, Rock and Kenosha counties. Finally, the Governor's budget allocates funds to contract with an organization to connect and convene efforts between state agencies, public and private sector organizations, and community organizations to create a comprehensive statewide strategy to advance Black women's health in Wisconsin.

IMPROVING MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES

According to the Centers for Disease Control and Prevention (CDC), in 2018 almost 70 percent of drug overdose deaths in the U.S. involved opioids, and that two-thirds of opioid overdose deaths involved synthetic opioids. The CDC further reports that among all people who died of a drug overdose, one quarter had a documented mental health diagnosis. Chart 35 displays the number and age adjusted rates of drug overdose deaths in 2018.

CHART 35: AGE-ADJUSTED RATES OF DRUG OVERDOSE DEATHS BY STATE



Source: Centers for Disease Control and Prevention

While states and the federal government have taken this crisis seriously, not enough has been done to curb opioid misuse and illicit drug use, and to address the connection between substance use disorders and mental health. This budget dramatically improves access to treatment for individuals and families struggling with substance use issues and to scientifically backed evidence-based treatment options.

The Medicaid program will begin to pay the room and board costs for patients in need of residential substance use disorder treatment. This benefit will improve access to residential substance use disorder treatment and would lead to a reduction in hospital readmissions for inpatient detoxification. In addition, to increase access to medication-assisted treatment for opioid addiction, the Governor's budget provides a Medicaid reimbursement rate increase for Opioid Treatment Providers and Office-Based Opioid Treatment Providers.

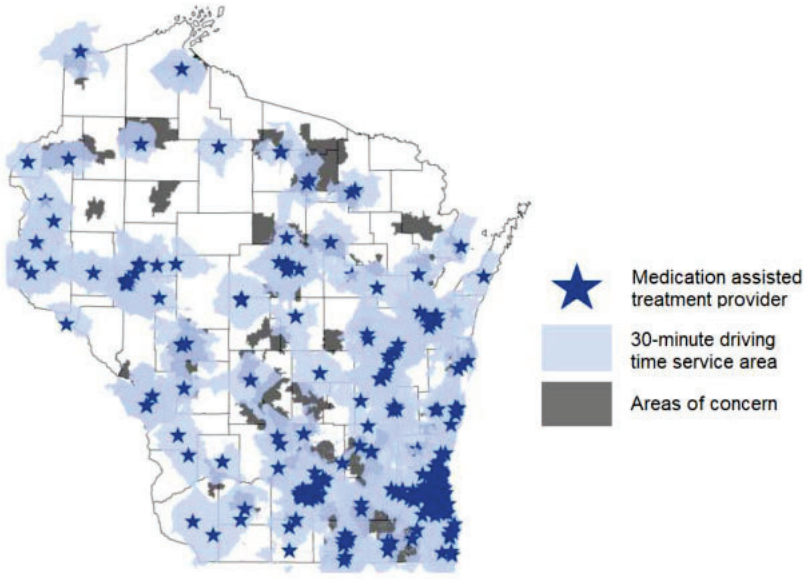
According to the Kaiser Family Foundation, 41 percent of Wisconsinites self-reported having at least one poor mental health day per month. That number is above the national average and has been on the rise since 2014. The rate of overdose death in Wisconsin has drastically increased over the last ten years, especially deaths involving opioids. The Governor's budget makes many investments in mental health and substance abuse treatment services.

The Governor's budget creates a new psychosocial rehabilitation benefit available under Medicaid. Currently these types of services are provided to high acuity individuals through a county operated program called Comprehensive Community Services (CCS). The psychosocial rehabilitation benefit will serve medium acuity individuals and services could be provided by noncounty providers. This new benefit will expand the continuum of behavioral health care available to beneficiaries, would likely improve health outcomes, and aims to reduce the extent to which beneficiaries require more intensive behavioral health care services.

Expanding Substance Use Disorder Services

Substance use and its adverse effects continue to impact our communities on a deeply personal level, especially due to the opioid epidemic. The overprescribing of opioids, and resulting dependency, is just one example of how addiction can affect any one of us, making equity of access to affordable and effective treatment options imperative. Medication-assisted treatment has proven itself to be a safe and effective treatment option for those struggling with opioid use disorder. Chart 36 shows the availability of medication-assisted treatment around the state, and the significant lack of providers in the northern parts of the state. The Governor recommends expanding its availability in areas of the state with unmet needs through initiatives such as additional treatment centers and mobile providers able to administer medication-assisted treatment within their local communities.

CHART 36: MEDICATION-ASSISTED TREATMENT AVAILABILITY



Source: Wisconsin Department of Health Services

Addiction is an incredibly difficult challenge to overcome and all individuals brave the road to recovery at different speeds and in different manners. While the state continues to improve and expand treatment options, it is crucial to minimize the other harmful, adverse effects resulting from continued substance use rather than simply ignore or condemn them. The Governor recommends expanding substance use harm reduction initiatives, such as curbing the spread of bloodborne diseases by offering additional needle exchanges and reducing accidental overdoses from drugs cut with fentanyl by distributing test strips to check for the highly-potent opioid.

Unlike opioid use disorder, a dependence on methamphetamine and other stimulants does not have a safe and effective medication-assisted treatment method available. The Matrix model is an evidence-based treatment model that is proven to be effective in the treatment of stimulant addictions. The Governor recommends conducting trainings for substance use disorder treatment providers on the Matrix model to promote and expand its usage for methamphetamine treatment.

To assist individuals seeking treatment options, the Governor also recommends establishing an addiction treatment platform that would allow for individuals to identify appropriate treatment types as well as compare and locate treatment facilities on one convenient platform.

Improving Crisis Response

For years, the state crisis response system has lacked coordination between the counties, behavioral health providers, hospitals, and law enforcement. Counties and providers have raised concerns with the lack of sufficient short-term crisis stabilization options, often requiring more restrictive, intensive, and costly treatment. Law enforcement have also raised concerns about spending hours waiting in the emergency room for medical clearance to be conducted, working with counties to identify placement options, and often transporting individuals long distances to Winnebago Mental Health Institute.

These concerns have been heard.

This budget offers a comprehensive solution to improving our crisis response system by offering a continuum of care that significantly increases access to services statewide, optimizes the placement and

transportation process, reduces the need for long-distance emergency detention transportations involving law enforcement, and limits the unnecessary and often traumatic placement of short-term cases at hospitals or institutions.

First, the Governor recommends establishing up to two crisis response centers that would offer all-in-one crisis services. Each center would be comprised of a crisis urgent care and observation center, a 15-bed crisis stabilization facility, and at least two inpatient psychiatric beds. These centers would assume custody of emergency detention cases and conduct medical clearances, offering law enforcement a drop-off location to drastically cut down on time dedicated to each emergency detention case. This all-in-one design also improves the treatment of individuals in crisis, avoiding the often-traumatic experience of being transported facility-to-facility during placement.

Second, the Governor recommends establishing five regional crisis stabilization facilities across the state for adults seeking voluntary crisis treatment. Each facility would offer up to 16 crisis stabilization beds, substantially expanding available placement options. Both the regional crisis centers and crisis stabilization facilities increase short-term placement options, reducing the need for often traumatic and costly placements at intensive inpatient psychiatric beds at hospitals or institutions used as a last resort due to a lack of other available placement options. To track the availability of behavioral health beds in real-time more effectively, the Governor also recommends expanding bed tracking capabilities by tracking inpatient psychiatric, crisis response, and peer-respite beds and making this data openly available to all entities involved in identifying placement options.

In addition to the investments in crisis response, the Governor recommends supporting services that assist individuals in finding help and treatment options before a crisis develops. Supporting additional staffing needs at county crisis phone line services and peer-respite center warm line services help counties meet certification requirements and peer-respite centers keep up with an increase in call volume.

Although the state makes interpreter services widely available for those who are deaf, hard of hearing, or deaf-blind, the National Association of the Deaf emphasizes the need for mental health programs to offer culturally and linguistically affirmative services provided directly between the individual being served and the service provider to improve diagnostic accuracy and treatment outcomes. That is why the Governor recommends establishing a behavioral health treatment program directly tailored for those who are deaf, hard of hearing, or deaf-blind where individuals will receive treatment directly from a behavioral health provider.

The need for increased involvement of behavioral health professionals in emergency response situations has never been clearer. Building on innovative programs seen across the country, the Governor recommends establishing a grant program to develop and support county and local programs that foster collaboration between behavioral health providers and law enforcement. Emergency response situations would involve behavioral health professionals, and certain crisis cases would be fully diverted to behavioral health professionals when appropriate, alleviating the need for law enforcement involvement. The Governor also recommends increasing crisis intervention trainings for law enforcement to improve the identification and handling of emergency situations involving an individual in crisis.

In addition, the Governor recommends supporting staffing needs for the Safe Milwaukee Partnership's efforts in crisis and trauma mitigation through the Crisis Mobile Teams and Trauma Response Teams.

The Child Psychiatry Consultation Program provides psychiatry consultation services to providers caring for pediatric patients with mental health needs. The Governor's budget provides funding to expand program coverage statewide.

The Governor also recommends providing funding to incentivize behavioral health providers to adopt electronic health record systems and utilize health information exchange services.

GENERAL PROVISIONS

Children's Long-Term Care

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. This budget invests in children by assuring families that all eligible children who apply, receive the long-term care services they need. Eligible children include those with developmental disabilities, severe emotional disturbances, and physical disabilities.

Tobacco and Vapor Product Reform

Tobacco continues to be the leading cause of preventable death in the United States. Many populations use tobacco at disproportionately higher rates than the general population (17 percent), such as those impacted by depression (31 percent), Medicaid recipients (36 percent), and those with adverse childhood experiences.

Current vapor product use among Wisconsin high school students increased 154 percent between 2014 and 2018. In 2014, just under 8 percent of Wisconsin high school students were using vapor products. In 2018, that number skyrocketed to 20 percent, or one out of every five students. Because vapor products and related products are relatively new to the market, current statutory language does not encompass these devices, creating gaps in state law. While the long-term effects of vapor products are not yet known, the rapid uptake of vapor products by youth is widely seen as an emerging public health concern.

The Governor's budget addresses existing gaps in state statute by adopting the following commonsense reforms related to vapor product use and tobacco use:

- Increasing the minimum age to purchase cigarettes, tobacco products, nicotine products, and vapor products from age 18 to age 21, bringing Wisconsin in alignment with federal law.

- Prohibiting the use of a vapor product in indoor locations, similar to how smoking is prohibited in most indoor locations.

- Prohibiting the use of a vapor product on public, private, and charter school property.

- Providing $2 million to conduct a public health campaign to prevent the initiation of tobacco and vapor product use.

COMMITMENT TO VETERANS

The Wisconsin Veterans Homes are one of the longest running services the state provides to veterans. The Wisconsin Veterans Home at King was first established in 1887. The Wisconsin Veterans Home at Union Grove opened in 2001, and the Wisconsin Veterans Home at Chippewa Falls opened in 2012. 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 the high quality of care our veterans deserve at our veterans homes, the Governor recommends increasing expenditure authority to fund increasing costs associated with operating the Wisconsin Veterans Home at Chippewa Falls.

Mental Health and Substance Use Disorder

The Governor recommends providing 7.0 FTE positions to expand 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 use disorder. The Governor also recommends providing $100,000

annually to promote suicide prevention and awareness in veteran communities by conducting improved outreach to traditionally underserved veteran populations.

County Veterans Service Offices

Recognizing the importance of the role played by veterans service offices in each county to connect veterans to the benefits they have earned, the Governor recommends a 5 percent increase to grants to counties and the governing bodies of federally recognized American Indian tribes and bands in support of the costs of maintaining veterans service offices.

The Governor also recommends improving the efficiency of operations at the Department of Veterans Affairs by transferring position and expenditure authority to align all cemetery operations into the same program. The Governor further recommends reducing position and expenditure authority related to the department's decision to end its assisted living program at the Veterans Home at Union Grove so that the department can focus its resources on its skilled nursing facility.

AFFORDABLE HOUSING

The Governor believes that affordable, quality housing is a critical, and often missing, component of economic development that affects the lives and opportunities of many people in our state and has a negative impact on the overall economy.

There are many reasons for the lack of affordable housing in the state, ranging from increasing construction costs to restrictive zoning, and no single solution will solve it. In addition to increasing incentives for developers to build affordable housing in locations of the state that need it, it is also important to maintain and improve older housing stock. Furthermore, the state must develop programs that alleviate the cost burden that many families face in trying to rent or own their own home. In 2019, according to the U.S. Census Bureau's American Community Survey, 42.4 percent of Wisconsin households paid more than 30 percent of their income on rent. Because low-income households feel the effects the most, there is increased demand for other government assistance. Similarly, homeownership has declined, while the amount being borrowed has increased. Workforce housing shortages are limiting job growth and making hiring more difficult. Without an adequate supply, Wisconsin will not be able to attract the workers necessary to support economic growth and will find itself at a competitive disadvantage.

The Wisconsin Housing and Economic Development Authority (WHEDA) has already been working to help address this problem, aided in part by federal tax credits and more recently, a state housing tax credit. It also included $10 million in its 2019-20 Dividends for Wisconsin plan in an initiative focused on a rural affordable workforce housing pilot program and supplemental financing tools designed to better serve rural communities by overcoming gaps in existing programs. The authority again included $8 million from its 2020-21 Dividends for Wisconsin plan to finance affordable housing.

However, the COVID-19 pandemic has only further complicated the housing situation in Wisconsin, increasing competition for affordable housing and increasing rental evictions. There have been state and federal moratoriums on evictions through much, but not all, of the pandemic in recognition of job loss and the additional health risks people face when evicted. However, according to the National Low-Income Housing Coalition, in the city of Milwaukee, landlords filed for 1,447 evictions in June, which was 17 percent higher than prepandemic June averages. July filings were 9 percent above averages from 2012 to 2016. More than two-thirds of those filings hit Black-majority neighborhoods, according to Eviction Lab data, although Black residents make up only 39 percent of the city's population.

As a response to the pandemic, the Wisconsin Rental Assistance Program (WRAP) was created to assist low-income eligible renters who had a significant loss of income due to the COVID-19 pandemic with their rent and other associated costs such as security deposits and utilities. The program was funded with $35 million in federal Coronavirus Relief Funds. Counties around the state implemented similar programs to help people be able to stay in their homes and apartments.

While these efforts and investments have been significant, it is clear that more needs to be done to address the long-term need. The Governor recommends the following changes to help meet the urgent need for more affordable housing in the state:

First, WHEDA's State Housing Tax Credit Program will be increased from $42 million to $100 million of tax credits that may be authorized annually. In addition, the credit period will be increased from six to ten taxable years. Further, the budget modifies the requirements for businesses the authority may invest funds in by: (a) increasing the employee cap from fewer than 25 full-time employees to fewer than 50; and (b) increasing the limit on gross annual sales from less than $2.5 million to less than $5 million. This will allow WHEDA to help developers create more financing packages that make good business-sense and still provide affordable housing options.

Second, the Governor recommends establishing a new $50 million GPR Affordable Workforce Housing Grant program at the Department of Administration in fiscal year 2021-22. The funds would be granted to municipalities with the purpose of increasing the availability of affordable workforce housing.

Third, the Governor's budget creates state tax-advantaged savings accounts for first-time homebuyers. Under the provisions, a single individual could deduct amounts up to $5,000 contributed to such accounts while a married-joint filer could deduct up to $10,000. Earnings on the accounts would also be exempt from state taxation. Penalties are provided for withdrawals from the accounts for unqualified uses.

Fourth, the Governor recommends modifying tax incremental finance policies to support the development of workforce housing by increasing the amount of a tax incremental finance district's area that can be comprised of newly platted residential developments to 60 percent instead of the current law 35 percent if that additional amount is used solely for workforce housing. The Governor also recommends allowing municipalities to extend the life of a tax incremental finance district from one to three years, if the municipality adopts a resolution specifying how the municipality will increase the number of affordable or workforce housing units. The Governor further recommends that municipalities may adopt workforce housing initiatives by implementing one or more of several enumerated policies aimed at improving the availability of workforce housing and that implementing three or more of these enumerated policies shall give those municipalities priority in housing grants from state agencies responsible for such grants. In addition, the Governor recommends that workforce housing for the purposes of these provisions be defined to mean housing that costs a household no more than 30 percent of the household's gross median income and housing that comprises residential units for initial occupancy by individuals whose household income is no more than 120 percent of the county's gross median income.

Finally, the Governor believes that legislation over the past decade has swung too far in favor of landlords at the expense of tenants. Similarly, he does not support restrictions on local governments that prohibit them from choosing how to regulate the industry within their own communities. Consequently, the Governor's budget modifies statutory language related to landlord-tenant responsibilities that were enacted over the past decade to provide a better balance of rights and protections for landlords and tenants.

Homelessness Prevention

According to the report issued by the Interagency Council on Homelessness, 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.

Unfortunately, the Joint Committee on Finance, despite the Legislature having approved funds for this purpose in the 2019-21 biennial budget, chose to not release most of the funds, despite the clear and continuing need for these resources.

As a result of the COVID-19 pandemic, the problem has only gotten worse. Shelters are requiring quarantines, social distancing, and often a suspension of in-person services for residential and outpatient programs, which reduces the shelters' capacity and leaves more individuals and families homeless.

The Governor's budget once again includes funding to help address this problem. The provisions build on, and in most cases, increase the funding recommended by the interagency council, including:

- $1,000,000 GPR annually for the Homelessness Prevention program, which provides assistance to homeless families and individuals to help defray housing costs;
- $500,000 GPR annually for a new diversion program to help families avoid becoming homeless;
- $700,000 GPR annually for the State Shelter Subsidy Grant program to renovate or expand shelter facilities;
- $5,000,000 GPR annually for the Housing Assistance program, which provides grants to operate housing and associated support services for the homeless across the state;
- $500,000 TANF annually for the Homeless Case Management Grant program for those living in emergency shelters;
- $250,000 GPR annually for the Skills Enhancement Grant program at the Department of Children andFamilies, which helps low-income parents overcome barriers to employment;
- $2,000,000 GPR annually to create a new Housing Quality Standards Grant program that will provide small grants to landlord to address housing deficiencies; and
- $600,000 GPR annually to create a new grant to support the hiring of housing navigators throughout the state.

In addition, the Governor's budget includes a new $1 million GPR annual program specifically targeted at homeless veterans called the "Wisconsin Housing for Heroes" Veteran Rental Assistance Program. This program will provide housing for U.S. armed forces veterans, regardless of service discharge status, who are homeless and are on homeless coordinated entry lists. Funding will be directed to each of the four Continuum of Care organizations.

The budget also provides over $8 million TANF during the biennium to expand the Emergency Assistance program at the Department of Children and Families, making it easier to receive assistance when families most need it.

Another group that needs special attention is homeless children. The Governor recommends the creation of a pilot program that gives priority to homeless children and their families on WHEDA's federal Housing Choice Voucher Program waiting list. In addition, the budget includes a requirement for the Department of Public Instruction to issue a report to the Legislature on the number of homeless children and youth identified in the public school system.

Taken together, these programs and funding will significantly increase the state's current investment in housing assistance for people who are currently, or in danger of becoming, homeless.

E. BUILDING STRONG INFRASTRUCTURE

Broadband

By declaring 2021 the Year of Broadband Access, the Governor highlighted the critical importance of broadband in his State of the State speech. As he said, "This pandemic has underscored – and in some ways, exacerbated – the digital divide that exists across our state. This pandemic has shown us firsthand

that lack of access to high-speed internet continues to be a setback for kids, families, and businesses across our state." The Governor's goal is very clear – every Wisconsinite across our state should have access to affordable, reliable, high-speed Internet.

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, telehealth, and work opportunities.

According to the Federal Communications Commission, more than 430,000 people who make up 25 percent of our state's rural population lack access to high-speed Internet. Our state ranks 36th in the country for accessibility in rural areas. The Wisconsin Economic Development Corporation report "Wisconsin Tomorrow" highlighted broadband as one of three priorities to begin the state's economic recovery.

The Governor made a $54 million investment in broadband in his first budget – the largest state investment in broadband in our state's history. The Governor's historic investment in broadband has yielded results. In just the first round of the Broadband Expansion Grant program, the Public Service Commission awarded 72 grants, which are expected to provide broadband infrastructure to nearly 40,000 unserved locations. In this budget, the Governor is recommending an even larger increase in recognition of the fact that having access to high-speed Internet is no longer a luxury, it is a necessity. The over $204 million investment in broadband programs over the biennium in this budget is more than five times the amounts invested in the 2013, 2015, and 2017 budgets combined.

The largest component is an increase of $76.8 million in fiscal year 2021-22 and $74.9 million in fiscal year 2022-23 for the Broadband Expansion Grant program at the Public Service Commission. 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. Only $2 million per year of this investment is from the Universal Service Fund, the rest is from state GPR.

The Governor's budget also includes the creation of a new program at the Department of Children and Families that is aimed at improving affordability of Internet access. The budget includes $20 million annually for this purpose, including $10 million GPR and $10 million TANF per year to help families at or below 200 percent of the federal poverty level. On behalf of these families, the department will work with community action 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 to do their homework and improve their own opportunities for success in the classroom.

In addition to this historic financial investment, the Governor's budget tackles the issue of broadband access and affordability through the following initiatives:

There are 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 requirements that make it very difficult for municipalities to directly invest in broadband infrastructure for their communities. There are 108 communities nationwide that currently offer citywide access to publicly-owned fiber Internet, and 24 states feature at least one citywide fiber-to-the-home municipal broadband network. It just makes sense to allow unserved and underserved Wisconsin municipalities to do the same if their residents support the investment. The Governor also recommends modifying current law to allow these same municipalities to apply for grants under the Broadband Expansion Grant program.

The Governor also recognizes that some smaller municipalities need assistance identifying the best ways to improve broadband access in their communities, so the budget includes funding to support the creation of a broadband planning and leadership grant program to assist municipalities as they develop plans to expand broadband service and access. In addition, the Governor recommends creating a grant resource

team within the Department of Administration, which will, in part, provide technical assistance to communities in navigating state and federal broadband grant processes.

Next, because it is difficult for state and local officials to plan and make wise financial investments without comprehensive data, the budget requires Internet service providers to provide broadband coverage mapping data on a more granular level than currently required by the Federal Communications Commission. This step will allow the State Broadband Office to better assist with the more comprehensive broadband mapping efforts and make more informed decisions about how and where it awards broadband expansion grants.

The budget also allows utilities and electric cooperatives holding an electric easement to use the easement to install, maintain, or own broadband infrastructure on that easement.

The budget also recognizes that for many households, access to broadband infrastructure is only several hundred yards away. However, line extensions are often cost-prohibitive for residents, and service providers have no legal obligation to provide service or connect a household to that infrastructure. To address this situation, the Governor recommends establishing a broadband line extension grant program, which will provide grants or financial assistance, with a $4,000 maximum limit, to eligible households to subsidize the cost of a line extension from existing broadband infrastructure to a residence without access to 25/3 mbps service.

The Governor's budget also extends the sunset on the Department of Administration's TEACH infrastructure grant program, which supports rural schools and libraries, to June 30, 2025, and provides $3 million per year in universal service funds.

In addition to supporting the development of additional broadband infrastructure, the Governor's budget includes a new provision to improve the quality and reliability of current broadband service.

State law does not currently provide the same level of consumer protection for broadband service as it does for other telecommunication and video services. There are no specific regulations that address consumer access to broadband service, consistent speed delivery, service interruptions, and outages or disconnections.

The Bureau of Consumer Protection within the Department of Agriculture, Trade and Consumer Protection has received more than 680 consumer complaints each of the past five years related to electronic communication services – many of these complaints pertain to broadband issues.

Without specific regulatory authority, the department must mediate the complaints without any specific enforcement powers.

The Governor recommends modifying current law to protect broadband customers by requiring broadband service providers to meet certain service requirements, including prohibiting a broadband service provider from denying service to residential customers on the basis of race or income. The new consumer protection regulations for broadband providers will mirror the existing statutory consumer protection regulations governing cable, satellite, and multichannel video services.

In total, the Governor's budget recommends an investment of over $200 million in broadband initiatives as enumerated in Table 8.

TABLE 8: BROADBAND INVESTMENTS

Components	FY22	FY23
Broadband Expansion Grant Program	$76,793,100	$74,941,000
Internet Assistance Program	$20,000,000	$20,000,000
TEACH IT Infrastructure Grants	$3,000,000	$3,000,000
Line Extension Grant Program	$1,821,900	$3,591,500
Broadband Leadership & Planning Grant Program	$300,000	$300,000
Granular Mapping Data Program	$76,100	$97,100
New Broadband Grant Program Staffing	$217,400	$278,900
Total Investment	**$102,208,500**	**$102,208,500**

Water Programs

There are currently no public programs designed to provide financial assistance or address affordability concerns for municipal water and wastewater service. However, increases in water bills continue to outpace inflation as more than 25 percent of the state's water mains are over 60 years old and need to be replaced. The Public Service Commission has indicated that 3,000 gallons of water per month is a basic requirement to maintain household health and hygiene. Generally, a combined water and wastewater bill burden of 2 percent to 3 percent of income is considered problematic.

The Governor's budget includes the creation of a water utility assistance program designed to benefit customers through payments to help defray the cost of water and wastewater bills with a fiscal estimate of $10,170,200 GPR in fiscal year 2021-22 and $13,560,200 GPR in fiscal year 2022-23. The program would be administered by the Department of Administration's Division of Energy, Housing and Community Resources in conjunction with the current Low Income Home Energy Assistance Program (LIHEAP).

TRANSPORTATION

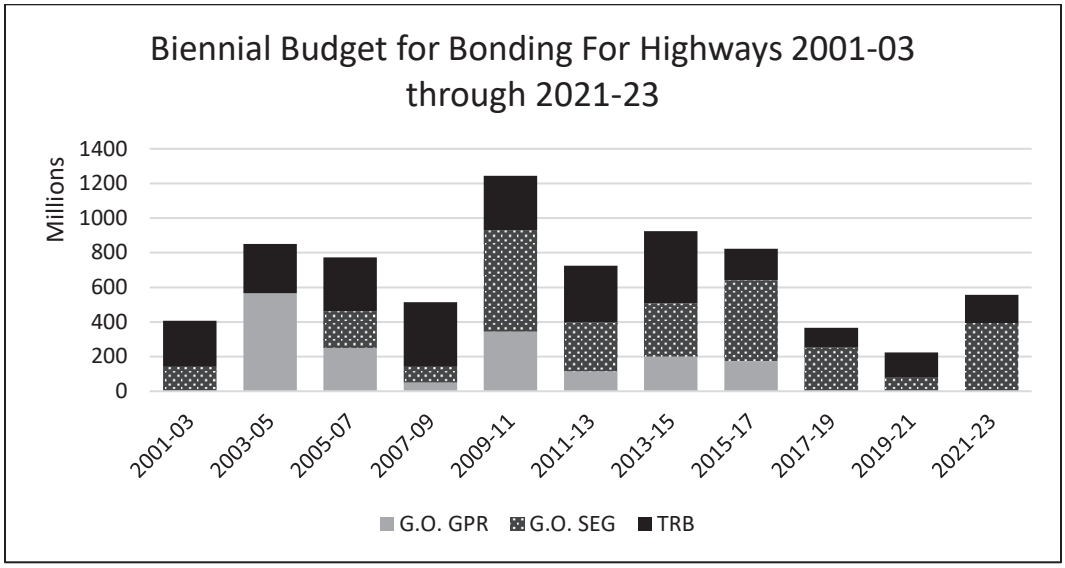
The way Wisconsinites have used the state's roads, bridges, railways, and harbors may have changed in unexpected ways as the world grappled with an unexpected pandemic, but their importance to everyday life now and into the future has not. The prior budget set a sustainable foundation for Wisconsin's transportation financing with new revenue for funding the repair, maintenance, and investment in Wisconsin's highways, local roads, transit systems, harbors, passenger rail, and freight rail. The Governor's budget builds on this success and allows for smart, targeted program increases while staying within historic lows in bonding for highway projects. The prior budget raised revenue to sustainably fund Wisconsin's current transportation system and made a strong commitment to fixing our roads and enhancing our overall transportation infrastructure. This budget strengthens our commitments while also addressing changes in our transportation infrastructure needs.

The budget addresses the critical needs of the state's highway system by including an inflationary increase to maintain the purchasing power of the state highway rehabilitation program. It also continues investments to prepare metropolitan Milwaukee highways for the next 50 years. The Governor's budget enumerates the I-94 East/West project to make full use of the investments that the state has made by completely rebuilding the Zoo and Marquette interchanges at the east and west entrances to the corridor.

This budget also includes a dedicated funding source for the alternative contracting method known as design-build. New value will be delivered to the users of Wisconsin's roadways as design-build will streamline delivery of complicated highway projects. The budget allocates $20 million in bonding for this purpose.

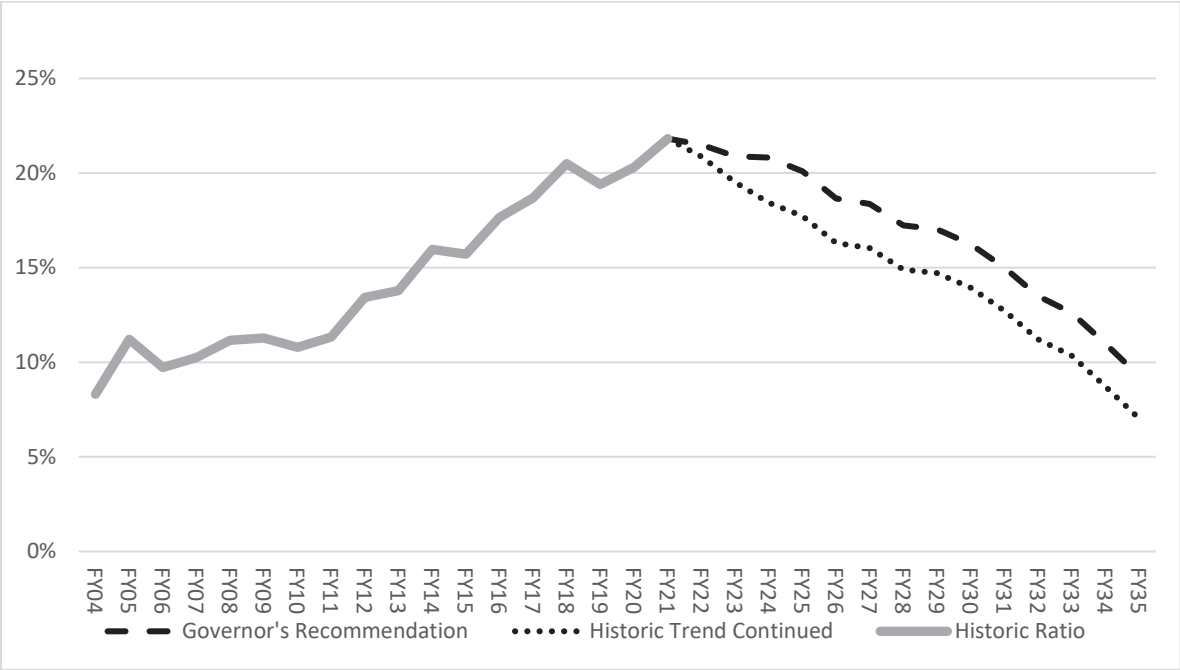
Overall, the budget prudently uses bonding for only the most eligible projects. While not used in recent budgets, $278.5 million in bonding is allocated for the rebuilding of highways and bridges within the state highway rehabilitation program. The state highway rehabilitation program is the largest program that the Department of Transportation administers. It is this program that rebuilds existing bridges and highways that have reached the end of their useful life but no expansion for more traffic is needed. Bonding of $162 million for major highway projects, $40 million for the I-94 East/West project, $20 million for Design-Build, $15.3 million for the Harbor Assistance Program, $20 million for the Freight Rail Preservation Program, $15 million for the Pilot Program for Critical Infrastructure, and $5 million for electric vehicle charging infrastructure are also included in the budget. The total bonding authorized is $555.8 million.

CHART 37: HIGHWAY BONDING BIENNIAL TOTALS



Revenue increases that were phased in under the prior budget have helped in offsetting a loss of revenue due to the pandemic caused by the COVID-19 pandemic. Wisconsinites have done the right thing and traveled less to stay safer at home. The largest source of dollars into the Transportation Fund is the motor fuel tax. As Wisconsinites drove less, less motor fuel tax was paid. Under the prior budget, the debt service payment to revenue ratio was expected to begin a decline earlier than is now expected, as remote work increased. While the COVID-19 pandemic made a modest time line adjustment to the anticipated decline in debt service payments relative to transportation revenue, this ratio is still projected to fall as the heavy borrowing that occurred in prior budgets is paid off and new borrowing remains modest.

CHART 38: DEBT SERVICE PAYMENTS TO TRANSPORTATION FUND REVENUE RATIO



The Governor's support of Wisconsin's roadways does not stop at the highway exit, and this budget builds on the historic 10 percent increase in general transportation aids in the prior budget by including additional increases of 2 percent in each year for cities, villages, towns, and counties. The amount of dollars allocated to those programs has never been higher. The Governor's proposals for this budget also increase general transit operating assistance by 2.5 percent in each year, strengthening a vital resource for those who would prefer to avoid traffic and the hassle of parking, and to not drive but ride within our communities. Programs that supplement public transit, like paratransit aids, tribal elderly transportation aids, and the specialized transit assistance program are also increased. State support of job access transit programs are higher than ever under this budget and will cover more parts of the state to further strengthen economic mobility and opportunity for those who do not drive. Wisconsin's economy is also reliant on a strong harbor and freight railroad network. Those networks are supported in this budget with bonding amounts to maintain the project calendars within the respective programs.

This budget also reinstates powers to local communities for nonmotorized travel that used to be part of everyday operations. By including provisions for complete streets and the ability to use eminent domain for bicycle and pedestrian infrastructure, local municipalities are once again empowered to support all modes of transportation infrastructure. Included in this budget is another $75 million for local multimodal transportation projects that combine elements and jurisdictions that make funding from existing programs difficult.

Two new programs are included in the budget to address emerging trends. The budget includes money to build out Wisconsin's electric vehicle charging network to ensure that drivers, regardless of power source, can travel throughout the state without worry. A new program is also targeting bridges and culverts in the state that are most at risk of failure from flooding as climate change continues to wreak havoc with more severe storm water events.

Keeping law enforcement safe and accountable is a priority of the Governor and the budget includes funding for new safety gear for State Patrol officers, personal cameras for officers, and in-squad video cameras. Wisconsin's State Patrol has a vital role in maintaining the emergency radio networks used by virtually every law enforcement officer in the state. This budget recognizes that importance by increasing funding for the maintenance of the towers and upgrades to the network itself.

The Division of Motor Vehicles is dedicated to finding innovative solutions to best serve the needs of Wisconsinites. The Governor recommends allowing for a waiver of the driver's skills test if all requirements have been met. The Governor recommends the opening of two new customer service centers for the Division of Motor Vehicles in Dane and Brown counties. To ensure that all persons residing in Wisconsin can access jobs and are qualified to operate a vehicle, the Governor recommends the issuance of driver's licenses and identification cards to any person residing in Wisconsin regardless of documented status.

The overall transportation budget is a fiscally sound, common sense initiative that moves Wisconsin's transportation network forward. It addresses critical needs today and provides a foundation to address our changing transportation network needs.

F. JUSTICE REFORM AND REINVESTMENT

The Governor’s budget recognizes that continuing to move forward with transforming Wisconsin’s juvenile justice system will require a variety of approaches ranging from funding effective programs to modernizing statutes. In addition to making sure youth in the deepest end of the system have what they need to be successful, strategic investment in our community-based youth justice system is needed.

Community-Based Youth Justice Programming

The Governor's budget believes we should reduce the number of youth requiring secure placement to promote public policy that aligns with effective and evidence-based youth justice practice. The Governor proposes shifting the focus from incarceration for youth to community-based services provided in the community at the local level. Consistent with that change, the Department of Children and Families will expand its efforts in managing youth justice programs.

The Governor’s community-based youth justice proposal is based on making investments in several key areas, including:

- Statewide youth justice foundational training, quality assurance training, and best practice research and technical assistance that will provide a baseline of knowledge and quality for youth justice agencies throughout the state.

- A new community grant program for counties to significantly elevate their case management practices and use of intensive, evidence-based treatment services.

- A new residential care grant program for out-of-home care providers—one congregate care setting and one or more treatment foster home providers—to provide intensive services specifically for justice-involved youth who require treatment services in an out-of-home setting.

Unlike child welfare training, there is currently no foundational training for youth justice beyond basic intake training and Youth Assessment and Services Instrument (YASI). A partnership with PDS (the child welfare professional development system housed at UW-Madison) will allow for the development and delivery of a new training continuum, including statewide training on key evidence-based interventions that can be delivered by case workers. In total, slightly less than $1 million GPR and 2.0 FTE state positions are included in the budget for these functions.

There is currently a shortage of community-based services to meet the needs of troubled youth. The budget includes $8,859,100 GPR in fiscal year 2022-23 for a new pilot community-based services grant program whose targeted population will be moderate- and high-risk youth, as determined by the YASI risk assessment tool. Counties will select an evidenced-based treatment model and partner with community clinical service providers trained in the treatment model.

The budget also includes funding for two types of residential services grants to provide alternatives to youth entering the deepest end of the juvenile justice system. The first is $1,268,800 GPR in fiscal year 2022-23 for a residential care facility to help keep kids in their community. The target population would be moderate- to high-risk delinquent male youth from anywhere in the state with aggressive behaviors and/or sexual offenses.

Second, the budget includes $250,000 GPR in fiscal year 2022-23 for a child placing agency grant that would help find treatment foster care placements for medium- to high-risk delinquent youth who require out-of-home care placement, but are particularly unsuited for a congregate care setting, such as those who have experienced sex trafficking. Providers would be required to provide or coordinate provision of clinical treatment services either in the home or the community.

Realigning Juvenile Justice

The Governor remains committed to closing Lincoln Hills and Copper Lake Schools and returning juveniles closer to home. Rather than operate on a two-tiered correctional system with some juveniles in state-run Type 1 facilities and others in county-run Secure Residential Care Centers for Children and Youth, the Governor proposes the elimination of the Type 1 designation. Under this new model, both the state and counties will operate Secure Residential Care Centers for Children and Youth. Under this proposal, Lincoln Hills and Copper Lake will close as soon as all juveniles have been transferred to a suitable replacement facility.

The Governor recommends eliminating the Serious Juvenile Offender program to reflect evidenced-based practices that recognize the risk and needs of youth and replacing it with an extended jurisdiction juvenile blended sentencing model. This new model would allow a court to sentence an individual to both a juvenile disposition and an adult disposition. The court must find that a juvenile disposition alone is not sufficient for public safety and/or rehabilitative purposes, after a structured assessment process that considers the juvenile's risk, treatment needs, age, and severity of offense. As the state program is phased out, counties will need additional resources to serve these youth in their communities. The Governor recommends increasing Youth Aids to counties by $5,327,500 GPR in fiscal year 2021-22 and $13,529,700 GPR in fiscal year 2022-23 to meet the cost of juvenile offenders in the future.

The Governor's budget also reduces the use of detention for juvenile offenders who commit minor offenses. The budget eliminates placement of a juvenile offender in a juvenile detention facility as a sanction or for short-term detention unless the juvenile court finds that the juvenile poses a threat to public safety and the underlying offense would be an offense if committed by an adult.

Wisconsin is one of the only states in the nation that automatically treats 17-year-olds as adults for the purposes of criminal prosecution. The Governor again recommends eliminating automatic original adult court jurisdiction for youth under the age of 18. Returning 17-year-olds to the juvenile justice system may 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 $10 million GPR in each fiscal year for this purpose.

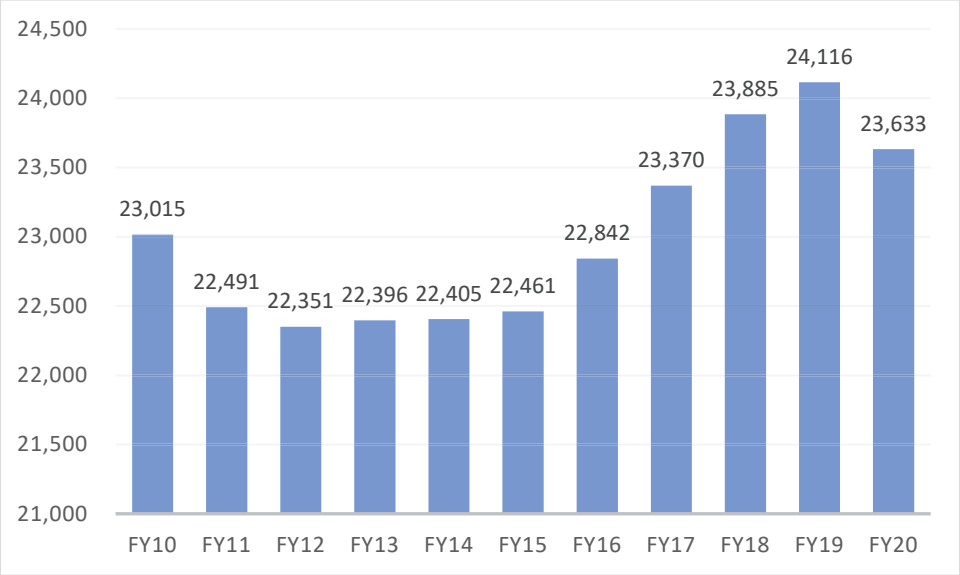
The Governor proposes a number of additional changes to the treatment of juveniles in court to align with evidence-based best practices. The Governor proposes eliminating original criminal court jurisdiction over juveniles and modifying the conditions under which a juvenile under the age of 18 may be waived into adult court.

Under current law, a child age 10 or over may be adjudged delinquent by the juvenile court for an act that would be a crime if committed by an adult. This budget increases the age of delinquency to 12. This change will enable more age-appropriate, evidence-based youth justice programs. These youth would be run through a juvenile in need of protection and services order instead of delinquency.

Criminal Justice Reform

For far too long, Wisconsin has taken an incarceration first approach to criminal justice. As recently as a year ago, the number of persons at Department of Corrections institutions was over 23,500. Put into perspective, there are 24 counties in Wisconsin with a population less than 23,500. This is reflected in the state's spending priorities as well, as the Department of Corrections has received more GPR funding than the University of Wisconsin System for the past several fiscal years. On February 12, 2021, the adult population in the care of the Department of Corrections was 19,759. While the state has made progress in reducing the number of persons at correctional facilities during Governor Evers' tenure, we have a larger opportunity to reform the criminal justice system, creating a more just and equitable model focused on evidence-based practices that reduce recidivism.

CHART 39: ADULT INSTITUTION AVERAGE DAILY POPULATION



Source: Wisconsin Department of Corrections

We have seen red and blue states across the country adopt similar reforms, and it is time for Wisconsin to join them. That is why the Governor is proposing several justice reform initiatives, including those outlined here.

Corrections Reform

When a person is in the custody of the Department of Corrections, it is incumbent that they receive evidenced-based treatment and training that will allow them to become a productive member of society. To help accomplish this, the Governor recommends expanding the earned release program to include educational, vocational, treatment, or other qualifying training programs that are evidence-based to reduce recidivism.

The Windows to Work program helps people find gainful employment after leaving the department's custody by addressing criminogenic needs that can lead to recidivism. Windows to Work aims to assist adults in custody with job-readiness so they can be employed in jobs with family supporting wages up release. This budget increases funding for the Windows to Work program by $250,000 GPR in each year of the biennium. The Governor's budget also expands the Opening Avenues to Reentry Success program, which provides wraparound services to individuals with serious mental health challenges and has been demonstrated to reduce recidivism.

Revoking a person for minor rule violations does not serve the greater good in rehabilitating that person. The Governor recommends modifying the process by which the Department of Corrections may revoke the extended supervision, probation, or parole of a person and modifying the sanctions procedure for certain rule violations. The Governor also recommends creating an earned compliance credit for certain eligible individuals under supervision by the Department of Corrections. The earned compliance credit would equal the amount of time served on extended supervision or parole without violating any conditions or rules of extended supervision or parole.

After a person has served their sentence, consideration should be given to allow them to move on from their past mistakes. The Governor recommends expanding the conditions under which an individual may have their criminal record expunged of a conviction. This budget establishes that requesting an applicant for employment to supply information regarding their conviction record, or otherwise considering the record, prior to selection for an interview constitutes employment discrimination. This provision, commonly known as "ban the box" will help give ex-offenders a fair shake when it comes to finding employment.

Diversion and Sentencing Reform

The Governor's budget addresses the damage caused by substance use disorders and works to help people rebuild their lives. Opioid addiction and other substance use disorders have wreaked havoc on our families and our communities. The lasting damage caused to people is immeasurable. This problem cannot be solved by outdated models that involve punitive actions and mass incarceration. The Governor's budget addresses the damage caused by substance use disorders and works to help people rebuild their lives. The Governor makes a strong investment of $15 million GPR over the biennium in the treatment alternative and diversion program that helps justice-involved individuals seek treatment for their addictions and mental health issues. This budget also restores one-time funding of $1 million GPR annually in the treatment alternatives and diversion program that is set to expire.

While this budget has a strong focus on diversion and treatment, it also strengthens the ability of law enforcement to stem the flow of illegal opioids. The Governor provides additional resources to the State Crime Lab in the form of staffing and equipment to help combat illegal opioids. For persons in the custody of the Department of Corrections, the Governor recommends providing an additional 27.0 FTE positions to expand substance use disorder treatment at the department's institutions. This budget also expands a medication-assisted treatment pilot program for individuals postrelease.

The Governor's budget creates a Sentencing Review Council. The council will study and make recommendations related to reforming the criminal code and the state's bifurcated sentencing structure. In addition to studying the statutory framework of the criminal justice system, the council will study whether sentences for similar offenses and circumstances are consistent and make recommendations to ensure that sentences are equitable. Finally, the council will study and make recommendations related to sentences for violations committed by those between 18 and 25 years of age.

The Governor's budget continues to refocus the criminal justice system on evidence-based practices related to charging and sentencing. Yet, thoughtful criminal justice charging and sentencing decisions require additional resources. The Governor recommends funding an additional eight circuit court branches in the state. This budget also provides an additional 5.9 FTE GPR assistant district attorney positions and 10.0 FTE positions for the State Public Defender. The additional staffing will allow the criminal justice system to more carefully and deliberatively adjudicate people through the system.

Law Enforcement Oversight

The Governor's budget includes measures that will increase accountability and transparency in law enforcement. Budget measures will establish standards for the use of force by law enforcement and ensure that every law enforcement agency's use of force policy is publicly available. It will also make clear that certain actions, such as the use of chokeholds, are never an acceptable use of force. Under the budget proposal, law enforcement officers would annually complete at least eight hours of training on

use of force options. In addition, the budget requires data collection and reporting on use of force incidents. The budget will also provide funding so that Capitol Police officers, State Patrol troopers and Department of Natural Resources conservation wardens have body cameras.

The Governor's budget would create a permanent employment record for law enforcement officers that would be available to law enforcement agencies to provide greater transparency for all involved in hiring decisions. The Governor also recommends providing the Department of Justice with the resources to develop and deliver implicit bias training for law enforcement officers. Furthermore, the Governor's budget requires law enforcement agencies to collect and submit data to the Department of Justice related to traffic stops. The Department of Justice will analyze the data for potential racial profiling, racial stereotyping or other race−based discrimination or selective enforcement.

In addition, the Governor's budget recognizes that some circumstances are best handled with a non-law enforcement solution. To that end, the Governor includes funding for an alternative to 9-1-1 behavior health grant and funding for violence interruption grants. Both of these programs would provide community-based solutions that would both help reduce the burden on law enforcement and ensure that the appropriate resources are provided to a given problem.

Recreational Marijuana

The Governor believes it is time to join other states, including two of our neighbors, who have legalized recreational marijuana. The Governor's budget proposes legalizing the sale of marijuana for recreational use if it is sold by a marijuana retailer holding a permit issued by the Department of Revenue. The proposal also allows purchases exempt from retail level excise and sales taxes by a person registered with the Department of Revenue as a person determined by their doctor as an individual that would benefit from medical use of marijuana. The Department of Agriculture, Trade and Consumer Protection would select laboratories that would ensure the safety of the marijuana products legally sold.

Legalizing marijuana in Wisconsin is expected to generate $165.8 million in new tax revenue annually starting in fiscal year 2022-23. The Governor’s proposal imposes a 15 percent excise tax on the sales price of each wholesale sale by a permit-holding producer to a permit-holding processor. In addition, the proposal imposes a 10 percent excise tax on the sales price of each retail sale. Retail sales, except for medical use, would be subject to the sales tax.

The Governor proposes to devote a substantial portion of the excise revenue generated by the legalization of recreational marijuana to improve social equity and help underserved communities. This will be done by directly depositing 60 percent of marijuana excise tax revenue, estimated at $79.3 million in fiscal year 2022-23, into a newly created Community Reinvestment Fund.

From this fund, the Governor recommends the following appropriations for fiscal year 2022-23:

- $10,000,000 for grants (through two state agencies) to promote diversity and advance equity and inclusion.
- $10,000,000 for community health worker grants.
- $10,000,000 for equity action plan grants.
- $5,000,000 to assist businesses in underserved communities.
- $34,852,800 to provide school sparsity aid.

Total fiscal year 2022-23 appropriations from the community reinvestment fund will be $69,852,800.

G. SUSTAINABILITY AND CONSERVATION

In recognition that climate change is an imminent threat to our state, economy, and our children's future, in October 2019, Governor Evers signed Executive Order #52 creating the Governor’s Task Force on Climate Change and appointed Lieutenant Governor Mandela Barnes as chair. The recently released

report from the task force included 55 climate solutions across nine sectors that lay the foundation for the state to better adapt to and mitigate the effects of climate change, while also seeking environmental justice and economic opportunities in renewable energy and conservation.

Over the last year, the task force worked to identify strategies to combat climate change by studying recent science and data, learning from Native Nations, farmers, nonprofit organizations, businesses, and local governments that are already taking action to address the crisis, and, most importantly, listening to the experiences of Wisconsinites—particularly those of communities that have been excluded from policymaking in the past.

The task force brought together a diverse coalition of farmers, environmental advocates, Indigenous leaders, and business executives, representing different perspectives, communities, and industries. These members worked collaboratively over the course of the year, uniting around the shared goal of making Wisconsin a cleaner, safer, and more equitable state.

The solutions in the report range from the creation of a state office to address environmental injustices, green job training programs for displaced and marginalized workers, funding to help farmers adopt more sustainable practices, reimplementing transportation policies that promote clean, alternative methods of transportation, and statutory changes to help the energy sector transition to cleaner energy production. The recommendations included input from the public and private sectors alike.

The Governor's budget includes the following recommendations from the task force to assist the state in mitigating the impact of climate change:

- Creating the Office of Environmental Justice within the Department of Administration. This office would be tasked with collaborating across state agencies and would engage with environmental justice advocates, communities of color, Native Nations, and low-income communities to design climate policies that reduce emissions and pollutants and address the cumulative and deadly impact of their concentration within those communities.

- Funding and executing state and local climate risk assessment and resilience plans and creating a chief resilience officer to oversee development and execution of these plans. According to the task force, a statewide climate risk assessment and resilience plan is necessary to identify infrastructure and communities most at risk of climate change impacts.

- Modifying current law to require a comprehensive plan be developed by municipalities to address climate change, require that local hazard mitigation plans include climate change, and require communities throughout the state to include climate change in their community health improvement assessment and plans.

- Providing technical assistance grant funding to assist municipalities and tribal nations to develop a plan to be carbon-free by 2050. Provide $200,000 GPR over the biennium at the new Office of Environmental Justice for this purpose.

- Doubling the required utility contribution for the Focus on Energy program from 1.2 percent to 2.4 percent of annual operating revenues, which would generate an additional $100 million in funding for the program. Focus on Energy provides both business and residential programs. Examples of programs include: assistance for businesses applying for federal grants from the U.S. Department of Energy, providing no or low-cost energy tips, training opportunities for businesses, and financial incentives for residents seeking to improve the energy efficiency in their homes.

- Reserving a portion of the additional Focus on Energy funds for the Public Service Commission to develop a low-income customer track that will, in partnership with the Department of Administration Weatherization Program, offer enhanced incentives for eligible customers. Examples of expansion could include the development of a workforce training element, addition

of solar panels as an eligible measure for the Weatherization Program, and addition of a low-income solar subscription or grant program.

The Governor also proposes additional initiatives that will help invest in clean energy and energy conservation, including:

- The budget establishes the Office of Sustainability and Clean Energy within the Department of Administration. The office will 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 renewable and clean energy research grant, funded by the Environmental Fund, during the biennium.

- The Governor's capital budget will include enumeration of just over $100 million PR-supported bonds for 2021-23 energy conservation projects. These funds will be used for energy conservation projects to help state agencies and the 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 the remaining Volkswagen emissions settlement funds by appropriating $10 million to support the reinstatement of the electric vehicle charging station grant program administered by the Department of Administration and $700,000 to replace aging state fleet vehicles with new electric vehicles.

- The Governor recommends modifying several statutory provisions to expand low-cost debt financing of clean energy projects for residential, commercial, and governmental customers, including: (a) requiring the commission to create a model ordinance for counties to establish a property assessed clean energy (PACE) financing program; (b) authorizing the Focus on Energy program to allocate funds to market PACE programs across the state; and (c) authorizing regulated utilities to offer inclusive on-bill financing for energy efficiency improvements.

- The Governor is also requiring the commission to reevaluate the appropriate social cost of carbon every two years, in consultation with the Department of Natural Resources, and report the findings in a biennial report to the standing legislative committees; and requiring the commission to consider the social cost of carbon when determining whether to issue construction certifications. The "social cost" of carbon includes the economic damage resulting from carbon dioxide emissions, including effects on human health, agricultural productivity, and property damage from severe weather events. The cost is an estimate of the economic damages that would result from emitting one additional ton of greenhouse gas into the atmosphere.

Flooding and Climate Change Resiliency

Flooding is a growing problem in Wisconsin, and the Governor is proposing several initiatives to address flooding in the state. The Governor recommends providing $12 million in bonding authority for urban nonpoint source cost-sharing and municipal flood control program. The budget also provides $1 million in each year of the biennium for the preparation of flood insurance studies and other flood mapping projects. The Department of Natural Resources will be able to assist, as the budget provides the department with 1.0 FTE position to identify and map structures residing within floodways. To address those properties already impacted by flooding and erosion, the budget will create a Great Lakes Erosion Control Loan program. Under the program, the department would administer a revolving loan program to assist municipalities and owners of homes located on the shore of Lake Michigan or Lake Superior where the structural integrity of municipal buildings or homes is threatened by erosion of the shoreline. The budget provides $5 million as a startup for the revolving loan fund.

The state relies on county conservation staffing to be the boots on the ground for soil and water conservation. The state has an obligation to provide funding to the counties, but budget after budget has left the counties short. The Governor recognizes the critical role county conservation plays and recommends providing $3,600,000 in fiscal year 2021-22 and $3,708,000 in fiscal year 2022-23 to properly fund county conservation staffing. The budget also provides an additional county conservation staffing grant at $1.8 million per year for county conservation staff that focus on climate change.

In addition to regulatory efforts, climate change can be addressed through market-based initiatives. The Governor recommends that the Department of Agriculture, Trade and Consumer Protection develop a pilot program to studies the feasibility of a carbon market covering the state. The budget also provides grants to producers and producer-led groups who participate in the carbon market pilot program.

A significant amount of otherwise usable food ends up in landfills every year due to inefficiencies in the food distribution network. The Governor recommends providing $100,000 GPR annually for the creation of a food waste reduction pilot program. The pilot project will seek to connect food producers and distributors with nonprofit food insecurity entities. The project will reduce the amount of food waste that ends up in landfills and help feed families in need.

The Governor also recognizes the critical role Wisconsin's forests play in combating climate change. This budget provides $645,000 in fiscal year 2021-22 and $995,000 in fiscal year 2022-23 for the Urban Forestry Program. The budget also increases the Wisconsin Forest Landowner Grant by $325,000 in each year. Finally, the budget provides $540,000 annually in grant funding to combat terrestrial invasive species.

Per- and Polyfluoroalkyl Substances (PFAS)

Per- and Polyfluoroalkyl Substances (PFAS) are human-made chemicals with strong nonstick and heat resistance properties. These properties have made them attractive to use in products such as nonstick cookware, stain protection products, and firefighting foam. These same properties mean that PFAS do not easily biodegrade and can persist in the environment for decades. A number of PFAS compounds are known to pose a risk to human and animal health, and they can bioaccumulate in tissue over time.

The Governor signed Executive Order #40 in August 2019 to address the issue of PFAS in Wisconsin. As a part of Executive Order #40, the Department of Natural Resources was directed to create the Wisconsin PFAS Action Council in partnership with other state agencies. The Wisconsin PFAS Action Council released its PFAS Action Plan on December 16, 2020. The Governor thanks the members of the Wisconsin PFAS Action Council for their hard work, and this budget incorporates a number of the action plan's recommendations into the budget proposal.

Large scale PFAS contamination has been discovered in the groundwater in Marinette and Madison. Yet, these cases could just be scratching the surface. The budget proposes significant resources for the monitoring and testing of PFAS. Public water systems provide drinking water to approximately 75 percent of the state’s population. This budget includes $750,000 in fiscal year 2021-22 to test public water supply wells deemed most susceptible to PFAS contamination. The Governor proposes $55,000 annually to survey 44 large rivers across the state annually to analyze and track trends in water quality related to PFAS. The Department of Natural Resources estimates that the proposed waterways drain approximately 80 percent of the state's land mass. To better obtain sampling results for PFAS in effluent from wastewater permittees, the Governor proposes $25,000 annually in testing for wastewater treatment facilities.

This budget increases the staffing at the Department of Natural Resources by 11.0 FTE positions to implement the Wisconsin PFAS Action Council's action plan. Department staff will focus on establishing standards and testing methodologies for PFAS contamination in air, land, and water. The budget also provides $600,000 annually, on an ongoing basis to test for and mitigate PFAS at state-led sites. State-led sites are those locations where a responsible party cannot be identified or does not have the financial means to remedy the contamination. PFAS contaminants can enter wildlife populations in areas with high

levels of PFAS contamination. The Department of Natural Resource will also conduct monitoring of PFAS levels in wildlife and, in coordination with the Department of Health Services, develop health advisories for consumption of PFAS-contaminated wildlife.

The budget also provides assistance and resources to local communities that are impacted by PFAS contamination. The Governor recommends providing $10 million GPR in each year for a municipal grant program. The grants under this program may be used to investigate potential PFAS impacts; treat or dispose of PFAS-containing firefighting foam containers; sample a private water supply within three miles of a site or facility known to contain PFAS; provide a temporary emergency water supply, a water treatment system, or bulk water to replace water contaminated with PFAS; conduct emergency, interim, or remedial actions to mitigate, treat, or dispose of PFAS; or remove PFAS from a public drinking water supply. In addition to the municipal grant program, a PFAS-containing firefighting foam collection and disposal project will provide $1 million to assist local fire departments in removing PFAS from their stations.

Water Quality

Nonpoint pollution is one of the primary contributors to water quality issues in the state. Common sources of nonpoint contamination include streets, constructions sites, and farm fields. This budget continues successful programs that reduce nonpoint pollution.

The state, counties, and farmers have developed a strong partnership to employ best practices that are both economical viable and environmentally effective at reducing nonpoint pollution. The Governor builds on this legacy by providing $7 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 construct infrastructure projects that reduce nonpoint source pollution. The budget will also provide $6.5 million in bonding for the Target 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 Department of Agriculture, Trade and Consumer Protection and the Department of Natural Resources coordinate the nonpoint pollution abatement efforts in the SWRM and TRM programs through an annual joint allocation plan.

The budget also provides $25 million in bonding authority to clean up the toxic sediment at the bottom of many of Wisconsin's lakes and rivers, built up over years of pollution. The funds are to be used to remove contaminated sediments, such as DDT, PCBs, and heavy metals, from areas of concern in the Great Lakes Basin.

In addition to infrastructure improvements, the Governor's budget helps producers make changes in practices to improve water quality. The budget increases the $750,000 annual statutory cap in the nutrient management program for producer-led watershed grants to $1,000,000. The producer-led watershed grants help groups of farmers work collaboratively to reduce and prevent runoff that causes nonpoint source water pollution. The Governor recommends providing $320,000 GPR annually to support the establishment of a statewide grazing education grant program and assist producers who incorporate regenerative agricultural practices. The budget also provides funding and staffing to help producers and producer led groups obtain certification through the Alliance for Water Stewardship.

The Governor's budget removes barriers to those groups and individuals who are working hard to improve the environment. The budget requires the Department of Natural Resources to issue a general permit that authorizes wetland, stream, and floodplain restoration and management activities that will result in a net improvement in hydrologic connections, conditions, and functions. This will make hydrologic restoration projects easier to accomplish by removing red tape. The Governor also recommends the creation of a hydrologic restoration and management advisory council to provide input and make recommendations to the department on issues related hydrologic restoration.

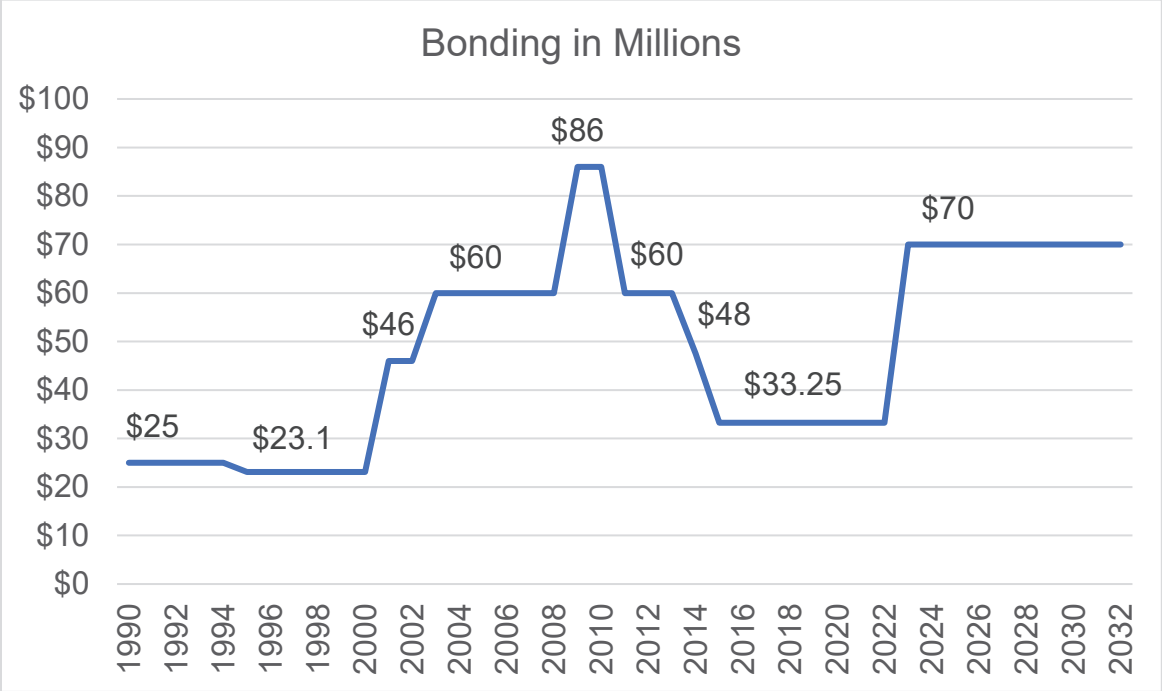
A report in 2020 by the Groundwater Coordinating Council found that 10 percent of private wells in the state have nitrate levels that exceed safe levels. Nitrate pollution can cause blue baby syndrome and may cause birth defects and thyroid disease and may increase the risk for certain kinds of cancer. The Governor recommends providing $500,000 for a pilot program that awards grants to farmers to implement management practices which reduce nitrate loading.

The Governor recommends providing $1,000,000 GPR in each year of the biennium for financial assistance under the well compensation program. The budget will also update the program's contamination criteria to bring it in line with federal water quality standards and update the program's financial qualifications to allow the program to serve more Wisconsin residents.

Stewardship

For over 30 years, the Warren Knowles-Gaylord Nelson Stewardship Program has preserved land for future generations. As shown in the chart below, the Governor will make an historic investment in Wisconsin's future by committing $70 million per year to the Warren Knowles-Gaylord Nelson Stewardship Program.

CHART 40: STEWARDSHIP BONDING OVER THE LIFE OF THE PROGRAM



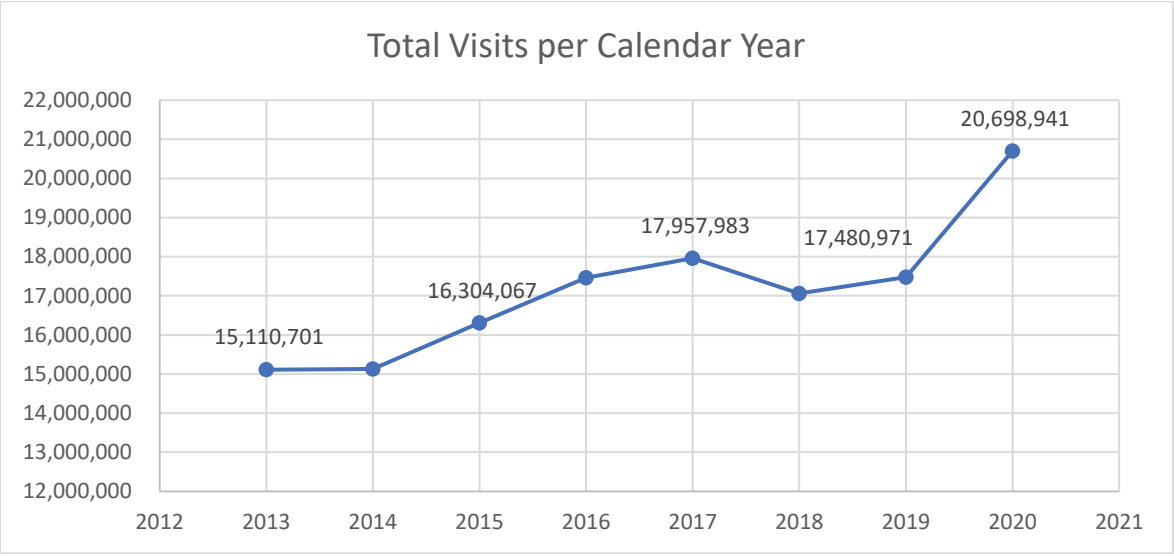
While land purchases continue to be a major part of the Warren Knowles-Gaylord Nelson Stewardship Program, the Governor proposes to put a large emphasis on the development of existing parcels. The breakdown of funding can be seen in the table below.

TABLE 9: STEWARDSHIP ALLOCATION

Warren Knowles - Gaylord Nelson Stewardship Program		
	Annual Allotment (Years 1-4)	Annual Allotment (Years 5-10)
Grant Program: Nonprofit Conservation Organizations	$10 million	$10 million
Grant Program: Local Units of Government	$18 million	$18 million
Grant Program: County Forests	$5 million	$5 million
Grant Program: Recreational Boating Fund	$3 million	$3 million
Grant Program: State Property Development	$1 million	$1 million
Ice Age Trail	$1 million	$1 million
Acquisition of BCPL Property	$1 million	N/A
DNR Land Acquisition	$9 million	$9 million
Property Development	$22 million	$23 million
Total Annual Stewardship Funding	**$70 million**	**$70 million**

The Wisconsin state park system is renowned as one of the finest parks systems anywhere. One thing the COVID-19 pandemic showed us is the importance of outdoor recreational opportunities. As noted below, parks attendance is steadily increasing.

CHART 41: PARKS ATTENDANCE



The Governor's budget proposes an additional $95,000 SEG annually for costs related to parks upkeep and $156,000 SEG annual to hire LTEs to help maintain the parks. The Governor also proposes changes to the GoWild system that will improve the experience of outdoor recreationists.

LOCAL GOVERNMENT

Enhancing Ability to Sustain Local Government Services

County and municipal levy limits have restricted the ability of our local governments to sustain basic county and municipal services – including roads, fire protection, social services, and police protection. While the Governor's efforts will continue to hold property tax increases in check, the Governor proposes to expand revenue options available to counties and municipalities – but only if residents give their approval.

Specifically, the Governor recommends allowing counties to impose an additional 0.5 percent sales tax, in addition to their existing 0.5 percent sales tax authority, if approved by referendum. The Governor further recommends allowing municipalities with populations more than 30,000 as of 2020 to impose a 0.5 percent sales tax if approved by referendum. The revenue generated by these new local sales taxes may be used as determined by the taxing jurisdiction or as specified in the referendum.

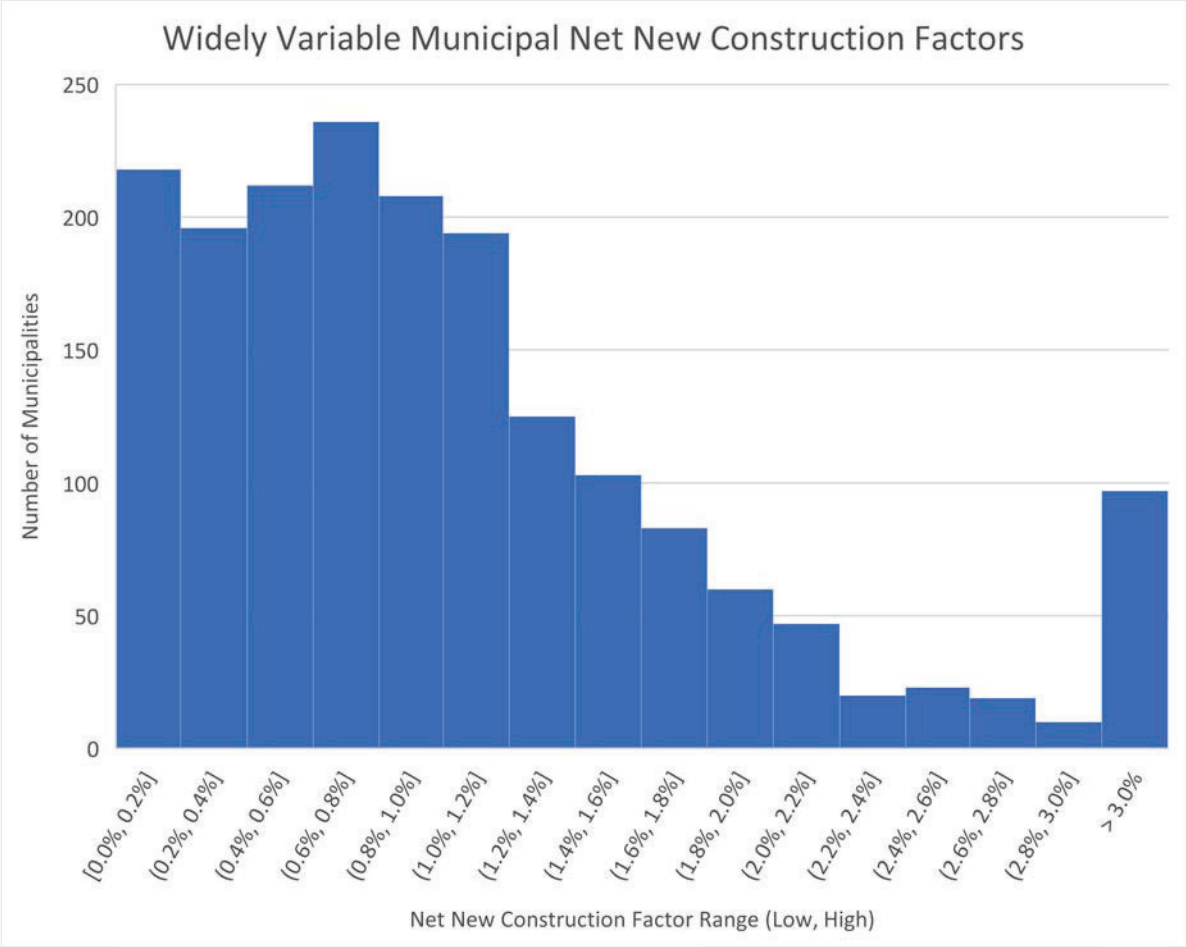
The time to allow counties and municipalities to further diversify their revenue sources to provide necessary local services is long overdue. Wisconsin makes light use of the sales tax – especially at the local level. According to the Tax Foundation, among states utilizing the sales tax, Wisconsin has the second lowest population-weighted combined state and local sales tax rate of 5.46 percent.

Local Government Finances and Property Taxes – Enhancing Local Control

The Governor's budget makes a strong commitment to local control by allowing counties and municipalities more flexibility in determining their own finances as well as providing local governments with additional aid.

On property taxes, the Governor recommends providing counties and municipalities with a 2 percent minimum growth factor for county and municipal levy limits. Under current law, municipalities and counties are only allowed to grow property tax levies by the percentage change in equalized value due to net new construction, which varies widely across the state. Some fast-growing communities have a great deal of new value installed each year while others see little, if any, growth. For 2020 equalized values, 1,070 out of 1,851 municipalities had growth below 1 percent, and 504 had growth below 0.5 percent. Low growth has hit many rural communities in the state especially hard. Nonetheless, all local governments face increasing cost pressures from inflation, especially on wages and fringe benefits for employees and contracted services. 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 residents.

CHART 42: UNEQUAL GROWTH IN NEW CONSTRUCTION



This budget provides greater local control for towns by allowing towns to finance emergency medical services with the same tools available to them for financing fire protection services. Local governments that seek to enhance the range and quality of public services provided to their residents should be able to do so.

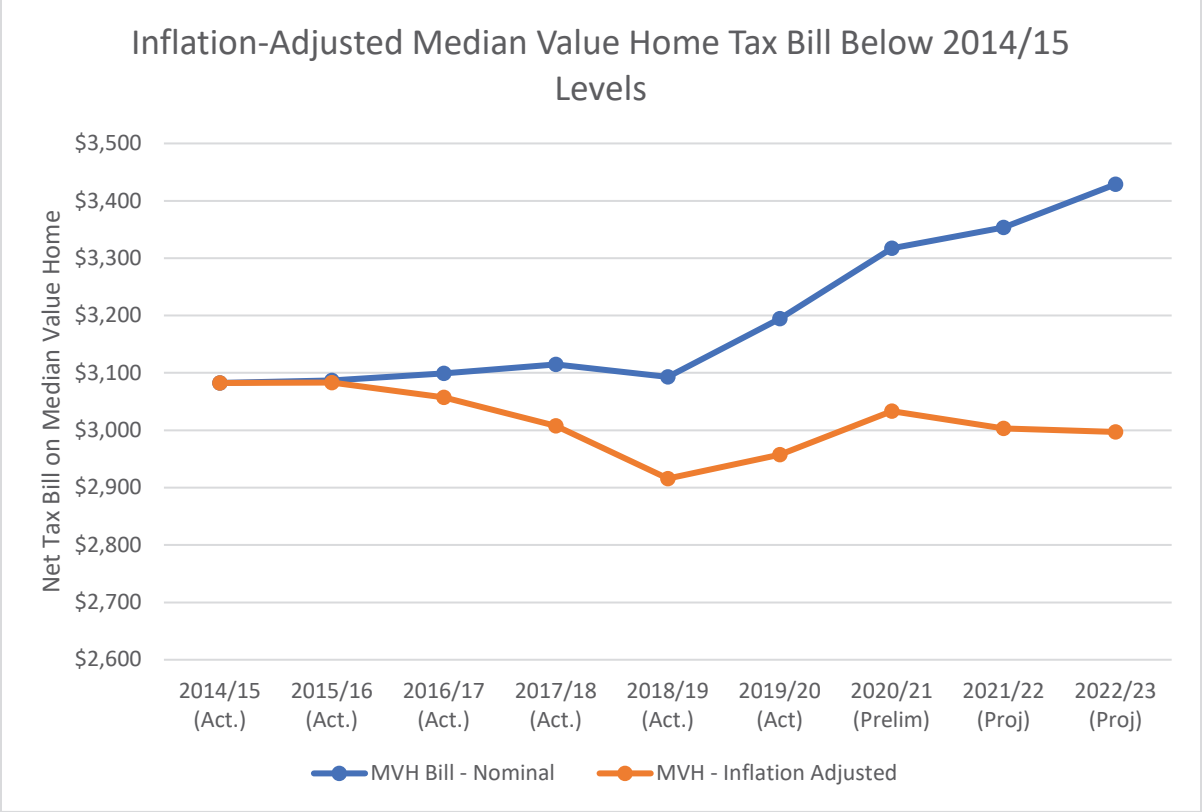
To provide additional resources to local governments, the Governor recommends increasing the funding for the County and Municipal Aid Program by 2 percent in 2021 and then providing an additional 2 percent increase in 2022. This action will provide each county and municipality a 2 percent increase over the amounts received in 2020 for 2021 payments and then 2 percent above 2021 payments in 2022, increasing aggregate aid to counties and municipalities by approximately $15 million in 2021 and $30.4 million in 2022 compared to current law. 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 residents 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 while reducing their need to rely on property taxes.

The Governor also recommends provisions to help protect the local property tax base to ensure that homeowners are treated fairly compared to developers and commercial landlords. This budget includes the provisions of 2019 Senate Bill 130, which was a bipartisan initiative that 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.

These initiatives, taken together, combine an emphasis on local control with protecting property taxpayers to ensure that the Governor's budget will keep property tax bill growth for the median value home under the rate of projected inflation at an average of about 1.5 percent annual increase for the biennium. This modest rate of increase will balance local government service needs with keeping property taxpayers' bills under control.

CHART 43: STATEWIDE MEDIAN VALUE HOME TAX BILL



H. OTHER GOVERNMENT

Redistricting

The Governor's budget includes several provisions aimed at reestablishing good government practices. Unfortunately, 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.

Last year during the Governor's State of the State address, he announced that he would create The People's Maps Commission—a nonpartisan redistricting committee of Wisconsinites from each congressional district who would draw fair, impartial maps based on the 2020 Census.

For the past several months, The People's Maps Commission, selected by a panel of three retired judges, have been hosting virtual hearings to hear feedback and input from people across our state to begin drawing The People's Maps.

The budget includes a requirement that the Legislature take up The People's Maps, which will be drawn not by any political party or high-paid consultants, but by the people of our state. If the Legislature chooses to draw their own maps, they will be required to do so in the light of day, in the public eye, and with public input by requiring public meetings for the map-drawing process. In addition, the budget includes a provision that aims to prevent the Legislature from destroying records from the map-drawing process, because the people of our state deserve to know how these maps are drawn and by whom. It is not appropriate that because the Legislature wrote themselves out of Wisconsin's public records law, they were able to destroy many of the public records from the last redistricting process.

The goal for any strong democracy should be that the people get to choose their elected officials, not the other way around. Wisconsinites do not want maps that favor any political candidate or party—we just want maps where either candidate can win. It is time we look to the people, not politicians, to draw maps that are fair and impartial.

Elections

The Governor believes that it is important for our electoral system to support the right of all eligible Wisconsinites to vote and to so in a secure, efficient, and safe way. With that in mind, the budget includes proposed election law reforms such as:

- Requiring the Wisconsin Elections Commission to work with the Department of Transportation to begin automatic voter registration, and that the commission facilitate the initial registration of all eligible electors as soon as practicable.

- Allowing a county or municipal clerk to canvass absentee ballots on the day before an election after working with the Wisconsin Elections Commission to ensure it will be conducted fairly and appropriately.

- Expanding voting access by eliminating the restriction on how soon a person may complete an absentee ballot in person and further recommending that a person may complete an absentee ballot in person no later than 7:00 p.m. on the Friday preceding the election.

- Modifying the scheduling of special elections to ensure they are scheduled with sufficient time to comply with federal requirements for sending ballots to military and overseas voters.

- Requiring polling places to post a voter bill of rights which informs voters of voting rights guaranteed under current law.

- Authorizing the Wisconsin Elections Commission to reimburse counties and municipalities for certain costs incurred in the administration of special primaries and special elections.

- Modifying the Wisconsin Elections Commission's recount appropriation to allow local units of government and petitioners to be reimbursed in a timely manner.

Office of Digital Transformation/Wisconsin Front Door Initiative

The Governor believes that state government should redouble its efforts to focus on the needs of the people of Wisconsin. Too often in the past programs have been designed around the needs of the bureaucracy at the expense of convenience for Wisconsin residents. This budget takes steps to address this problem by creating the Office of Digital Transformation within the Office of the Secretary at the Department of Administration. The office will lead efforts to digitally deliver services to Wisconsinites;

lead public engagement and feedback for digital initiatives and systems; and identify efficiencies, agile systems, and application programming interfaces that allow for agencies to better serve Wisconsin residents.

One specific project for the office is establishing the "Wisconsin Front Door," which would be an on-line service hub to provide access and support to users accessing a comprehensive portfolio of state resources in a consolidated, centralized, and easy-to-use format. Conceptually, the hub would require only a single log-in from customers, allowing users to access information across programs and agencies. Then, the program would help Wisconsinites identify and apply for support available from the state's portfolio of services, based upon the individual's unique needs.

In addition to creation of the customer service portal, a goal of the program is to provide a managed population-based dataset and to create standardization and consistency with data privacy and governance, data analytics, and data management. The data collection could also improve data-driven decision making across the enterprise, which would increase the accuracy and availability of public programming offered by the state to residents.

A second project for the office is to establish and maintain a data system to collect, format, analyze, and disseminate information on opioid and methamphetamine usage in Wisconsin to help better manage this problem for the state.

The Department of Administration is also embarking on a related effort outside of the budget process by creating efficiencies in utilizing space and resources to operate state government. Creating as many one-stop shop government locations for consumers in communities across the state as possible is part of the larger employment initiative, which is also intended to expand remote working employment opportunities across the state even where agencies do not have a physical presence. Part of this effort includes initiatives to recruit and hire remote employees for state agencies from across Wisconsin, expand broadband access throughout Wisconsin to help state employees and private-sector employees work remotely throughout the state, and expand digital tools to facilitate telework for employees in remote parts of Wisconsin.

Tribal Gaming Initiatives

The pandemic has affected every business across the state, and this is certainly true for the casinos operated by the Native American tribes in the state. Gaming in Wisconsin decreased considerably as casinos have been forced to close or limit operations to ensure the health and safety of employees and guests due to the COVID-19 pandemic. As a result, the share of the revenues that the state typically receives from gaming will be reduced compared to prior years. The current estimate of revenues that will be shared with the state is approximately $41.2 million in fiscal year 2021-22 and $46.7 million in fiscal year 2022-23.

The Governor recognizes that the tribal nations have had to directly respond to the pandemic and will continue to do so, just like all units of government in the state. Under the compacts between the state and the tribes, the state is obligated to reduce the amount owed by the tribes during an extraordinary circumstance like the pandemic so that the tribal governments can respond to the crisis. The Governor has worked with the tribes to uphold the legal requirements of the compacts and reach agreements that worked for all parties. The total amount owed to the State for fiscal year 2019-20 has therefore been reduced to approximately $41.8 million, and the majority of these revenues will be shared with the State over three fiscal years starting in fiscal year 2021-22.

Given that tribal gaming revenues to the state will be less than previous years, it is appropriate to transfer programs currently funded with tribal gaming revenues to other sources where possible to ensure there is no deficit in the 2021-23 biennium. In addition, the Governor believes that tribal gaming revenues that come to the state should be more focused on directly assisting tribal governments and members. Consequently, the budget makes the following changes:

- Transferring the Reintroduction of Whooping Crane program, Elk Management program, and the Snowmobile Law Enforcement program from tribal gaming revenue to other SEG fund sources to ensure their continued funding.

- Transferring the Tribal Elderly Transportation program from tribal gaming revenue to the Transportation Fund.

- Replacing $4.3 million tribal gaming-funded tourism marketing with GPR.

In addition, the Governor recommends:

- An additional $109,300 annually for the University of Wisconsin-Green Bay for educational summer camp programs developed in partnership with the Oneida Nation of Wisconsin.

- An increase of $110,000 annually for Native American economic development technical assistance.

- Creating a small business economic development program at WEDC benefiting tribes, funded at $390,000 annually.

- Creating a new discretionary grant of equal amounts to the tribes to support nongaming programs that meet the needs of members of the tribes. The grant will start in fiscal year 2022-23, and will be funded at $11,000,000, or $1,000,000 per federally recognized tribe.

- Transferring management of the Native American Tourism of Wisconsin (NATOW) marketing contract from the Department of Tourism to the Department of Administration and increasing the contract by $200,000 starting in fiscal year 2021-22.

- Providing $350,000 in each year to develop the youth substance abuse treatment center, led by the Great Lakes Inter-Tribal Council and the Stockbridge-Munsee Community.

- Creating a grant program administered by the Department of Public Instruction to reimburse expenses incurred by school districts that choose to change race-based mascots and logos, funded at $200,000 per year.

- Creating a director of Native American Affairs to actively manage relations between the state and Native American tribes.

State Employee Compensation Issues

The budget includes the following state employee compensation changes for the next biennium:

- Provide $87.5 million GPR over the biennium for a general wage adjustment for most state employees of 2 percent on January 1, 2022, and an additional 2 percent on January 1, 2023.

- Provide $10 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.

- Restore funding for the discretionary merit compensation appropriation to $6 million GPR per year.

- Decrease the waiting period for new employees to receive the employer share of their health insurance from three months to one month.

- Institute a pay progression system for certified nursing assistances and residential care technicians within the Department of Health Services, the Department of Veteran Affairs, and the Department of Corrections.

- Increase the minimum hourly wage for state employees to $15 per hour.

- Create Juneteenth as a new state holiday for state employees.

- Create a new paid parental leave program for state employees for up to six weeks.

- Fund paid sick leave for limited term employees that work for state agencies.

- Modify the vacation allowance during the first five years of state employment to improve retention of employees.

- Increase night and weekend differential payments for those employees that qualify for such payments.

Economic Assumptions and Revenue Estimates

V. ECONOMIC ASSUMPTIONS AND REVENUE ESTIMATES

NATIONAL ECONOMY

The Legislative Fiscal Bureau's 2021-23 revenue estimates are based on the January 2021 national economic forecast from IHS Markit. IHS Markit forecasts a strong rebound in economic growth in 2021 from the contraction caused in 2020 by the COVID-19 global pandemic. Growth is expected to remain robust in 2022, supported by extensive fiscal and monetary policy stimulus and resurgent private sector demand, before returning to a more moderate pace in 2023.

- Real Output Growth. Real Gross Domestic Product (GDP) is projected to increase by 4.0 percent in 2021, 3.9 percent in 2022, and 2.5 percent in 2023. This follows a 3.6 percent contraction in real GDP in 2020.

- Employment. Employment is projected to recover rapidly with growth in total nonfarm payrolls of 3.0 percent in 2021, 3.3 percent in 2022, and 0.8 percent in 2023. The strong rates of employment growth follow a sharp 5.8 percent contraction in 2020 due to the pandemic's economic effects. Full employment is expected to be restored in 2022.

- Inflation. Inflation is projected to remain moderate, with growth rates in consumer prices being similar to the past several years at 2.1 percent in 2021, 2.5 percent in 2022, and 2.1 percent in 2023.

- Profits. Corporate profits are expected to remain relatively flat for the next two years before returning to growth in 2023. Economic profits are projected to decline by 1.4 percent in 2021 and 0.2 percent in 2022 before growing by 7.6 percent in 2023.

- Incomes. Personal income growth is projected to be modest in the next two years as one-time stimulus transfer payments expire before accelerating in 2023. Growth in nominal personal income is expected to be 1.6 percent in 2021, 2.0 percent in 2022, and 4.2 percent in 2023.

- Retail Sales. Retail sales growth is expected to rebound strongly as consumers utilize elevated levels of personal savings and return to prepandemic purchasing patterns with growth of 7.4 percent in 2021, 4.7 percent in 2022, and 3.1 percent in 2023.

TABLE 10: SUMMARY OF THE NATIONAL ECONOMIC OUTLOOK

Economic Indicators	Actual 2019	2020	Forecast 2021	2022	2023
Gross Domestic Product					
Nominal GDP	4.0	-2.4	5.7	5.9	4.6
Real GDP	2.2	-3.6	4.0	3.9	2.5
Prices and Wages					
GDP Deflator	1.8	1.2	1.6	1.9	2.0
Consumer Price Index	1.8	1.3	2.1	2.5	2.1
Compensation Per Hour	3.6	7.0	2.3	1.3	2.9
Production and Other Measures					
Total Nonfarm Employment	1.4	-5.8	3.0	3.3	0.8
Industrial Production	0.9	-6.9	4.5	3.2	2.6
Housing Starts (Millions)	1.295	1.383	1.493	1.298	1.202
Light Vehicle Sales (Millions)	16.95	14.39	15.95	16.09	16.14
Retail Sales	3.5	0.4	7.4	4.7	3.1
Profits and Income					
Corporate Profits Before Tax	0.3	-9.1	-1.4	-0.2	7.6
Personal Income	3.9	6.3	1.6	2.0	4.2

All numbers are annual percent change except as noted.

REVENUE ESTIMATES

TABLE 11 GENERAL PURPOSE REVENUE ESTIMATES
($ in millions)

Current Law Estimates	Actual FY20	Estimate FY21	Estimate FY22	Estimate FY23
Individual Income	$8,742.3	$8,640.0	$8,900.0	$9,340.0
General Sales and Use	$5,836.2	$5,915.0	$6,310.0	$6,595.0
Corporation Franchise and Income	$1,607.9	$2,205.0	$1,730.0	$1,835.0
Public Utility	$357.2	$352.0	$359.0	$361.0
Excise				
Cigarette	$523.5	$507.0	$494.0	$483.0
Tobacco Products	$91.3	$90.0	$92.0	$96.0
Vapor Products	$1.3	$1.3	$1.7	$2.0
Liquor and Wine	$54.8	$60.0	$57.0	$58.0
Beer	$8.5	$9.2	$8.7	$8.7
Insurance Companies	$217.4	$211.0	$218.0	$226.0
Miscellaneous	$91.8	$111.0	$112.0	$111.0
Total GPR Taxes	$17,532.2	$18,101.5	$18,282.4	$19,115.7
Change Over Prior Year				
Amount		$569.3	$180.9	$833.3
Percent		3.2%	1.0%	4.6%

TABLE 12 GENERAL PURPOSE REVENUE ESTIMATES UNDER GOVERNOR'S RECOMMENDATIONS
($ in millions)

Current Law Estimates	Actual FY20	Estimate FY21	Estimate FY22	Estimate FY23
Individual Income	$8,742.3	$8,640.0	$9,319.3	$9,652.6
General Sales and Use	$5,836.2	$5,915.0	$6,298.5	$6,614.9
Corporation Franchise and Income	$1,607.9	$2,205.0	$1,933.8	$2,067.2
Public Utility	$357.2	$352.0	$359.0	$361.0
Excise				
Cigarette	$523.5	$507.0	$494.0	$483.0
Tobacco Products	$91.3	$90.0	$94.3	$99.0
Vapor Products	$1.3	$1.3	$14.4	$18.6
Marijuana				$52.9
Liquor and Wine	$54.8	$60.0	$57.0	$58.0
Beer	$8.5	$9.2	$8.7	$8.7
Insurance Companies	$217.4	$211.0	$218.0	$226.0
Miscellaneous	$91.8	$111.0	$112.0	$111.0
Total GPR Taxes	$17,532.2	$18,101.5	$18,909.0	$19,752.9
Change Over Prior Year				
Amount		$569.3	$807.5	$843.9
Percent		3.2%	4.5%	4.5%

TABLE 13: GENERAL FUND TAX CHANGES
($ in millions)

Provision	FY22	FY23
Tax Relief Measures		
Caregiver Tax Credit	$100.4	$102.5
EITC Expansion	74.3	74.0
Homestead Expansion	35.0	33.9
Work Opportunity Credit	27.8	24.1
Research Credit Refundability Expansion	10.6	10.6
Child and Dependent Care Credit	9.8	9.8
Medical Premium Subtraction for Self-Employed Individuals	9.5	9.5
Diaper Sales Tax Exemption	7.3	8.8
WHEDA Low-Income Housing Credit Expansion	1.5	7.3
Marijuana Tax Refunds to Tribes	0.0	6.7
Veterans and Surviving Spouses Credit for Renters	4.9	5.1
Battery Storage Sales Tax Exemption	3.8	4.4
First-Time Homebuyer Accounts and Deduction	0.0	4.1
Credit for Flood Insurance Premiums	0.8	0.8
Sweetened Dried Fruit Sales Tax Exemption	0.4	0.5
Prairie/Wetland Services Sales Tax Exemption	0.2	0.3
National Guard and Reserve Subtraction Expansion	0.4	0.4
AmeriCorps Award Deduction	0.1	0.1
College Savings Accounts Federalization	0.1	0.1
Total Reductions	$286.9	$303.0
Revenue Enhancement Measures		
Internal Revenue Code Update	$264.2	$275.9
Manufacturing Credit Limitation	258.9	228.5
Capital Gains Exclusion Limits	202.1	148.4
Tuition Subtraction Income Limitation	6.4	6.5
Repeal of Net Operating Loss Carryback	2.0	4.1
Broker Dealer Apportionment Modification	37.0	37.0
Dividends Received Deduction Limitation	2.9	3.1
Vapor Products	12.7	16.6
Recreational Marijuana - Wholesale Excise Tax*	0.0	26.0
Recreational Marijuana - Retail Excise Tax*	0.0	26.8
Recreational Marijuana - Sales Tax Revenue	0.0	33.6
Tobacco Products - Little Cigars	2.3	3.0
Repeal Sales Tax Exemption for Clay Pigeons and Game Birds	0.2	0.2
Repeal Sales Tax Exemption for Farm-Raised Deer	0.1	0.1
Total Revenue Enhancements	$788.7	$809.9
Net Change	$501.8	$506.9

*These lines are only inclusive of the 40 percent of recreational marijuana excise tax revenues that accrue to the general fund.

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 FY23 for fiscal year 2022-23, 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, 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 - FY22

	FY21 Base	FY22 Recommended	Change From Base (Amt)	Change Percent
Administration	1,026,013,800	978,060,100	-47,953,700	-4.7
Agriculture, Trade and Consumer Protection	106,694,400	132,886,600	26,192,200	24.5
Board for People with Develop. Disabilities	1,619,000	1,771,300	152,300	9.4
Board of Commissioners of Public Lands	1,813,900	1,824,100	10,200	0.6
Board on Aging and Long-Term Care	3,713,100	3,813,900	100,800	2.7
Building Commission	33,929,200	46,660,100	12,730,900	37.5
Child Abuse and Neglect Prevention Board	3,243,800	3,221,200	-22,600	-0.7
Children and Families	1,403,916,200	1,566,081,300	162,165,100	11.6
Circuit Courts	107,595,500	105,639,100	-1,956,400	-1.8
Corrections	1,399,032,700	1,439,586,500	40,553,800	2.9
Court of Appeals	11,660,400	11,321,800	-338,600	-2.9
District Attorneys	54,905,200	59,999,500	5,094,300	9.3
Educational Communications Board	21,177,700	21,123,100	-54,600	-0.3
Elections Commission	5,701,700	6,133,900	432,200	7.6
Employee Trust Funds	49,750,800	51,521,300	1,770,500	3.6
Employment Relations Commission	1,065,800	1,411,900	346,100	32.5
Environmental Improvement Program	17,498,100	56,645,500	39,147,400	223.7
Ethics Commission	1,450,600	1,567,000	116,400	8.0
Financial Institutions	20,323,100	23,458,600	3,135,500	15.4
Fox River Navigational System Authority	125,400	125,400	0	0.0
Governor’s Office	4,163,700	4,237,300	73,600	1.8
Health and Educational Facilities Authority	0	0	0	0.0
Health Services	13,315,344,300	15,652,747,400	2,337,403,100	17.6
Higher Educational Aids Board	145,358,900	156,845,800	11,486,900	7.9
Historical Society	31,414,200	32,249,000	834,800	2.7
Insurance	281,643,200	293,632,000	11,988,800	4.3
Investment Board	67,664,700	67,664,700	0	0.0
Judicial Commission	322,200	345,000	22,800	7.1
Judicial Council	0	0	0	0.0
Justice	143,440,100	158,546,900	15,106,800	10.5
Kickapoo Reserve Management Board	973,000	1,034,800	61,800	6.4
Labor and Industry Review Commission	2,752,500	2,796,800	44,300	1.6
Legislature	82,369,700	81,733,800	-635,900	-0.8
Lieutenant Governor’s Office	437,900	660,500	222,600	50.8
Lower Wisconsin State Riverway Board	253,500	256,600	3,100	1.2
Medical College of Wisconsin	11,244,800	11,407,300	162,500	1.4
Military Affairs	119,068,600	129,399,000	10,330,400	8.7
Miscellaneous Appropriations	181,625,900	200,647,600	19,021,700	10.5
Natural Resources	562,152,600	586,829,400	24,676,800	4.4
Program Supplements	7,141,000	10,841,000	3,700,000	51.8
Public Defender Board	109,396,000	114,500,100	5,104,100	4.7
Public Instruction	7,786,899,700	8,501,892,900	714,993,200	9.2
Public Service Commission	52,424,500	110,870,700	58,446,200	111.5
Revenue	228,300,600	238,934,900	10,634,300	4.7
Safety and Professional Services	57,940,600	62,376,400	4,435,800	7.7
Secretary of State	283,000	436,300	153,300	54.2
Shared Revenue and Tax Relief	3,104,564,400	3,062,864,000	-41,700,400	-1.3
State Fair Park Board	24,396,200	23,588,700	-807,500	-3.3
Supreme Court	33,283,500	33,304,300	20,800	0.1
Technical College System Board	570,099,900	588,314,700	18,214,800	3.2
Tourism	17,136,200	18,580,700	1,444,500	8.4
Transportation	3,300,405,100	3,142,431,200	-157,973,900	-4.8
Treasurer	120,100	424,500	304,400	253.5
University of Wisconsin System	6,468,934,800	6,587,295,100	118,360,300	1.8
Veterans Affairs	142,037,100	140,226,900	-1,810,200	-1.3
Wisconsin Economic Development Corp.	41,550,700	364,940,700	323,390,000	778.3
Wisconsin Housing and Economic Dev. Auth.	0	0	0	0.0
Workforce Development	364,389,400	478,202,000	113,812,600	31.2
TOTALS	**41,530,763,000**	**45,373,911,200**	**3,843,148,200**	**9.3**

APPENDIX 2

Summary of All Funds Appropriations
Governor's Recommendations - FY23

	FY22 Recommended	FY23 Recommended	Change From FY22 (Amt)	Change Percent
Administration	978,060,100	959,119,100	-18,941,000	-1.9
Agriculture, Trade and Consumer Protection	132,886,600	133,141,800	255,200	0.2
Board for People with Develop. Disabilities	1,771,300	1,697,400	-73,900	-4.2
Board of Commissioners of Public Lands	1,824,100	1,834,100	10,000	0.5
Board on Aging and Long-Term Care	3,813,900	3,847,900	34,000	0.9
Building Commission	46,660,100	59,531,800	12,871,700	27.6
Child Abuse and Neglect Prevention Board	3,221,200	3,221,200	0	0.0
Children and Families	1,566,081,300	1,563,740,300	-2,341,000	-0.1
Circuit Courts	105,639,100	106,742,500	1,103,400	1.0
Corrections	1,439,586,500	1,428,211,700	-11,374,800	-0.8
Court of Appeals	11,321,800	11,341,100	19,300	0.2
District Attorneys	59,999,500	61,930,100	1,930,600	3.2
Educational Communications Board	21,123,100	20,749,300	-373,800	-1.8
Elections Commission	6,133,900	5,999,000	-134,900	-2.2
Employee Trust Funds	51,521,300	51,119,300	-402,000	-0.8
Employment Relations Commission	1,411,900	1,514,800	102,900	7.3
Environmental Improvement Program	56,645,500	13,880,600	-42,764,900	-75.5
Ethics Commission	1,567,000	1,599,400	32,400	2.1
Financial Institutions	23,458,600	21,424,500	-2,034,100	-8.7
Fox River Navigational System Authority	125,400	125,400	0	0.0
Governor’s Office	4,237,300	4,237,300	0	0.0
Health and Educational Facilities Authority	0	0	0	0.0
Health Services	15,652,747,400	15,874,309,800	221,562,400	1.4
Higher Educational Aids Board	156,845,800	168,272,200	11,426,400	7.3
Historical Society	32,249,000	35,417,700	3,168,700	9.8
Insurance	293,632,000	291,655,500	-1,976,500	-0.7
Investment Board	67,664,700	67,664,700	0	0.0
Judicial Commission	345,000	345,600	600	0.2
Judicial Council	0	0	0	0.0
Justice	158,546,900	172,589,900	14,043,000	8.9
Kickapoo Reserve Management Board	1,034,800	1,034,800	0	0.0
Labor and Industry Review Commission	2,796,800	2,796,800	0	0.0
Legislature	81,733,800	81,723,000	-10,800	0.0
Lieutenant Governor’s Office	660,500	690,500	30,000	4.5
Lower Wisconsin State Riverway Board	256,600	256,600	0	0.0
Medical College of Wisconsin	11,407,300	11,423,500	16,200	0.1
Military Affairs	129,399,000	154,415,900	25,016,900	19.3
Miscellaneous Appropriations	200,647,600	195,507,700	-5,139,900	-2.6
Natural Resources	586,829,400	570,364,400	-16,465,000	-2.8
Program Supplements	10,841,000	10,841,000	0	0.0
Public Defender Board	114,500,100	114,459,400	-40,700	0.0
Public Instruction	8,501,892,900	8,773,891,500	271,998,600	3.2
Public Service Commission	110,870,700	110,676,100	-194,600	-0.2
Revenue	238,934,900	237,989,600	-945,300	-0.4
Safety and Professional Services	62,376,400	61,461,900	-914,500	-1.5
Secretary of State	436,300	444,200	7,900	1.8
Shared Revenue and Tax Relief	3,062,864,000	3,063,220,100	356,100	0.0
State Fair Park Board	23,588,700	23,451,300	-137,400	-0.6
Supreme Court	33,304,300	32,766,700	-537,600	-1.6
Technical College System Board	588,314,700	588,314,700	0	0.0
Tourism	18,580,700	18,454,800	-125,900	-0.7
Transportation	3,142,431,200	3,211,752,200	69,321,000	2.2
Treasurer	424,500	451,300	26,800	6.3
University of Wisconsin System	6,587,295,100	6,650,202,500	62,907,400	1.0
Veterans Affairs	140,226,900	140,006,600	-220,300	-0.2
Wisconsin Economic Development Corp.	364,940,700	56,940,700	-308,000,000	-84.4
Wisconsin Housing and Economic Dev. Auth.	0	0	0	0.0
Workforce Development	478,202,000	395,791,000	-82,411,000	-17.2
TOTALS	**45,373,911,200**	**45,574,592,800**	**200,681,600**	**0.4**

APPENDIX 3

Summary of All Funds Positions
Governor's Recommendations - FY22

	FY21 Base	FY22 Recommended	Change From Base (FTE)
Administration	1,439.08	1,443.68	4.60
Agriculture, Trade and Consumer Protection	636.29	663.29	27.00
Board for People with Develop. Disabilities	9.60	8.60	-1.00
Board of Commissioners of Public Lands	9.50	9.50	0.00
Board on Aging and Long-Term Care	44.50	46.50	2.00
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	7.00	7.00	0.00
Children and Families	799.92	806.17	6.25
Circuit Courts	527.00	535.00	8.00
Corrections	10,213.92	10,317.52	103.60
Court of Appeals	75.50	75.50	0.00
District Attorneys	493.50	497.40	3.90
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	9.00	3.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	8.00	9.00	1.00
Financial Institutions	141.54	145.04	3.50
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	6,364.19	6,434.69	70.50
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	181.54	181.54	0.00
Insurance	134.83	168.83	34.00
Investment Board	236.00	236.00	0.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	742.14	728.14	-14.00
Kickapoo Reserve Management Board	4.00	4.00	0.00
Labor and Industry Review Commission	18.70	18.70	0.00
Legislature	777.97	777.97	0.00
Lieutenant Governor's Office	5.00	7.00	2.00
Lower Wisconsin State Riverway Board	2.00	2.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs	554.10	551.10	-3.00
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	2,535.60	2,549.60	14.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	614.85	624.85	10.00
Public Instruction	643.00	644.00	1.00
Public Service Commission	154.75	160.25	5.50
Revenue	1,182.03	1,202.03	20.00
Safety and Professional Services	241.14	257.64	16.50
Secretary of State	2.00	4.00	2.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	47.00	47.00	0.00
Supreme Court	236.25	225.85	-10.40
Technical College System Board	55.00	55.00	0.00
Tourism	34.00	34.50	0.50
Transportation	3,244.11	3,245.11	1.00
Treasurer	1.00	4.00	3.00
University of Wisconsin System	35,671.25	35,722.77	51.52
Veterans Affairs	1,269.36	1,249.43	-19.93
Wisconsin Economic Development Corp.	0.00	0.00	0.00
Wisconsin Housing and Economic Dev. Auth.	0.00	0.00	0.00
Workforce Development	1,707.05	1,649.95	-57.10
TOTALS	**71,480.59**	**71,769.53**	**288.94**

APPENDIX 4

Summary of All Funds Positions
Governor's Recommendations - FY23

	FY22 Recommended	FY23 Recommended	Change From FY22 (FTE)
Administration	1,443.68	1,442.68	-1.00
Agriculture, Trade and Consumer Protection	663.29	658.29	-5.00
Board for People with Develop. Disabilities	8.60	7.00	-1.60
Board of Commissioners of Public Lands	9.50	9.50	0.00
Board on Aging and Long-Term Care	46.50	46.50	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	806.17	806.17	0.00
Circuit Courts	535.00	543.00	8.00
Corrections	10,317.52	10,333.52	16.00
Court of Appeals	75.50	75.50	0.00
District Attorneys	497.40	497.40	0.00
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	9.00	9.00	0.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	9.00	9.00	0.00
Financial Institutions	145.04	145.04	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	6,434.69	6,433.69	-1.00
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	181.54	181.54	0.00
Insurance	168.83	168.83	0.00
Investment Board	236.00	236.00	0.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	728.14	725.14	-3.00
Kickapoo Reserve Management Board	4.00	4.00	0.00
Labor and Industry Review Commission	18.70	18.70	0.00
Legislature	777.97	777.97	0.00
Lieutenant Governor's Office	7.00	7.00	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	551.10	550.50	-0.60
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	2,549.60	2,544.60	-5.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	624.85	624.85	0.00
Public Instruction	644.00	644.00	0.00
Public Service Commission	160.25	160.25	0.00
Revenue	1,202.03	1,201.03	-1.00
Safety and Professional Services	257.64	253.64	-4.00
Secretary of State	4.00	4.00	0.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	47.00	47.00	0.00
Supreme Court	225.85	225.85	0.00
Technical College System Board	55.00	55.00	0.00
Tourism	34.50	34.50	0.00
Transportation	3,245.11	3,245.11	0.00
Treasurer	4.00	4.00	0.00
University of Wisconsin System	35,722.77	35,722.77	0.00
Veterans Affairs	1,249.43	1,249.43	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	1,649.95	1,667.95	18.00
TOTALS	**71,769.53**	**71,789.33**	**19.80**

APPENDIX 5

Summary of GPR Appropriations
Governor's Recommendations - FY22

	FY21 Base	FY22 Recommended	Change From Base (Amt)	Change Percent
Administration	435,353,600	379,746,600	-55,607,000	-12.8
Agriculture, Trade and Consumer Protection	29,486,800	49,061,000	19,574,200	66.4
Board for People with Develop. Disabilities	120,000	129,000	9,000	7.5
Board of Commissioners of Public Lands	1,761,200	1,756,400	-4,800	-0.3
Board on Aging and Long-Term Care	1,633,200	1,727,100	93,900	5.7
Building Commission	31,881,800	43,951,600	12,069,800	37.9
Child Abuse and Neglect Prevention Board	995,000	995,000	0	0.0
Children and Families	486,658,800	598,048,900	111,390,100	22.9
Circuit Courts	107,362,800	105,406,400	-1,956,400	-1.8
Corrections	1,274,899,500	1,313,912,800	39,013,300	3.1
Court of Appeals	11,660,400	11,321,800	-338,600	-2.9
District Attorneys	51,022,700	55,818,300	4,795,600	9.4
Educational Communications Board	6,253,200	6,127,500	-125,700	-2.0
Elections Commission	4,705,700	4,940,600	234,900	5.0
Employee Trust Funds	56,400	42,000	-14,400	-25.5
Employment Relations Commission	920,200	1,266,300	346,100	37.6
Environmental Improvement Program	9,498,100	48,645,500	39,147,400	412.2
Ethics Commission	925,000	956,200	31,200	3.4
Financial Institutions	0	2,000,000	2,000,000	0.0
Governor’s Office	4,163,700	4,237,300	73,600	1.8
Health and Educational Facilities Authority	0	0	0	0.0
Health Services	4,407,796,700	4,413,593,800	5,797,100	0.1
Higher Educational Aids Board	143,541,500	154,980,200	11,438,700	8.0
Historical Society	21,957,000	22,028,700	71,700	0.3
Insurance, Office of the Commissioner of	72,273,700	59,767,800	-12,505,900	-17.3
Judicial Commission	322,200	345,000	22,800	7.1
Judicial Council	0	0	0	0.0
Justice	63,827,400	78,126,900	14,299,500	22.4
Labor and Industry Review Commission	170,500	149,500	-21,000	-12.3
Legislature	80,008,300	79,295,600	-712,700	-0.9
Lieutenant Governor’s Office	437,900	660,500	222,600	50.8
Medical College of Wisconsin	10,997,300	11,159,800	162,500	1.5
Military Affairs	31,359,400	32,776,500	1,417,100	4.5
Miscellaneous Appropriations	150,737,500	158,216,400	7,478,900	5.0
Natural Resources	105,966,200	113,842,900	7,876,700	7.4
Program Supplements	7,141,000	10,841,000	3,700,000	51.8
Public Defender Board	107,943,600	113,010,200	5,066,600	4.7
Public Instruction	6,795,070,900	7,499,624,200	704,553,300	10.4
Public Service Commission	0	77,800,000	77,800,000	0.0
Revenue	191,127,100	194,869,100	3,742,000	2.0
Shared Revenue and Tax Relief	2,725,417,000	2,629,913,900	-95,503,100	-3.5
State Fair Park Board	2,438,000	1,964,600	-473,400	-19.4
Supreme Court	18,010,700	17,371,100	-639,600	-3.6
Technical College System Board	532,359,900	550,337,300	17,977,400	3.4
Tourism	5,350,700	11,487,000	6,136,300	114.7
Transportation	116,095,500	108,655,200	-7,440,300	-6.4
Treasurer	0	212,300	212,300	0.0
University of Wisconsin System	1,187,586,000	1,256,487,500	68,901,500	5.8
Veterans Affairs	2,755,600	2,704,000	-51,600	-1.9
Wisconsin Economic Development Corp.	12,550,700	329,050,700	316,500,000	2,521.8
Workforce Development	53,865,800	156,131,400	102,265,600	189.9
TOTALS	**19,306,466,200**	**20,715,493,400**	**1,409,027,200**	**7.3**

APPENDIX 6

Summary of GPR Appropriations
Governor's Recommendations - FY23

	FY22 Recommended	FY23 Recommended	Change From FY22 (Amt)	Change Percent
Administration	379,746,600	355,940,300	-23,806,300	-6.3
Agriculture, Trade and Consumer Protection	49,061,000	48,626,600	-434,400	-0.9
Board for People with Develop. Disabilities	129,000	129,000	0	0.0
Board of Commissioners of Public Lands	1,756,400	1,756,400	0	0.0
Board on Aging and Long-Term Care	1,727,100	1,748,600	21,500	1.2
Building Commission	43,951,600	55,617,900	11,666,300	26.5
Child Abuse and Neglect Prevention Board	995,000	995,000	0	0.0
Children and Families	598,048,900	622,143,100	24,094,200	4.0
Circuit Courts	105,406,400	106,509,800	1,103,400	1.0
Corrections	1,313,912,800	1,302,217,300	-11,695,500	-0.9
Court of Appeals	11,321,800	11,341,100	19,300	0.2
District Attorneys	55,818,300	57,789,000	1,970,700	3.5
Educational Communications Board	6,127,500	5,749,500	-378,000	-6.2
Elections Commission	4,940,600	4,804,700	-135,900	-2.8
Employee Trust Funds	42,000	33,100	-8,900	-21.2
Employment Relations Commission	1,266,300	1,369,200	102,900	8.1
Environmental Improvement Program	48,645,500	6,880,600	-41,764,900	-85.9
Ethics Commission	956,200	956,200	0	0.0
Financial Institutions	2,000,000	0	-2,000,000	-100.0
Governor’s Office	4,237,300	4,237,300	0	0.0
Health and Educational Facilities Authority	0	0	0	0.0
Health Services	4,413,593,800	4,864,641,200	451,047,400	10.2
Higher Educational Aids Board	154,980,200	166,358,400	11,378,200	7.3
Historical Society	22,028,700	22,267,900	239,200	1.1
Insurance, Office of the Commissioner of	59,767,800	59,597,100	-170,700	-0.3
Judicial Commission	345,000	345,600	600	0.2
Judicial Council	0	0	0	0.0
Justice	78,126,900	94,553,900	16,427,000	21.0
Labor and Industry Review Commission	149,500	149,500	0	0.0
Legislature	79,295,600	79,295,500	-100	0.0
Lieutenant Governor’s Office	660,500	690,500	30,000	4.5
Medical College of Wisconsin	11,159,800	11,176,000	16,200	0.1
Military Affairs	32,776,500	39,507,600	6,731,100	20.5
Miscellaneous Appropriations	158,216,400	163,214,700	4,998,300	3.2
Natural Resources	113,842,900	105,545,600	-8,297,300	-7.3
Program Supplements	10,841,000	10,841,000	0	0.0
Public Defender Board	113,010,200	112,967,700	-42,500	0.0
Public Instruction	7,499,624,200	7,732,270,700	232,646,500	3.1
Public Service Commission	77,800,000	77,800,000	0	0.0
Revenue	194,869,100	193,649,200	-1,219,900	-0.6
Shared Revenue and Tax Relief	2,629,913,900	2,713,972,400	84,058,500	3.2
State Fair Park Board	1,964,600	1,822,500	-142,100	-7.2
Supreme Court	17,371,100	17,376,700	5,600	0.0
Technical College System Board	550,337,300	550,337,300	0	0.0
Tourism	11,487,000	11,361,100	-125,900	-1.1
Transportation	108,655,200	95,847,400	-12,807,800	-11.8
Treasurer	212,300	225,600	13,300	6.3
University of Wisconsin System	1,256,487,500	1,310,250,000	53,762,500	4.3
Veterans Affairs	2,704,000	1,880,000	-824,000	-30.5
Wisconsin Economic Development Corp.	329,050,700	16,050,700	-313,000,000	-95.1
Workforce Development	156,131,400	78,681,500	-77,449,900	-49.6
TOTALS	**20,715,493,400**	**21,121,522,000**	**406,028,600**	**2.0**

APPENDIX 7

Summary of GPR Positions
Governor's Recommendations - FY22

	FY21 Base	FY22 Recommended	Change From Base (FTE)
Administration	63.72	68.87	5.15
Agriculture, Trade and Consumer Protection	199.40	214.40	15.00
Board for People with Develop. Disabilities	0.00	0.00	0.00
Board of Commissioners of Public Lands	9.50	9.50	0.00
Board on Aging and Long-Term Care	20.48	21.78	1.30
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	240.10	7.18
Circuit Courts	527.00	535.00	8.00
Corrections	9,668.62	9,773.22	104.60
Court of Appeals	75.50	75.50	0.00
District Attorneys	449.00	458.90	9.90
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	9.00	3.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	4.55	4.55	0.00
Financial Institutions	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	2,657.23	2,721.05	63.82
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	112.65	112.65	0.00
Insurance, Office of the Commissioner of	0.00	10.00	10.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	408.58	414.58	6.00
Labor and Industry Review Commission	0.80	0.80	0.00
Legislature	758.17	758.17	0.00
Lieutenant Governor’s Office	5.00	7.00	2.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs	82.08	87.08	5.00
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	223.52	224.52	1.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	609.85	619.85	10.00
Public Instruction	252.47	253.47	1.00
Public Service Commission	0.00	8.50	8.50
Revenue	953.08	972.08	19.00
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	32.00	32.50	0.50
Transportation	0.00	0.00	0.00
Treasurer	0.00	2.00	2.00
University of Wisconsin System	17,814.49	17,821.49	7.00
Veterans Affairs	0.00	0.00	0.00
Wisconsin Economic Development Corp.	0.00	0.00	0.00
Workforce Development	150.82	179.53	28.71
TOTALS	**35,558.12**	**35,876.78**	**318.66**

APPENDIX 8

Summary of GPR Positions
Governor's Recommendations - FY23

	FY22 Recommended	FY23 Recommended	Change From FY22 (FTE)
Administration	68.87	67.87	-1.00
Agriculture, Trade and Consumer Protection	214.40	215.40	1.00
Board for People with Develop. Disabilities	0.00	0.00	0.00
Board of Commissioners of Public Lands	9.50	9.50	0.00
Board on Aging and Long-Term Care	21.78	21.78	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	240.10	240.10	0.00
Circuit Courts	535.00	543.00	8.00
Corrections	9,773.22	9,788.22	15.00
Court of Appeals	75.50	75.50	0.00
District Attorneys	458.90	458.90	0.00
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	9.00	9.00	0.00
Environmental Improvement Program	0.00	0.00	0.00
Ethics Commission	4.55	4.55	0.00
Financial Institutions	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	2,721.05	2,721.34	0.29
Higher Educational Aids Board	10.00	10.00	0.00
Historical Society	112.65	112.65	0.00
Insurance, Office of the Commissioner of	10.00	10.00	0.00
Judicial Commission	2.00	2.00	0.00
Judicial Council	0.00	0.00	0.00
Justice	414.58	414.58	0.00
Labor and Industry Review Commission	0.80	0.80	0.00
Legislature	758.17	758.17	0.00
Lieutenant Governor’s Office	7.00	7.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs	87.08	87.08	0.00
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources	224.52	224.52	0.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	619.85	619.85	0.00
Public Instruction	253.47	253.47	0.00
Public Service Commission	8.50	8.50	0.00
Revenue	972.08	971.08	-1.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	0.00	0.00	0.00
Supreme Court	115.50	115.50	0.00
Technical College System Board	23.25	23.25	0.00
Tourism	32.50	32.50	0.00
Transportation	0.00	0.00	0.00
Treasurer	2.00	2.00	0.00
University of Wisconsin System	17,821.49	17,821.49	0.00
Veterans Affairs	0.00	0.00	0.00
Wisconsin Economic Development Corp.	0.00	0.00	0.00
Workforce Development	179.53	202.53	23.00
TOTALS	**35,876.78**	**35,922.07**	**45.29**

ABOUT THE BUDGET DOCUMENTS

The 2021-23 budget appears in four components: Executive Budget, Budget in Brief, Summary of Tax Exemption Devices and Budget Message.

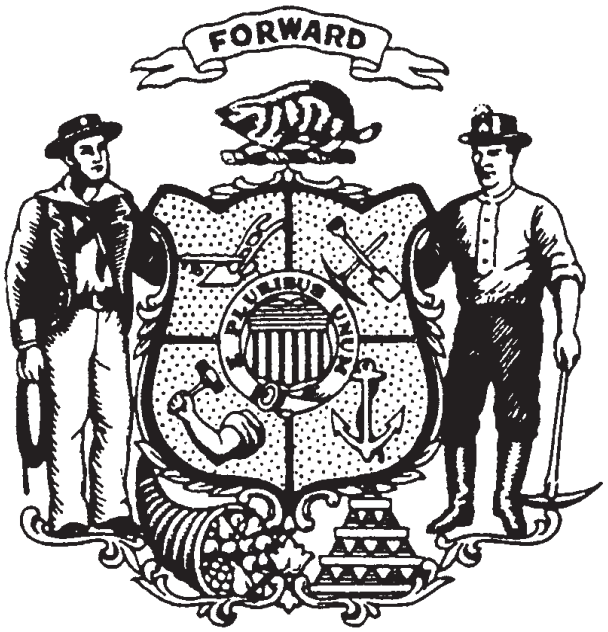
The Executive Budget presents each agency's budget request, accompanied by the Governor's recommendations and initiatives. The Budget in Brief gives an overview of the Governor's revenue and expenditure priorities and serves as the state's fiscal plan. The Governor's Budget Message provides the text 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/Pages/Report/Summary-Tax-Exemption-Devices.aspx.

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


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