Summary of Governor's Budget Recommendations

2017-19 Wisconsin State Budget

Legislative Fiscal Bureau
March, 2017

2017-19 WISCONSIN STATE BUDGET

Summary of Governor's Budget Recommendations

Legislative Fiscal Bureau

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INTRODUCTION

This document provides a summary of each agency, program, and item contained in the state's 2017-19 budget as recommended by the Governor. The Governor's budget has been introduced in identical form as 2017 Assembly Bill 64 and 2017 Senate Bill 30.

An introductory portion of this document contains a Table of Contents, Index to Selected Provisions, Key to Abbreviations, and User's Guide. The Index to Selected Provisions is intended to assist the reader in locating items that one might not associate with a specific state agency.

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

Following the summary information is a section that contains summaries for each state agency and program within the bill. The agency summaries appear in alphabetical order and contain a funding and position table as well as a brief narrative description and corresponding fiscal effect, if any, of each budget provision.

The intent of the document is to summarize the Governor's 2017-19 budget as represented in AB 64/SB 30, the Executive Budget Book, and other budget materials prepared by the Department of Administration. Accordingly, the revenue and appropriation amounts of this summary are those developed by the administration.

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KEY TO ABBREVIATIONS

REVENUES

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

APPROPRIATIONS

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

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

OTHER

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

USER'S GUIDE

The following explanation of entries is keyed to the accompanying sample on entry page 5.

1 Name of agency.

2 Listed in this column are the funding sources for the amounts shown in Columns 3 through 5. Only the funding sources which are included in the agency's budget are shown.

3 The 2016-17 base represents authorized appropriation and position levels for 2016-17.

4 The Governor's recommended budget and position levels for 2017-18 and 2018-19.

5 These columns indicate the change, by amount and percentage, of the Governor's recommendation over the 2016-17 base year, doubled. For positions, the comparison is made between the recommended authorization for 2018-19 and that of 2016-17.

6 Indicates the beginning of the summary of each fiscal and statutory change to the agency's base budget and current law.

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

8 Listed here will be the bill section(s), if any, of the budget bill which relate to the provision. If the only change is to the agency's funding level (contained in the appropriations schedule, Section 183 of the budget bill) no bill section will be listed.

HISTORICAL SOCIETY 1

	Budget Summary			5		FTE Position Summary				5
2	3	4		2017-19 Change Over		3	4		2018-19	
	2016-17	Governor		Base Year Doubled			Governor		Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$15,190,200	$18,559,700	$20,220,900	$8,400,200	27.7%	93.65	100.15	96.15	2.50	2.7%
FED	1,313,200	1,386,500	1,338,700	98,800	3.8	7.86	8.86	6.86	- 1.00	- 12.7
PR	3,288,000	4,598,200	5,364,000	3,386,200	51.5	16.25	18.25	18.25	2.00	12.3
SEG	3,788,500	4,678,000	4,678,000	1,779,000	23.5	11.28	12.78	12.78	1.50	13.3
TOTAL	$23,579,900	$29,222,400	$31,601,600	$13,664,200	29.0%	129.04	140.04	134.04	5.00	3.9%

6 Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$4,620,700
FED	19,100
PR	1,844,600
SEG	- 71,000
Total	$6,413,400

Governor: Request adjustments to the base budget totaling 7 $1,685,400 GPR, $9,500 FED, $714,000 PR, and -$35,500 SEG in 2017-18 and $2,935,300 GPR, $9,600 FED, $1,130,600 PR, and -$35,500 SEG in 2018-19 for such items as turnover reduction, full funding of positions, and funding of directed moves.

2. CIRCUS WORLD MUSEUM

	Funding	Positions
GPR	$1,200,000	6.50
PR	500,000	2.00
SEG	1,850,000	1.50
Total	$3,550,000	10.00

Governor: Provide $500,000 GPR in 2017-18 and $700,000 GPR in 2018-19 and 6.5 GPR positions beginning in 2017-18, $250,000 PR annually and 2.0 PR positions beginning in 2017-18, and $925,000 SEG annually and 1.5 SEG positions beginning in 2017-18 to provide funding for the Circus World Museum to operate as a historic site within the Historical Society.

Provide that the Historical Society would operate and maintain Circus World Museum as a historic site, if there was not a lease agreement in effect with the Circus World Museum Foundation for the purpose of operating the museum on the effective date of the bill. If a lease agreement is in effect on the effective date of the bill, the lease agreement would be required to terminate on January 1, 2018, or on the date that termination occurs according to the lease agreement, whichever is earlier, after which the Historical Society would operate and maintain the museum.

Currently, the Circus World Museum facilities and site are state-owned, but operations are funded privately through the Circus World Museum Foundation. The Circus World Museum is located in Baraboo, Wisconsin.

8 [Bill Sections: 728 thru 732 and 9122(1)]

2017-19 OVERVIEW

TABLE 1

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

Fund Source	2017-18	2018-19	Total	% of Total
General Purpose Revenue	**$16,913,594,600**	**$17,654,394,900**	**$34,567,989,500**	**45.2%**
Appropriations	16,899,232,700	17,619,118,300	34,518,351,000	
Compensation Reserves	14,361,900	35,276,600	49,638,500	
Federal Revenue	**10,808,892,400**	**11,247,069,000**	**22,055,961,400**	**28.9**
Appropriations	10,804,967,300	11,237,427,800	22,042,395,100	
Compensation Reserves	3,925,100	9,641,200	13,566,300	
Program Revenue	**5,889,699,500**	**6,041,693,600**	**11,931,393,100**	**15.6**
Appropriations	5,883,217,400	6,025,771,800	11,908,989,200	
Compensation Reserves	6,482,100	15,921,800	22,403,900	
Segregated Revenue	**3,876,536,200**	**3,772,237,800**	**7,648,774,000**	**10.0**
Appropriations	3,872,303,700	3,761,841,600	7,634,145,300	
Compensation Reserves	4,232,500	10,396,200	14,628,700	
Subtotal	**$37,488,722,700**	**$38,715,395,300**	**$76,204,118,000**	**99.7%**
Appropriations	37,459,721,100	38,644,159,500	76,103,880,600	
Compensation Reserves	29,001,600	71,235,800	100,237,400	
Bond Revenue			**211,940,000**	**0.3**
General Obligation Bonding			46,778,300*	
Revenue Bonding			165,161,700	
TOTAL			**$76,416,058,000**	**100.0%**

*Excludes $1,500,000,000 of economic refunding bonds authorized.

TABLE 2

Summary of Total All Funds Appropriations and Reserves by Agency

Agency	2016-17 Base Year Doubled	2017-19 Agency Request	Governor's Recommendation 2017-18	Governor's Recommendation 2018-19	Governor's Recommendation 2017-19	2017-19 Change Over Base Doubled Amount	2017-19 Change Over Base Doubled Percent
Administration	$1,128,937,400	$1,132,903,800	$563,697,800	$597,767,300	$1,161,465,100	$32,527,700	2.9%
Agriculture, Trade and Consumer Prot.	196,020,000	192,129,700	95,268,600	95,499,600	190,768,200	- 5,251,800	- 2.7
Appropriation Obligation Bonds	1,540,707,000	784,442,100	356,753,600	413,223,100	769,976,700	- 770,730,300	- 50.0
Board for People with Develop. Disabilities	2,802,000	2,937,000	1,467,500	1,469,500	2,937,000	135,000	4.8
Board of Commissioners of Public Lands	3,272,400	3,358,200	1,678,000	1,680,200	3,358,200	85,800	2.6
Board on Aging and Long-Term Care	6,309,000	6,413,800	3,433,200	3,497,500	6,930,700	621,700	9.9
Building Commission	66,264,800	66,264,800	37,813,700	44,756,600	82,570,300	16,305,500	24.6
Child Abuse and Neglect Prevention Board	6,082,400	6,717,400	3,158,300	3,159,100	6,317,400	235,000	3.9
Children and Families	2,574,625,400	2,605,957,000	1,282,550,100	1,319,684,900	2,602,235,000	27,609,600	1.1
Circuit Courts	195,406,000	203,591,200	101,793,200	101,793,200	203,586,400	8,180,400	4.2
Compensation Reserves	---	---	29,001,600	71,235,800	100,237,400	100,237,400	N.A.
Corrections	2,437,513,600	2,549,774,000	1,242,261,800	1,245,007,000	2,487,268,800	49,755,200	2.0
Court of Appeals	21,413,000	22,322,800	11,149,700	11,171,900	22,321,600	908,600	4.2
District Attorneys	96,766,800	117,729,900	47,949,900	49,387,800	97,337,700	570,900	0.6
Educational Communications Board	38,831,000	39,013,600	18,957,500	19,463,500	38,421,000	- 410,000	- 1.1
Elections Commission	10,138,800	9,299,400	4,446,600	4,530,400	8,977,000	- 1,161,800	- 11.5
Employee Trust Funds	90,612,200	92,574,400	46,015,900	46,082,100	92,098,000	1,485,800	1.6
Employment Relations Commission	3,073,800	3,058,900	1,131,100	1,132,000	2,263,100	- 810,700	- 26.4
Environmental Improvement Fund	53,261,800	53,261,800	25,268,100	24,607,200	49,875,300	- 3,386,500	- 6.4
Ethics Commission	2,851,600	2,670,900	1,330,300	1,325,600	2,655,900	- 195,700	- 6.9
Financial Institutions	37,618,600	37,352,900	18,410,100	18,625,200	37,035,300	- 583,300	- 1.6
Fox River Navigational System Authority	250,800	250,800	125,400	125,400	250,800	0	0.0
Governor	7,953,000	7,845,800	3,710,700	3,710,700	7,421,400	- 531,600	- 6.7
Health Services	23,187,100,200	24,363,031,800	11,873,224,800	12,575,586,900	24,448,811,700	1,261,711,500	5.4
Higher Educational Aids Board	281,980,400	279,156,900	140,808,300	140,811,800	281,620,100	- 360,300	- 0.1
Historical Society	47,159,800	55,358,400	29,222,400	31,601,600	60,824,000	13,664,200	29.0
Insurance	221,333,400	221,716,000	110,842,500	111,023,500	221,866,000	532,600	0.2
Investment Board	106,999,200	106,999,200	53,499,600	53,499,600	106,999,200	0	0.0
Judicial Commission	603,800	607,600	0	0	0	- 603,800	- 100.0
Judicial Council	222,800	229,000	0	0	0	- 222,800	- 100.0

Justice	256,117,000	272,117,900	137,316,500	137,109,200	274,425,700	18,308,700	7.1
Kickapoo Reserve Management Board	1,837,400	2,051,600	968,400	968,400	1,936,800	99,400	5.4
Labor and Industry Review Commission	6,354,200	7,141,400	1,719,400	0	1,719,400	- 4,634,800	- 72.9
Legislature	154,402,200	152,981,200	76,460,900	76,520,300	152,981,200	- 1,421,000	- 0.9
Lieutenant Governor	574,200	592,400	382,100	382,100	764,200	190,000	33.1
Lower Wisconsin State Riverway Board	454,800	448,600	224,300	224,300	448,600	- 6,200	- 1.4
Medical College of Wisconsin	20,846,000	20,846,000	10,180,100	10,011,800	20,191,900	- 654,100	- 3.1
Military Affairs	213,474,400	219,101,200	109,309,700	108,123,500	217,433,200	3,958,800	1.9
Miscellaneous Appropriations	250,345,200	259,152,000	144,812,000	149,723,400	294,535,400	44,190,200	17.7
Natural Resources	1,124,428,000	1,101,331,000	547,609,000	549,040,400	1,096,649,400	- 27,778,600	- 2.5
Program Supplements	66,746,800	21,682,000	10,841,000	10,841,000	21,682,000	- 45,064,800	- 67.5
Public Defender	171,937,000	188,066,200	86,510,500	86,642,400	173,152,900	1,215,900	0.7
Public Instruction	13,782,064,200	14,329,170,300	6,957,665,700	7,245,972,900	14,203,638,600	421,574,400	3.1
Public Service Commission	54,956,800	53,997,800	42,528,600	28,212,700	70,741,300	15,784,500	28.7
Revenue	424,163,000	425,558,900	213,504,300	214,202,200	427,706,500	3,543,500	0.8
Safety and Professional Services	102,819,400	102,929,500	53,729,000	54,213,900	107,942,900	5,123,500	5.0
Secretary of State	536,800	541,400	265,700	265,700	531,400	- 5,400	- 1.0
Shared Revenue and Tax Relief	5,033,358,200	5,028,414,300	2,602,599,900	2,698,376,400	5,300,976,300	267,618,100	5.3
State Fair Park Board	47,911,000	53,792,800	25,331,000	24,798,800	50,129,800	2,218,800	4.6
State Treasurer	346,600	327,000	113,500	113,500	227,000	- 119,600	- 34.5
Supreme Court	59,022,400	63,489,500	32,016,200	32,412,900	64,429,100	5,406,700	9.2
Tourism	34,484,000	34,011,000	16,981,700	17,029,300	34,011,000	- 473,000	- 1.4
Transportation	5,605,524,600	6,127,563,600	3,018,383,200	2,946,480,300	5,964,863,500	359,338,900	6.4
University of Wisconsin System	12,194,903,200	12,405,319,800	6,193,559,300	6,238,438,500	12,431,997,800	237,094,600	1.9
Veterans Affairs	285,411,800	285,480,200	142,266,100	141,546,000	283,812,100	- 1,599,700	- 0.6
WI Economic Development Corporation	70,501,400	70,501,400	35,250,700	41,550,700	76,801,400	6,300,000	8.9
Wisconsin Technical College System	1,116,409,800	1,136,804,300	562,240,800	561,910,900	1,124,151,700	7,741,900	0.7
Workforce Development	725,206,400	695,118,000	360,982,800	348,824,800	709,807,600	- 15,398,800	- 2.1
TOTAL*	$74,171,247,800	$76,025,500,400	$37,488,722,700	$38,715,395,300	$76,204,118,000	$2,032,870,200	2.7%
TOTAL**	$73,433,147,300	$76,025,500,400	$37,488,722,700	$38,715,395,300	$76,204,118,000	$2,770,970,700	3.8%

*These totals and percent change reflect the adjusted base and gross appropriations of the Governor's budget recommendations

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

TABLE 3

Summary of All Funds Full-Time Equivalent Positions by Agency

Agency	2016-17 Base	2018-19 Agency Request	Governor 2017-18	Governor 2018-19	Governor's 2018-19 Change Over 2016-17 Number	Governor's 2018-19 Change Over 2016-17 Percent
Administration	1,022.38	1,078.38	1,086.33	1,508.47	486.09	47.5%
Agriculture, Trade and Consumer Protection	647.79	644.79	633.95	624.49	- 23.30	- 3.6
Board for People with Developmental Disab.	7.00	7.00	7.00	7.00	0.00	0.0
Board of Commissioners of Public Lands	9.50	9.50	9.50	9.50	0.00	0.0
Board on Aging and Long-Term Care	40.50	40.50	43.50	44.50	4.00	9.9
Child Abuse and Neglect Prevention Board	6.00	6.00	6.00	6.00	0.00	0.0
Children and Families	798.01	795.01	796.01	785.41	- 12.60	- 1.6
Circuit Courts	527.00	527.00	527.00	527.00	0.00	0.0
Corrections	10,101.32	10,206.42	10,218.27	10,103.97	2.65	0.0
Court of Appeals	75.50	75.50	75.50	75.50	0.00	0.0
District Attorneys	427.75	526.65	420.95	419.95	- 7.80	- 1.8
Educational Communications Board	55.18	55.18	55.18	55.18	0.00	0.0
Elections Commission	31.75	32.00	25.75	25.75	- 6.00	- 18.9
Employee Trust Funds	267.20	269.20	269.20	264.20	- 3.00	- 1.1
Employment Relations Commission	9.01	9.01	6.00	6.00	- 3.01	- 33.4
Ethics Commission	8.00	8.00	8.00	8.00	0.00	0.0
Financial Institutions	139.54	139.54	141.54	141.54	2.00	1.4
Governor	37.25	37.25	37.25	37.25	0.00	0.0
Health Services	6,134.65	6,133.05	6,264.45	6,212.09	77.44	1.3
Higher Educational Aids Board	10.00	10.00	10.00	10.00	0.00	0.0
Historical Society	129.04	131.04	140.04	134.04	5.00	3.9
Insurance	151.50	151.50	137.00	137.00	- 14.50	- 9.6
Investment Board	173.35	173.35	173.35	173.35	0.00	0.0
Judicial Commission	2.00	2.00	0.00	0.00	- 2.00	- 100.0
Judicial Council	1.00	1.00	0.00	0.00	- 1.00	- 100.0
Justice	699.34	694.35	690.34	686.34	- 13.00	- 1.9
Kickapoo Reserve Management Board	4.00	5.00	4.00	4.00	0.00	0.0
Labor and Industry Review Commission	26.50	27.50	26.50	0.00	- 26.50	- 100.0
Legislature	777.97	777.97	777.97	777.97	0.00	0.0
Lieutenant Governor	4.00	4.00	5.00	5.00	1.00	25.0
Lower Wisconsin State Riverway Board	2.00	2.00	2.00	2.00	0.00	0.0
Military Affairs	471.10	497.10	484.10	476.50	5.40	1.1
Natural Resources	2,549.10	2,541.10	2,541.10	2,505.60	- 43.50	- 1.7
Public Defender	614.85	614.85	614.85	609.90	- 4.95	- 0.8
Public Instruction	647.00	648.00	637.00	636.00	- 11.00	- 1.7

Agency	2016-17 Base	2018-19 Agency Request	Governor 2017-18	Governor 2018-19	Governor's 2018-19 Change Over 2016-17 Number	Governor's 2018-19 Change Over 2016-17 Percent
Public Service Commission	152.25	152.25	152.25	152.25	0.00	0.0%
Revenue	1,202.28	1,164.28	1,195.03	1,182.03	- 20.25	- 1.7
Safety and Professional Services	247.14	247.14	243.14	245.64	- 1.50	- 0.6
Secretary of State	2.00	2.00	2.00	2.00	0.00	0.0
State Fair Park Board	48.00	48.00	48.00	47.00	- 1.00	- 2.1
State Treasurer	1.00	1.00	1.00	1.00	0.00	0.0
Supreme Court	221.75	221.75	224.75	224.75	3.00	1.4
Tourism	35.00	34.00	34.00	34.00	- 1.00	- 2.9
Transportation	3,497.79	3,496.79	3,494.79	3,439.61	- 58.18	- 1.7
University of Wisconsin System	35,400.86	35,337.69	35,560.08	35,560.08	159.22	0.4
Veterans Affairs	1,294.20	1,286.20	1,295.20	1,262.20	- 32.00	- 2.5
Wisconsin Technical College System	61.50	61.50	61.50	55.00	-6.50	-10.6
Workforce Development	1,639.55	1,631.55	1,631.05	1,602.05	- 37.50	- 2.3
TOTAL	70,411.40	70,564.89	70,817.42	70,827.11	415.71	0.6%

Full-Time Equivalent Positions Summary by Funding Source

Fund	2016-17 Base	2018-19 Agency Request	Governor 2017-18	Governor 2018-19	Governor's 2018-19 Change Over 2016-17 Number	Governor's 2018-19 Change Over 2016-17 Percent
GPR	35,453.72	35,446.53	35,563.73	35,466.49	12.77	0.0%
FED	10,542.47	10,514.88	10,565.28	10,522.55	- 19.92	- 0.2
PR	19,283.49	19,471.76	19,573.93	19,820.28	536.79	2.8
SEG	5,131.72	5,131.72	5,114.48	5,017.79	- 113.93	- 2.2
TOTAL	70,411.40	70,564.89	70,817.42	70,827.11	415.71	0.6%

TABLE 4

Summary of General Fund Appropriations and Reserves by Agency

Agency	2016-17 Base Year Doubled	2017-19 Agency Request	Governor's Recommendation 2017-18	Governor's Recommendation 2018-19	Governor's Recommendation 2017-19	2017-19 Change Over Base Doubled Amount	2017-19 Change Over Base Doubled Percent
Administration	$33,603,600	$33,532,200	$16,703,500	$16,800,400	$33,503,900	- $99,700	- 0.3%
Agriculture, Trade and Consumer Prot.	54,093,400	53,404,100	26,591,100	26,554,600	53,145,700	- 947,700	- 1.8
Appropriation Obligation Bonds	1,540,707,000	784,442,100	356,753,600	413,223,100	769,976,700	- 770,730,300	- 50.0
Board for People with Develop. Disabilities	95,800	86,000	42,600	43,400	86,000	- 9,800	- 10.2
Board on Aging and Long-Term Care	2,733,400	2,720,300	1,360,100	1,360,200	2,720,300	- 13,100	- 0.5
Building Commission	61,292,200	61,292,200	34,707,300	40,806,600	75,513,900	14,221,700	23.2
Child Abuse and Neglect Prevention Board	1,990,000	1,990,000	995,000	995,000	1,990,000	0	0.0
Children and Families	918,595,400	934,393,100	461,650,700	464,061,500	925,712,200	7,116,800	0.8
Circuit Courts	194,940,600	203,125,800	101,560,500	101,560,500	203,121,000	8,180,400	4.2
Compensation Reserves	---	---	14,361,900	35,276,600	49,638,500	49,638,500	N.A.
Corrections	2,196,693,200	2,318,777,400	1,126,557,700	1,127,326,700	2,253,884,400	57,191,200	2.6
Court of Appeals	21,413,000	22,322,800	11,149,700	11,171,900	22,321,600	908,600	4.2
District Attorneys	89,766,200	112,093,400	44,674,100	46,253,300	90,927,400	1,161,200	1.3
Educational Communications Board	13,082,200	14,289,000	6,466,300	6,344,400	12,810,700	- 271,500	- 2.1
Elections Commission	4,093,000	6,402,500	1,916,400	4,528,600	6,445,000	2,352,000	57.5
Employee Trust Funds	308,600	165,300	96,500	68,800	165,300	- 143,300	- 46.4
Employment Relations Commission	2,767,200	2,752,300	985,500	986,400	1,971,900	- 795,300	- 28.7
Environmental Improvement Fund	37,261,800	37,261,800	17,268,100	16,607,200	33,875,300	- 3,386,500	- 9.1
Ethics Commission	1,748,000	1,679,800	831,200	833,600	1,664,800	- 83,200	- 4.8
Governor	7,953,000	7,845,800	3,710,700	3,710,700	7,421,400	- 531,600	- 6.7
Health Services	7,556,881,800	8,012,354,100	3,851,241,800	4,092,313,600	7,943,555,400	386,673,600	5.1
Higher Educational Aids Board	275,565,400	275,577,300	139,018,500	139,022,000	278,040,500	2,475,100	0.9
Historical Society	30,380,400	38,643,200	18,559,700	20,220,900	38,780,600	8,400,200	27.7
Judicial Commission	603,800	607,600	0	0	0	- 603,800	- 100.0
Justice	104,286,200	110,939,000	56,004,500	56,077,000	112,081,500	7,795,300	7.5
Labor and Industry Review Commission	531,000	486,300	121,300	0	121,300	- 409,700	- 77.2
Legislature	150,220,200	148,529,700	74,237,700	74,292,000	148,529,700	- 1,690,500	- 1.1
Lieutenant Governor	574,200	592,400	382,100	382,100	764,200	190,000	33.1
Medical College of Wisconsin	20,351,000	20,351,000	9,932,600	9,764,300	19,696,900	- 654,100	- 3.2
Military Affairs	53,579,800	55,065,400	27,759,200	26,880,900	54,640,100	1,060,300	2.0

Miscellaneous Appropriations	187,452,600	196,259,400	92,323,700	97,192,400	189,516,100	2,063,500	1.1
Natural Resources	221,443,800	219,930,100	107,831,000	111,029,600	218,860,600	- 2,583,200	- 1.2
Program Supplements	66,036,800	21,682,000	10,841,000	10,841,000	21,682,000	- 44,354,800	- 67.2
Public Defender	169,240,600	185,309,100	85,132,300	85,263,500	170,395,800	1,155,200	0.7
Public Instruction	11,822,173,000	12,330,287,300	5,976,955,200	6,263,501,900	12,240,457,100	418,284,100	3.5
Revenue	220,303,000	215,540,300	108,812,600	109,042,300	217,854,900	- 2,448,100	- 1.1
Shared Revenue and Tax Relief	4,466,161,200	4,457,259,200	2,313,309,400	2,394,429,100	4,707,738,500	241,577,300	5.4
State Fair Park Board	6,586,000	6,586,000	2,894,400	2,380,800	5,275,200	- 1,310,800	- 19.9
Supreme Court	31,254,800	34,427,800	17,499,100	17,871,100	35,370,200	4,115,400	13.2
Tourism	10,528,200	10,095,800	5,024,100	5,071,700	10,095,800	- 432,400	- 4.1
Transportation	218,884,400	218,884,400	126,587,700	116,642,200	243,229,900	24,345,500	11.1
University of Wisconsin System	2,113,940,400	2,156,440,400	1,075,529,200	1,115,541,300	2,191,070,500	77,130,100	3.6
Veterans Affairs	3,889,200	3,889,200	1,993,700	1,910,300	3,904,000	14,800	0.4
WI Economic Development Corporation	24,949,400	24,949,400	1,519,500	16,392,500	17,912,000	- 7,037,400	- 28.2
Wisconsin Technical College System	1,039,285,000	1,059,632,600	524,513,500	524,519,100	1,049,032,600	9,747,600	0.9
Workforce Development	87,629,000	87,085,400	57,188,300	45,299,800	102,488,100	14,859,100	17.0
TOTAL*	$34,065,868,800	$34,489,980,300	$16,913,594,600	$17,654,394,900	$34,567,989,500	$502,120,700	1.5%
TOTAL**	$33,327,768,300	$34,489,980,300	$16,913,594,600	$17,654,394,900	$34,567,989,500	$1,240,221,200	3.7%

*These totals and percent change reflect the adjusted base and gross appropriations of the Governor's budget recommendations

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

TABLE 5

Summary of General Fund Full-Time Equivalent Positions by Agency

Agency	2016-17 Base	2018-19 Agency Request	Governor 2017-18	Governor 2018-19	Governor's 2018-19 Change Over 2016-17 Number	Governor's 2018-19 Change Over 2016-17 Percent
Administration	63.92	63.92	62.72	62.72	- 1.20	- 1.9%
Agriculture, Trade and Consumer Protection	207.60	207.60	203.50	197.80	- 9.80	- 4.7
Board on Aging and Long-Term Care	18.18	18.18	18.18	18.18	0.00	0.0
Children and Families	231.92	231.92	232.17	232.17	0.25	0.1
Circuit Courts	527.00	527.00	527.00	527.00	0.00	0.0
Corrections	9,564.77	9,676.62	9,663.22	9,559.42	- 5.35	- 0.1
Court of Appeals	75.50	75.50	75.50	75.50	0.00	0.0
District Attorneys	383.95	497.65	383.95	383.95	0.00	0.0
Educational Communications Board	26.94	32.94	26.94	26.94	0.00	0.0
Elections Commission	9.75	32.00	9.75	25.75	16.00	164.1
Employment Relations Commission	9.01	9.01	6.00	6.00	- 3.01	- 33.4
Ethics Commission	4.55	4.55	4.55	4.55	0.00	0.0
Governor	37.25	37.25	37.25	37.25	0.00	0.0
Health Services	2,536.63	2,527.03	2,555.50	2,578.81	42.18	1.7
Higher Educational Aids Board	10.00	10.00	10.00	10.00	0.00	0.0
Historical Society	93.65	95.65	100.15	96.15	2.50	2.7
Judicial Commission	2.00	2.00	0.00	0.00	- 2.00	- 100.0
Justice	394.18	394.18	394.18	394.18	0.00	0.0
Labor and Industry Review Commission	1.30	1.30	1.30	0.00	- 1.30	- 100.0
Legislature	758.17	758.17	758.17	758.17	0.00	0.0
Lieutenant Governor	4.00	4.00	5.00	5.00	1.00	25.0
Military Affairs	81.08	83.08	81.08	77.28	- 3.80	- 4.7
Natural Resources	230.02	230.02	226.52	223.52	- 6.50	- 2.8
Public Defender	609.85	609.85	609.85	604.90	- 4.95	- 0.8
Public Instruction	250.47	253.47	251.47	251.47	1.00	0.4
Revenue	968.53	933.53	963.28	953.33	- 15.20	- 1.6
Supreme Court	115.50	115.50	117.50	117.50	2.00	1.7
Tourism	30.00	29.00	29.00	29.00	- 1.00	- 3.3
University of Wisconsin System	18,035.88	17,813.49	18,035.88	18,035.88	0.00	0.0
Wisconsin Technical College System	23.25	23.25	23.25	23.25	0.00	0.0
Workforce Development	148.87	148.87	150.87	150.82	1.95	1.3
TOTAL	35,453.72	35,446.53	35,563.73	35,466.49	12.77	0.0%

TABLE 6

2017-19 General Fund Condition Statement*

	2017-18	2018-19
Revenues		
Opening Balance, July 1	$453,003,800	$297,742,400
Taxes	15,973,161,200	16,573,014,000
Departmental Revenues		
Tribal Gaming Revenues	25,920,700	25,711,600
Other	493,191,600	447,384,900
Total Available	$16,945,277,300	$17,343,852,900
Appropriations and Reserves		
Gross Appropriations	$16,899,232,700	$17,619,118,300
Transfers to:		
Transportation Fund	39,932,900	41,432,500
Budget Stabilization Fund	20,000,000	0
Compensation Reserves	14,361,900	35,276,600
Less Lapses	-325,992,600	-438,566,600
Net Appropriations	$16,647,534,900	$17,257,260,800
Balances		
Gross Balance	$297,742,400	$86,592,100
Less Required Statutory Balance	-70,000,000	-75,000,000
Net Balance, June 30	$227,742,400	$11,592,100

*The general fund condition shown in AB 64/SB 30 includes $5.0 million in 2018-19 under gross appropriations for the special session bills on opioid abuse. Table 6 includes that $5.0 million in the gross and net balances.

TABLE 7

Estimated 2017-19 General Fund Taxes

Tax Source	2017-18	2018-19	2017-19	% of Total
Individual Income	$8,277,854,300	$8,636,973,100	$16,914,827,400	52.0%
Sales and Use	5,374,946,900	5,584,988,900	10,959,935,800	33.7
Corporate Income and Franchise	956,960,000	975,052,000	1,932,012,000	5.9
Public Utility	373,500,000	378,200,000	751,700,000	2.3
Excise				
Cigarette	565,000,000	561,000,000	1,126,000,000	3.5
Tobacco Products	85,000,000	88,000,000	173,000,000	0.5
Liquor and Wine	52,000,000	53,000,000	105,000,000	0.3
Beer	8,900,000	8,800,000	17,700,000	0.1
Insurance Company	192,000,000	197,000,000	389,000,000	1.2
Miscellaneous	87,000,000	90,000,000	177,000,000	0.5
TOTAL	$15,973,161,200	$16,573,014,000	$32,546,175,200	100.0%

TABLE 8

2017-19 Departmental Revenues

Agency	2017-18	2018-19	Total
Administration	$6,145,400	$8,945,400	$15,090,800
Appropriation Obligation Bonds	158,558,800	114,205,300	272,764,100
Agriculture, Trade and Consumer Protection	62,700	62,700	125,400
Children and Families	200,000	200,000	400,000
Circuit Courts	30,610,300	27,835,300	58,445,600
Corrections	2,650,000	2,650,000	5,300,000
Court of Appeals	156,200	147,300	303,500
Educational Communications Board	8,200	8,200	16,400
Employment Relations Commission	75,300	75,300	150,600
Financial Institutions	80,620,000	81,023,200	161,643,200
Health Services	41,691,500	41,591,500	83,283,000
Higher Educational Aids Board	547,000	547,000	1,094,000
Insurance	25,017,600	25,017,600	50,035,200
Military Affairs	24,500	24,500	49,000
Miscellaneous Appropriations	5,200,000	5,200,000	10,400,000
Natural Resources	5,477,400	5,477,400	10,954,800
Public Defender	7,500	7,500	15,000
Public Instruction	1,363,400	1,343,100	2,706,500
Public Service Commission	1,724,600	1,627,000	3,351,600
Revenue	31,473,000	31,874,900	63,347,900
Safety and Professional Services	2,444,300	1,988,700	4,433,000
Secretary of State	129,100	133,500	262,600
Shared Revenue and Tax Relief	8,881,700	8,881,700	17,763,400
Supreme Court	35,400	33,100	68,500
Tobacco Settlement Revenues	74,066,900	72,508,300	146,575,200
Transportation	2,879,100	2,879,100	5,758,200
University of Wisconsin System	12,828,000	12,828,000	25,656,000
Wisconsin Technical College System	44,400	0	44,400
Workforce Development	269,300	269,300	538,600
Subtotal	$493,191,600	$447,384,900	$940,576,500
Tribal Gaming	25,920,700	25,711,600	51,632,300
Total	$519,112,300	$473,096,500	$992,208,800

TABLE 9

Summary of 2017-19 Appropriations and Reserves
By Functional Area

All Funds

Functional Area	Amount	% of Total
Human Resources	$31,141,299,400	40.9%
Education	28,160,845,100	36.9
Environmental Resources	7,148,035,400	9.4
Shared Revenue and Tax Relief	5,300,976,300	7.0
General Executive	2,755,333,500	3.6
Commerce	755,284,900	1.0
General Appropriations	398,787,700	0.5
Judicial	290,337,100	0.4
Legislative	152,981,200	0.2
Compensation Reserves	100,237,400	0.1
TOTAL	$76,204,118,000	100.0%

General Purpose Revenue

Functional Area	Amount	% of Total
Education	$15,829,888,900	45.8%
Human Resources	11,494,082,600	33.3
Shared Revenue and Tax Relief	4,707,738,500	13.6
General Executive	1,208,192,000	3.5
Environmental Resources	506,061,600	1.5
General Appropriations	286,712,000	0.8
Judicial	260,812,800	0.8
Legislative	148,529,700	0.4
Commerce	76,332,900	0.2
Compensation Reserves	49,638,500	0.1
TOTAL	$34,567,989,500	100.0%

TABLE 10

Summary of 2017-19 Appropriations and Reserves
By Purpose

All Funds

Purpose	Amount	% of Total
State Operations	$27,574,335,200	36.2%
Aids to Individuals and Organizations	25,673,819,300	33.7
Local Assistance	22,955,963,500	30.1
TOTAL	$76,204,118,000	100.0%

General Purpose Revenue

Purpose	Amount	% of Total
Local Assistance	$17,584,137,500	50.9%
Aids to Individuals and Organizations	8,835,001,600	25.5
State Operations	8,148,850,400	23.6
TOTAL	$34,567,989,500	100.0%

STATE AGENCY 2017-19 BUDGET SUMMARIES

ADMINISTRATION

Budget Summary						FTE Position Summary				
				2017-19 Change Over					2018-19	
	2016-17	Governor		Base Year Doubled			Governor		Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$16,801,800	$16,703,500	$16,800,400	- $99,700	- 0.3%	63.92	62.72	62.72	- 1.20	- 1.9%
FED	140,746,600	139,873,200	139,877,500	- 1,742,500	- 0.6	60.75	60.15	60.15	- 0.60	- 1.0
PR	349,186,000	344,183,900	385,727,800	31,539,700	4.5	881.96	949.71	1,372.85	490.89	55.7
SEG	57,734,300	62,937,200	55,361,600	2,830,200	2.5	15.75	13.75	12.75	- 3.00	- 19.0
TOTAL	$564,468,700	$563,697,800	$597,767,300	$32,527,700	2.9%	1,022.38	1,086.33	1,508.47	486.09	47.5%

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

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

Governor: Provide standard budget adjustments to the base totaling -$43,700 GPR, $9,400 FED, -$74,800 PR, and $92,600 SEG in 2017-18 and -$27,700 GPR, $13,700 FED, $642,000 PR, and $94,300 SEG in 2018-19. Adjustments are for: (a) turnover reduction (-$1,323,300 PR annually); (b) full funding of continuing position salaries and fringe benefits (-$74,500 GPR, $1,000 FED, $145,400 PR, and $89,200 SEG annually); (c) reclassifications and semiautomatic pay progression ($26,500 PR in 2017-18 and $32,900 PR in 2018-19); (d) overtime ($537,800 PR annually); (e) night and weekend differential pay ($28,000 PR annually); and (f) full funding of lease and directed moves costs ($30,800 GPR, $8,400 FED, $510,800 PR, and $3,400 SEG in 2017-18 and $46,800 GPR, $12,700 FED, $1,221,200 PR, and $5,100 SEG in 2018-19).

2. DEBT SERVICE REESTIMATE

GPR	- $220,000
PR	9,469,400
Total	$9,249,400

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

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

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

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

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

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

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

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

Supplies and services expenditure authority would be reduced in the following agencies in association with the provision: (a) Agriculture, Trade and Consumer Protection ($1,400 GPR and $5,000 PR annually); (b) Natural Resources ($1,400 SEG annually); and (c) Safety and Professional Services ($4,200 PR annually).

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

[Bill Sections: 72, 74, and 2263]

4. ADMINISTRATIVE RULES MODIFICATIONS

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

Economic Impact Analyses. Provide that, prior to submitting an economic impact analysis

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

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

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

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

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

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

Require a vendor preparing an independent EIA to do all of the following: (a) include in the independent EIA all of the information that is required in an EIA prepared by state agencies; (b) provide a detailed explanation of any variance from agency's dollar estimate of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governmental units, and individuals as a result of the proposed rule; (c) upon completion of the analysis, submit the analysis to the agency, DOA, the Governor, and the Chief Clerks of each house of the Legislature, who must distribute it to the presiding officers of their respective houses, the chairs of the appropriate standing committees, and the Co-chairs of JCRAR; and (d) complete the independent EIA within 60 days after contracting to prepare the analysis.

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

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

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

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

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

[Bill Sections: 423, 1714, 1723 thru 1725, 1728, 9352(2), and 9452(1)]

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

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

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

[Bill Sections: 70 and 71]

6. DIVISION OF HEARINGS AND APPEALS ELECTRONIC RECORDS

	Funding	Positions
PR	- $1,210,000	- 4.00

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

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

[Bill Sections: 1334, 1754, 1755, 9301(2), and 9351(1)]

7. DIVISION OF HEARINGS AND APPEALS CASE MANAGEMENT SYSTEM

PR	$240,000

Governor: Provide $120,000 annually for a case management system for scheduling and tracking cases in the Division of Hearings and Appeals (DHA) to obtain a more efficient scheduling and tracking case management system. According to DHA, the current system was introduced in the 1990's and is no longer supported by Microsoft.

8. AUDIT BUREAU REVIEW OF FELONY AND MISDEMEANOR REVOCATION PROCESSES

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

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

[Bill Section: 9129(1)]

9. SERVICE AWARD PROGRAM CHANGES

GPR	$379,600

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

Modify the vesting requirements of the program to 15 years of service and age 53. Under current law, a volunteer for whom an account was established must be paid a length of service award upon reaching 20 years of service and reaching the age of 60, consisting of all municipal and state contributions made on behalf of the volunteer and earnings on the contributions, less the amount of expenses incurred in the investment of the contributions and earnings.

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

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

[Bill Sections: 112, 113, and 438]

10. ELIMINATE GPR FUNDING AND POSITION FOR RELOCATION ASSISTANCE

	Funding	Positions
GPR	- $226,300	- 1.00

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

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

[Bill Sections: 416 and 422]

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

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

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

[Bill Sections: 435 and 436]

12. MODIFY APPROPRIATION AUTHORITY FOR POSTAGE COSTS

PR	- $1,653,600

Governor: Modify DOA's appropriation for postage costs from a sum certain continuing appropriation to a continuing appropriation that is not sum certain. Currently, in a given fiscal year, expenditure authority for postage costs consists of the unencumbered revenue balance in the appropriation at the end of the previous fiscal year, together with the amount authorized in the appropriation schedule for the fiscal year. Under the bill, expenditure authority for postage costs would be limited only to the amount of revenue available in the appropriation. Revenue for the appropriation is generated from charges to state agencies for the cost of postage.

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

[Bill Section: 419]

13. MODIFY APPROPRIATION AUTHORITY FOR RISK MANAGEMENT ADMINISTRATION

PR	- $1,115,000

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

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

[Bill Section: 437]

14. ELIMINATE DIESEL TRUCK IDLING REDUCTION GRANT PROGRAM

	Funding	Positions
SEG	- $2,077,100	- 1.00

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

[Bill Sections: 167 thru 169, 425, and 426]

15. DUAL EMPLOYMENT RESTRICTION EXEMPTION FOR HEALTH CARE PROFESSIONALS

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

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

[Bill Sections: 137 thru 139]

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

SEG	- $963,000

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

17. DELETE APPROPRIATION FOR JUSTICE INFORMATION SYSTEMS

PR	- $653,400

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

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

[Bill Sections: 171 and 421]

18. SALE OF ONE OR MORE AIRCRAFT

PR	- $372,800

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

19. CAPITOL POLICE COST REDUCTION

PR	- $165,400

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

20. DELETE VACANT LEGAL SERVICES ATTORNEY POSITION

	Funding	Positions
PR	- $160,200	- 1.00

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

21. REDUCE ENVIRONMENTAL IMPROVEMENT PROGRAM EXPENDITURE AUTHORITY

SEG	- $158,600

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

22. REDESIGN MAIL ROUTES

	Funding	Positions
PR	- $139,400	- 1.00

Governor: Delete $69,700 and 1.0 position annually from DOA's transportation, records, and document services appropriation associated with reduced needs for staff time ($27,400 annually for salaries and

$10,800 annually for fringe benefits) and supplies and services ($31,500 annually) due to a redesign of mail routes from five routes to four routes. The Department indicates the routes would serve the same delivery locations.

23. REDUCTION OF FUNDING FOR COLLECTIVE BARGAINING GRIEVANCE ARBITRATIONS

PR	- $81,200

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

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

PR	- $8,200

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

25. STATE USE BOARD EXPENDITURE REDUCTION

PR	- $6,600

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

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

26. ELIMINATE DEPOSITORY SELECTION BOARD

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

[Bill Sections: 31, 136, 499 thru 502, 529, 586 thru 591, 1703, 1931, 2212, and 9101(1)]

Transfers

1. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Funding	Positions
PR	$36,679,600	413.14
GPR-REV	$2,800,000	

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

Shared Services Agencies*

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

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

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

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

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

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

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

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

Require DOA to lapse $2,800,000 to the general fund in 2018-19 from DOA's general program operations PR appropriation for the Division of Personnel Management. According to the administration, funding for the lapse will be generated through efficiencies and vacancies in the appropriation as a result of the large number of positions transferred to the appropriation.

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

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

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

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

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

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

[Bill Sections: 418, 1701, 1702, and 9101(4)]

3. TRANSFER COMMISSIONER OF INSURANCE IT POSITIONS TO DOA

	Funding	Positions
PR	$2,689,000	14.50

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

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

[Bill Sections: 9124(1) and 9424(1)]

4. TRANSFER OF WORKER'S COMPENSATION DIVISION FUNCTIONS TO HEARINGS AND APPEALS

	Funding	Positions
PR	$2,481,400	5.50

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

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

The 2015-17 biennial budget act included a provision to transfer at least 18.0 FTE ALJ positions, and the incumbent DWD employees holding those positions, to DHA.

[Bill Section: 9151(3)]

5. TRANSFER WORKER'S COMPENSATION ADMINISTRATIVE APPEALS FUNCTIONS FROM LABOR AND INDUSTRY REVIEW COMMISSION

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

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

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

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

Provide that any of LIRC's assets and liabilities, tangible personal property, records, contracts, orders, and pending matters related to worker's compensation would be transferred to DOA on the effective date of the elimination of LIRC. All contracts entered into by LIRC that are primarily related to worker's compensation would remain in effect and be transferred to DOA. DOA would be required to carry out the obligations of the contract until the contract is modified or rescinded by DOA to the extent allowed under the contract. All orders issued by LIRC would remain in effect until their specified expiration date or until modified or rescinded by DOA. All pending matters related to worker's compensation submitted to or actions taken by LIRC with respect to the pending matter would be considered as having been submitted to or taken by the Administrator of the DHA.

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

[Bill Sections: 713 thru 718, 1330 thru 1368, 9101(6), 9101(7), and 9401(3)]

6. TRANSFER PATH PROGRAM TO DEPARTMENT OF HEALTH SERVICES

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

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

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

[Bill Sections: 130 thru 132, 451, and 9101(3)]

7. TRANSFER COLLEGE SAVINGS PROGRAM TO DEPARTMENT OF FINANCIAL INSTITUTIONS

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

Governor: Delete $744,200 and 2.0 positions annually and transfer the college savings program from DOA to the Department of Financial Institutions (DFI). Specify that DOA must delegate authority to DFI to enter into vendor contracts for the college savings program. Specify that DOA's uniform procedures for determining whether contractual services are appropriate would not apply to college savings program contracts. Renumber the college savings program appropriations to reflect the transfer of administration to DFI. Statutory provisions relating to current college savings programs would be transferred in addition to provisions relating to the college tuition and expenses program (otherwise known as the tuition unit purchase program), which was discontinued in 2002 but still has enrollees with accounts and assets invested. The administration indicates the provision would "align current college financial literacy outreach efforts." [See "Financial Institutions."]

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

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

[Bill Sections: 34, 114 thru 117, 148 thru 151, 153, 193 thru 195, 427 thru 434, 528, 544 thru 547, 1015 thru 1017, 1019 thru 1023, 1704 thru 1706, 2233, 2234, 9101(2), and 9401(1)]

8. INFORMATION TECHNOLOGY PURCHASING POSITIONS

	Funding	Positions
PR	$1,050,800	6.00

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

Provide position authority and funding to the following DOA appropriations: (a) procurement services (3.0 positions and $258,600 annually); and (b) printing, mail, communication and information technology services to state agencies (3.0 positions and $266,800 annually). The administration indicates the purpose of the provision is "to strengthen information technology and services procurement and purchasing." Additionally, while each of the positions identified for deletion or transfer was initially determined to be vacant, the Workforce Development position is filled as of February, 2017. The bill does not provide for transfer of any incumbent holding the position.

9. POSITIONS FOR STATE CONTROLLER'S OFFICE

	Funding	Positions
PR	- $189,800	4.00

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

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

10. TRANSFER POSITION FROM TOURISM FOR FINANCIAL MANAGEMENT

	Funding	Positions
PR	$104,600	1.00

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

[Bill Section: 9144(1)]

Information Technology

1. REDUCE NONSTATE IT SERVICES EXPENDITURE AUTHORITY

PR	- $10,000,000

Governor: Delete $5.0 million annually in supplies and services funding from DOA's information technology (IT) services to nonstate entities (state authorities, units of the federal government, local governments, tribal schools, and private sector entities). The Department indicates that the deleted expenditure authority is associated with telecommunications expenses that are funded from internal charges to DOA's educational telecommunications access appropriations, which are funded from the Universal Service Fund. The Department indicates that the effect of the reduction would be to pay such telecommunications expenses directly from the relevant appropriations.

2. MODIFY EDUCATIONAL TELECOMMUNICATIONS ACCESS PROGRAM AND TRANSFER FEDERAL FUNDS

SEG	$7,500,000
SEG-REV	$7,500,000

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

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

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

[Bill Sections: 175, 199, 441 thru 446, 1692, 9237(2), and 9401(2)]

3. INFORMATION TECHNOLOGY PERMANENT POSITIONS CONVERTED FROM CONTRACTOR STAFF

	Funding	Positions
PR	- $4,175,200	54.00

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

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

4. REALLOCATE POSITION AND EXPENDITURE AUTHORITY FOR ENTERPRISE RESOURCE PLANNING SYSTEM

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

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

5. MODIFY SELF-FUNDED PORTAL APPROPRIATION AND REQUIRE ANNUAL REPORT

PR	$1,677,500

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

The appropriation exists for the purpose of receiving and disbursing fee moneys received by the state to provide web-based technology services through the state's web portal to state agencies, state authorities, units of the federal government, local governmental units, tribal schools, individuals, and entities in the private sector. In May, 2013, the state signed a contract with a private entity to provide web-based government services to the above organizations or individuals. According to the submitted portal business plan, some services provided through the portal would be free of charge, while other services may charge users a fee. Under the contract, all portal fee revenues received by the state, less any statutory fees, merchant processing fees, state revenue sharing portal fees, and any liquidated damages, must be paid to the private entity for the services provided.

[Bill Sections: 172 and 417]

6. CENTRALIZE SERVERS AT FEMRITE DATA CENTER

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

[Bill Section: 173]

7. REPEAL GOVERNOR'S WISCONSIN EDUCATIONAL TECHNOLOGY CONFERENCE

PR	- $300,400

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

[Bill Sections: 174 and 439]

Facilities

1. FUNDING FOR OPERATION OF NEW STATE FACILITIES

PR	$7,491,500

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

2. FEMRITE DATA CENTER LEASE SAVINGS

PR	- $1,577,900

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

3. RENEWABLE ENERGY APPROPRIATION

Governor: Create a PR appropriation for electric energy derived from renewable resources, funded at $325,400 PR annually. Delete funding of $325,400 PR annually from

DOA's appropriation for facility operations and maintenance. Revenue would be provided from payments by any of the following agencies: (a) DOA; (b) Corrections; (c) Health Services; (d) Public Instruction; (e) Veterans Affairs; and (f) the University of Wisconsin System. Separate renewable energy appropriations would be created under each of the above agencies in addition to DOA. The Executive Budget Book indicates the purpose of the provision is "to increase transparency for these expenditures."

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

[Bill Sections: 447 and 448]

4. BUILDING PROGRAM PROJECT THRESHOLDS

	Funding	Positions
PR	- $20,600	- 0.25

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

5. FACILITY SECURITY CONTINUING APPROPRIATION

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

[Bill Sections: 161 and 449]

6. STUDY CONSOLIDATION OF FACILITIES STAFF

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

[Bill Section: 9101(5)]

Procurement

1. INCREASE PASSENGER VEHICLE REPLACEMENT THRESHOLDS

PR	- $1,484,800

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

2. INCREASE CERTAIN PROCUREMENT THRESHOLDS

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

Increase the statutory threshold allowing DOA to solicit competitive sealed proposals from $25,000 to $100,000. Specify that an agency to which purchasing authority has been delegated may solicit a competitive sealed proposal under the same circumstances. Repeal a statutory provision specifying that competitive sealed proposals are not required if the estimated cost does not exceed $50,000. Under current law and under the bill, if the Secretary of DOA or the Secretary's designee determines that the use of competitive sealed bidding is not practicable or not advantageous to the state, DOA may solicit competitive sealed proposals.

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

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

[Bill Sections: 155, 156, 158 thru 160, and 9301(3) thru (5)]

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

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

[Bill Section: 152]

4. REPEAL VENDORNET FUND ADMINISTRATION

SEG	- $169,400

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

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

[Bill Section: 424]

Housing

1. HOMELESS SHELTER EMPLOYMENT SERVICES GRANT PROGRAM

PR	$1,000,000

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

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

[Bill Sections: 129, 453, and 901]

2. HOMELESS EMPLOYMENT PILOT PROGRAM

GPR	$150,000

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

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

[Bill Sections: 133 and 452]

3. REPEAL GEOGRAPHIC DISTRIBUTION OF HOUSING COST GRANTS AND LOANS

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

[Bill Section: 118]

4. RENAME TRANSITIONAL HOUSING PROGRAM

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

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

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

[Bill Sections: 119 thru 128 and 450]

Division of Gaming

1. TRIBAL GAMING APPROPRIATIONS AND GENERAL FUND REVENUE

GPR-Tribal $51,632,300

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

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

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

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

2017-19 Tribal Gaming General Fund Revenue

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

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

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

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

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

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

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

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

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

2017-19 Tribal Gaming Revenue Appropriations
Governor

		Program Revenue		
	Agency	2017-18	2018-19	Purpose
1	Administration	$563,200	$563,200	County management assistance grant program.
2	Administration	0	0	UW-Green Bay and Oneida Tribe programs assistance grants.
3	Administration	79,500	79,500	Tribal governmental services and technical assistance.
4	Children and Families	717,500	717,500	Indian child high-cost out-of-home care placements.
5	Children and Families	0	0	Indian juvenile out-of-home care placements.
6	Corrections	50,000	50,000	American Indian tribal community reintegration program.
7	Health Services	712,800	712,800	Health services: tribal medical relief block grants.
8	Health Services	106,900	106,900	American Indian health projects.
9	Health Services	242,000	242,000	Indian aids for social and mental hygiene services.

	Agency	Program Revenue 2017-18	2018-19	Purpose
10	Health Services	445,500	445,500	Indian substance abuse prevention education.
11	Health Services	250,000	250,000	Reimbursements for high-cost mental health placements by tribal courts.
12	Health Services	133,600	133,600	Minority health program and public information campaign grants.
13	Health Services	961,700	961,700	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
14	Health Services	445,500	445,500	Elderly nutrition; home-delivered and congregate meals.
15	Health Services	22,500	22,500	American Indian diabetes and control.
16	Higher Educational Aids Board	405,000	405,000	Tribal College Payments.
17	Higher Educational Aids Board	779,700	779,700	Indian student assistance grant program for American Indian undergraduate or graduate students.
18	Higher Educational Aids Board	454,200	454,200	Wisconsin Grant program for tribal college students.
19	Historical Society	201,100	201,100	Collection preservation storage facility.
20	Historical Society	217,100	217,100	Northern Great Lakes Center operations funding.
21	Justice	695,000	695,000	Tribal law enforcement grant program.
22	Justice	490,000	490,000	County law enforcement grant program.
23	Justice	631,200	631,200	County-tribal law enforcement programs: local assistance.
24	Justice	95,500	95,600	County-tribal law enforcement programs: state operations.
25	Kickapoo Valley Reserve Management Board	69,400	69,400	Law enforcement services at the Kickapoo Valley Reserve.
26	Natural Resources	84,500	84,500	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
27	Natural Resources	156,800	156,800	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
28	Natural Resources	96,400	96,400	Management of an elk reintroduction program.
29	Natural Resources	77,100	77,100	Reintroduction of whooping cranes.
30	Natural Resources	1,122,100	1,122,100	State snowmobile enforcement program, safety training and fatality reporting.
31	Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
32	Public Instruction	222,800	222,800	Tribal language revitalization grants.
33	Tourism	24,900	24,900	State aid for the arts.
34	Tourism	8,967,100	8,967,100	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
35	Tourism	160,000	160,000	Grants to local organizations and governments to operate regional tourist information centers.
36	Transportation	396,000	396,000	Tribal elderly transportation grants.
37	University of Wisconsin System	417,500	417,500	Ashland full-scale aquaculture demonstration facility operational costs.
38	University of Wisconsin System (Building Commission)	271,900	265,800	Ashland full-scale aquaculture demonstration facility debt service payments.
39	University of Wisconsin System	488,700	488,700	Physician and health care provider loan assistance.

	Agency	Program Revenue 2017-18	2018-19	Purpose
40	Veterans Affairs	61,200	61,200	Grants to assist American Indians in obtaining federal and state veterans benefits and to reimburse veterans for the cost of tuition at tribal colleges.
41	Veterans Affairs	87,800	87,800	American Indian services veterans benefits coordinator position.
42	Wisconsin Technical College System	594,000	594,000	Grants for work-based learning programs.
43	Workforce Development	314,900	314,900	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
44	Administration	100,000	100,000	Stockbridge-Munsee For Youth Treatment Wellness Center
	Subtotal (Non-Regulatory Items)	$25,412,600	$25,406,600	
45	Administration	$1,974,800	$1,996,300	General program operations for Indian gaming regulation under the compacts.
46	Justice	165,600	165,800	Investigative services for Indian gaming law enforcement.
	Subtotal (Regulation/ Enforcement)	$2,140,400	$2,162,100	
	Total Appropriations	$27,553,000	$27,568,700	

[Bill Sections: 135, 318, 390, 395, 396, 420, 454, 455, 459, 460, 2246, 9101(10), and 9401(5)]

2. DELETE APPROPRIATION FOR UNIVERSITY OF WISCONSIN-GREEN BAY PROGRAMMING

PR	- $495,000

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

[Bill Sections: 135, 420, 459, and 460]

3. TRIBAL YOUTH TREATMENT FACILITY

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

[Bill Sections: 454, 455, 9101(10), and 9401(5)]

4. GENERAL PROGRAM OPERATIONS

PR	- $53,700

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

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary						FTE Position Summary				
				2017-19 Change Over Base Year Doubled					2018-19 Over 2016-17	
	2016-17	Governor					Governor			
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$27,046,700	$26,591,100	$26,554,600	- $947,700	- 1.8%	207.60	203.50	197.80	- 9.80	- 4.7%
FED	11,983,000	10,551,900	10,556,900	- 2,857,200	- 11.9	84.77	84.77	83.77	- 1.00	- 1.2
PR	26,241,700	25,263,600	25,296,700	- 1,923,100	- 3.7	223.02	215.28	212.52	- 10.50	- 4.7
SEG	32,738,600	32,862,000	33,091,400	476,200	0.7	132.40	130.40	130.40	- 2.00	- 1.5
TOTAL	$98,010,000	$95,268,600	$95,499,600	- $5,251,800	- 2.7%	647.79	633.95	624.49	- 23.30	- 3.6%
BR		$7,000,000								

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $689,300	0.00
PR	- 142,800	- 3.00
FED	- 504,600	0.00
SEG	- 1,513,600	0.00
Total	- $2,850,300	- 3.00

Governor: Provide adjustments to the agency base budget for the following: (a) removal of non-continuing elements from the agency base (-$68,000 PR in 2017-18 and -$200,800 PR in 2018-19, with -3.0 PR positions, and -$675,000 SEG annually); (b) full funding of salaries and fringe benefits for continuing positions (-$381,300 GPR, $232,500 PR, -$184,100 FED, and -$188,300 SEG annually); (c) reductions for staff turnover (-$160,700 GPR, -$140,700 PR, and -$72,400 FED annually); (d) full funding of leases and directed moves ($162,500 GPR in 2017-18 and $198,300 GPR in 2018-19, -$96,800 PR in 2017-18 and -$80,000 PR in 2018-19, -$5,000 FED in 2017-18, and $51,900 SEG in 2017-18 and $73,900 SEG in 2018-19); (e) reclassifications and semiautomatic pay progressions ($16,800 GPR in 2017-18 and $17,100 GPR in 2018-19, $59,600 PR annually, $6,700 FED annually, and $43,600 SEG annually); and (f) minor transfers within the same appropriation (from the food safety general program operations GPR appropriation, transfer $22,800 annually for salaries and fringe benefits to meat and poultry inspection; further, convert 0.25 GPR position for food safety operations from the unclassified service to the classified service, and convert 0.25 GPR position for meat and poultry inspection from the classified service to the unclassified service).

2. AGRICULTURAL CHEMICALS -- LICENSES AND SURCHARGES

SEG-REV	- $4,530,000
PR-REV	$2,000

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

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

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

Agricultural Chemical Fee and Surcharge Fiscal Effect

Fund/Account	Source	2015-16 Actual	2017-18 Fiscal Effect	2018-19 Fiscal Effect
Agrichemical management	SEG	$8,237,900	-$990,000	-$950,000
Agricultural chemical cleanup	SEG	2,007,000	-1,005,000	-1,525,000
Environmental management	SEG	1,591,800*	-30,000	-30,000
SEG Subtotal		$11,836,700	-$2,025,000	-$2,505,000
Weights & measures	PR	$140,600*	$0	$2,000
Totals		$11,977,300	-$2,025,000	-$2,503,000

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

Fee Changes

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

Agricultural Chemical Fee and Surcharge Changes Under the Bill

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

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

Fertilizers and Soil and Plant Additives

Modify fertilizer manufacturer and distribution license expirations to occur on September 30 annually instead of August 14. Provide that fertilizer licenses for the year beginning August 15, 2017, are in effect through September 30, 2018, to realign the license year. Modify soil and plant additive (SPA) license years to expire each September 30 instead of March 31. Provide SPA licenses taking effect April 1, 2017, last through September 30, 2018, to realign the license year. These changes are intended to align license expiration dates for fertilizers and SPAs, as license holders often have both license types.

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

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

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

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

Pesticides

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

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

Commercial Feed

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

Provide that the first entity that sells or distributes feed in the state, or that brings feed into the state must pay the inspection fee. Under current law any commercial feed brought into the state is exempt from this requirement. Repeal the requirement that receipts of sale of feed must include notice of whether inspection fees have been paid. However, the requirement would remain that inspection fees be paid if a receipt lacks proof of previous inspection fee payment.

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

Surcharge Holidays

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

ACCP Reimbursement Provisions

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

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

[Bill Sections: 190, 538 thru 542, 1242 thru 1305, 9102(3), and 9302(1)]

3. ELIMINATE STRAY VOLTAGE PROGRAM

	Funding	Positions
PR	- $1,095,700	- 5.00

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

[Bill Sections: 185, 186, 196, 197, 1239, 1700, 2242, and 2243]

4. SOIL AND WATER RESOURCE MANAGEMENT GRANTS

SEG	$1,650,000

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

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

5. SOIL AND WATER RESOURCE MANAGEMENT BONDING

BR	$7,000,000

Governor: Provide $7,000,000 in general obligation bonding authority to support cost-sharing grants under the soil and water resource management (SWRM) program. SWRM cost-sharing grants funded by bond revenues support landowner installation of structural best management practices, such as those intended to reduce soil erosion from agricultural lands and to provide for manure storage and containment. State law generally requires that agricultural operations must receive a minimum offer of cost-sharing if the operation is to be required to change existing practices or structures to address nonpoint source water pollution. Bonding authority for these purposes has been increased by $7 million each biennium beginning in 2007-09, and the Department typically provides $3.5 million per year for grants to landowners. Principal and interest payments on the bonds are supported by the nonpoint account of the segregated environmental fund. The bill budgets nonpoint SEG of $4.3 million in 2017-18 and $4.5 million in 2018-19 for these purposes.

[Bill Section: 494]

6. PRODUCER-LED WATERSHED PROTECTION GRANTS

GPR	$500,000

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

[Bill Sections: 188 and 189]

7. SOIL AND WATER CONSERVATION GRANT ALLOCATION PRIORITY

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

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

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

[Bill Section: 1236]

8. ELIMINATE FARM-TO-SCHOOL PROGRAM

	Funding	Positions
GPR	- $132,800	- 1.00

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

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

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

[Bill Sections: 36, 184, 187, and 1241]

9. POSITION REDUCTIONS

	Funding	Positions
GPR	- $605,600	- 3.10
PR	- 126,200	- 1.00
SEG	- 318,400	- 2.00
Total	- $1,050,200	- 6.10

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

Appropriation	FTE	Annual Reduction	Fund Source
Agricultural Development (general program operations)	-1.50	-$75,500	GPR
Agrichemical Management (general program operations)	-2.00	-159,200	SEG
Office of Sec. and Mgmt. Div. (general program operations)	-1.60	-227,300	GPR
Telephone Solicitation Regulation	-1.00	-63,100	PR
Total	-6.10	-$525,100	

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

10. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

11. LABORATORY EQUIPMENT AND SERVICE CHARGES

PR	$700,000

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

12. COMPUTER SYSTEM EQUIPMENT, STAFF AND SERVICES

PR	$650,000

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

13. DEBT SERVICE REESTIMATE

GPR	- $17,200
SEG	650,200
Total	$633,000

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

Debt service is budgeted under the bill as follows: (a) for WVDL upgrades, $4,200 GPR in 2017-18 and $4,500 GPR in 2018-19; (b) for CREP, $857,200 GPR in 2017-18 and $784,300 GPR in 2018-19; and (c) for SWRM grants, $4.3 million SEG in 2017-18 and $4.5 million SEG in 2018-19.

14. PROGRAM REVENUE REDUCTIONS

PR	- $1,853,000

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

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

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

Additionally, delete expenditure authority from the following annual appropriations:

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

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

15. FEDERAL REVENUE REESTIMATES

FED	- $2,398,000

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

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

16. WORKING LANDS PROGRAMS

SEG	$8,000

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

17. POSITION REALIGNMENT

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

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

18. PRINTING, MAILING, AND PUBLISHING ELECTRONIC DISTRIBUTION OPTION

GPR	- $2,800
PR	- 10,000
Total	- $12,800

Governor: Allow the Department to meet its printing, mailing, and publishing requirements by making most materials available electronically instead of in print. Reduce expenditure authority by $1,400 GPR and $5,000 PR annually for lower anticipated costs under this provision. Exclude from this provision: (a) certain legal notices; (b) notices of public hearings before a governmental body; (c) documents requiring mailing by certified or registered mail; and (d) notices of meetings as required by law. Authorize the Secretary of the Department of Administration to waive requirements for printing, mailing, publishing, or electronic distribution if it is determined that waiving a requirement will reduce expenditures while keeping the information accessible to the public and protecting the public health and welfare. [See "Administration - General Agency Provisions."]

[Bill Sections: 74 and 2263]

19. ALLOW DATCP TO SERVE BY CERTIFIED MAIL

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

[Bill Section: 1237]

20. VETERINARY EXAMINING BOARD ADDICTION IDENTIFICATION AND ASSISTANCE

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

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

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

[Bill Sections: 1235 and 9102(2)]

21. ELIMINATE BIOENERGY COUNCIL

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

[Bill Sections: 37, 1240, and 9102(1)]

22. AGRICULTURAL EDUCATION AND WORKFORCE DEVELOPMENT COUNCIL TRANSFER

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

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

[Bill Sections: 35, 191, 192, 401, and 1238]

23. STUDY TRANSFER OF CAFO REGULATORY RESPONSIBILITY

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

[Bill Section: 9133(4)]

APPROPRIATION OBLIGATION BONDS

Budget Summary						FTE Position Summary
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	
GPR	$770,353,500*	$356,753,600	$413,223,100	- $770,730,300	- 50.0%	There are no full time positions associated with appropriation obligation bonds.

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

Budget Change Items

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

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

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

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

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

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

BOARD FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$47,900	$42,600	$43,400	- $9,800	- 10.2%	0.00	0.00	0.00	0.00	0.0%
FED	1,353,100	1,424,900	1,426,100	144,800	5.4	7.00	7.00	7.00	0.00	0.0
TOTAL	$1,401,000	$1,467,500	$1,469,500	$135,000	4.8%	7.00	7.00	7.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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

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

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

Although the bill does not transfer any positions from the Board for People with Developmental Disabilities (BPDD) to DOA, the bill allows that on July 1, 2018, all positions in

BPDD relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to DOA. If positions are transferred to DOA, DOA indicates that the employees would remain housed at BPDD, even though the positions would be employees of DOA. [See "Administration -- Transfers."]

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
FED	$52,700	$52,700	$52,700	$0	0.0%	0.00	0.00	0.00	0.00	N.A.
PR	1,583,500	1,625,300	1,627,500	85,800	2.7	9.50	9.50	9.50	0.00	0.0%
TOTAL	$1,636,200	$1,678,000	$1,680,200	$85,800	2.6%	9.50	9.50	9.50	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

PR	$85,800

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

BOARD ON AGING AND LONG-TERM CARE

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$1,366,700	$1,360,100	$1,360,200	- $13,100	- 0.5%	18.18	18.18	18.18	0.00	0.0%
PR	1,787,800	2,073,100	2,137,300	634,800	17.8	22.32	25.32	26.32	4.00	17.9
TOTAL	$3,154,500	$3,433,200	$3,497,500	$621,700	9.9%	40.50	43.50	44.50	4.00	9.9%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $13,100
PR	117,900
Total	$104,800

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

2. OMBUDSMAN AND ADVOCACY SERVICES FOR IRIS PARTICIPANTS

	Funding	Positions
PR	$516,900	4.00

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

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

[Bill Sections: 90, 96, 101, 102, and 110]

3. GOVERNING STATUTES

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

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

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

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

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

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

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

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

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

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

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

Compliance with Federal Law. Update federal citations to include references to the new federal rules promulgated by the Department of Health and Human Services, which outline the functions and duties of the long-term care ombudsman and the agency.

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

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

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

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

[Bill Sections: 32, 75 thru 110, and 1662]

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

BONDING AUTHORIZATION

Budget Change Items

1. GENERAL OBLIGATION BONDING AUTHORITY

Governor: Include a summary schedule of general obligation bonding in the bill totaling $46,778,300, as indicated in the following table. In addition, include a summary schedule of estimated debt service on general obligation bonds, which indicates that all funds debt service would total $998.0 million in 2017-18 and $1,015.0 million in 2018-19.

Agency and Purpose	Amount
Agriculture, Trade and Consumer Protection	
Soil and Water	$7,000,000
Environmental Improvement Fund	
Clean Water Fund	-40,460,000
Safe Drinking Water Loan Program	5,800,000
Natural Resources	
Dam Safety Projects	4,000,000
Nonpoint Source	5,900,000
Urban Nonpoint Source Cost Sharing	3,000,000
Transportation	
Freight Rail	12,000,000
State Highway Rehabilitation	308,738,300
Harbor Assistance	14,100,000
Veterans Affairs	
Self-Amortizing Mortgage Loans	-273,300,000
TOTAL General Obligation Bonds	$46,778,300*

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

[Bill Section: 182]

2. REVENUE OBLIGATION BONDING

Governor: Include a summary schedule of revenue obligation bonding in the bill totaling $165,161,700, as indicated in the following table.

Agency and Purpose	Amount
Transportation	
Transportation Facilities, Major Highway Projects and Southeast Wisconsin Megaprojects	$165,161,700
TOTAL Revenue Obligation Bonds	$165,161,700
GRAND TOTAL General and Revenue Obligation Bonds	$211,940,000

[Bill Section: 182]

BUDGET MANAGEMENT AND COMPENSATION RESERVES

Budget Change Items

1. COMPENSATION RESERVES

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

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

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

The GPR and all funds compensation reserve amounts under the bill related to salaries for state employees include the following: (a) $15,431,200 GPR ($31,161,000 all funds) in 2018-19 intended to support a 2% general wage adjustment for state employees on September 30, 2018, as well as another 2% general wage adjustment for state employees on May 26, 2019; and (b) $4,200,000 GPR ($8,481,300 all funds) annually to support market wage adjustments for state employees in the classified service.

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

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

2. SELF-INSURANCE LAPSE

GPR-Lapse	$30,441,100

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

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

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

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

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

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

[Bill Section: 9101(8)]

3. TRANSFER FUNDS TO BUDGET STABILIZATION FUND

GPR-Transfer	$20,000,000

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

[Bill Section: 9201(2)]

BUILDING COMMISSION

Budget Summary						FTE Position Summary
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	
GPR	$30,646,100	$34,707,300	$40,806,600	$14,221,700	23.2%	There are no full time positions authorized for the Building Commission.
PR	1,462,100	2,082,200	2,925,800	2,083,800	71.3	
SEG	1,024,200	1,024,200	1,024,200	0	0.0	
TOTAL	$33,132,400	$37,813,700	$44,756,600	$16,305,500	24.6%	

Budget Change Items

1. DEBT SERVICE REESTIMATE

GPR	$14,221,700
PR	2,083,800
Total	$16,305,500

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

	2016-17 Base Level Funding	Current Law Debt Service Changes 2017-18	2018-19
GPR Debt Service Appropriation			
Amounts Not Initially Allocated to Agencies	$14,247,800	$2,804,500	$9,064,700
Other Public Purposes	1,720,300	-77,400	-286,700
Capitol and Executive Residence	10,564,000	79,700	-1,156,800
AIDS Network	24,500	-600	-600
Grand Opera House in Oshkosh	37,400	4,000	4,700
Aldo Leopold Climate Change Classroom and Interactive Laboratory	38,200	-300	-300
Bradley Center Sports and Entertainment Corp.	1,078,700	602,000	604,300
AIDS Resource Center of Wisconsin	65,400	-1,700	-1,700
Madison Children's Museum	20,500	-500	-600
Myrick Hixon EcoPark	40,800	-800	-800
Lac du Flambeau Indian Tribal Center	19,300	-300	-500
Family Justice Center	438,400	230,600	266,300
HR Academy Youth Center	111,600	24,800	25,300
Hmong Cultural Centers	21,600	-200	-4,800
Children's Research Institute	1,145,900	-176,700	-214,600
Milwaukee Police Athletic League Youth Activity Center	93,900	-3,600	-5,000
Wisconsin Agriculture Education Center	0	62,500	263,200
Civil War Exhibit at Kenosha Museum	42,700	-300	-9,700
Bond Health Center	66,900	6,200	7,300
Eau Claire Confluence Arts	0	125,000	927,500
Carroll University	0	190,500	208,400
Domestic Abuse Intervention Facilities	41,700	-700	-1,000
K I Convention Center	133,800	5,100	3,800
Dane County Livestock Facilities	692,700	-11,300	-17,400
Wisconsin Maritime Center of Excellence	0	200,700	401,300
Norskedalen Nature and Heritage Center	0	0	84,200
Total GPR	$30,646,100	$4,061,200	$10,160,500
PR Debt Service Appropriation			
Energy Conservation Projects	$1,261,900	$548,400	$1,398,100
Aquaculture Demonstration Facility	200,200	71,700	65,600
Total PR	$1,462,100	$620,100	$1,463,700

2. GENERAL OBLIGATION BONDING REFUNDING AUTHORITY

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

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

[Bill Section: 495]

3. BUILDING COMMISSION PROJECT AND CONTRACTING THRESHOLDS

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

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

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

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

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

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

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

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

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

[Bill Sections: 3 thru 8, 134, 165, 166, 509, 510, and 9301(1)]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$995,000	$995,000	$995,000	$0	0.0%	0.00	0.00	0.00	0.00	0.0%
FED	632,700	647,700	647,700	30,000	2.4	1.00	1.00	1.00	0.00	0.0
PR	1,398,500	1,500,600	1,501,400	205,000	7.3	5.00	5.00	5.00	0.00	0.0
SEG	15,000	15,000	15,000	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$3,041,200	$3,158,300	$3,159,100	$235,000	3.9%	6.00	6.00	6.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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

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

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

CHILDREN AND FAMILIES

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$459,297,700	$461,650,700	$464,061,500	$7,116,800	0.8%	231.92	232.17	232.17	0.25	0.1%
FED	707,936,400	699,448,900	734,981,100	18,557,200	1.3	375.27	377.93	376.93	1.66	0.4
PR	110,803,900	112,175,800	111,367,600	1,935,600	0.9	190.82	185.91	176.31	- 14.51	- 7.6
SEG	9,274,700	9,274,700	9,274,700	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$1,287,312,700	$1,282,550,100	$1,319,684,900	$27,609,600	1.1%	798.01	796.01	785.41	- 12.60	- 1.6%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

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

Governor: Make adjustments to the base budget of -$489,600 in 2017-18 and -$458,100 in 2018-19 for: (a) turnover reduction (-$290,600 GPR, -$83,600 FED, and -$305,900 PR annually); (b) removal of non-continuing items (-$79,900 FED and -2.00 FED positions in 2017-18 and -$159,800 FED and -2.00 FED positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$426,200 GPR, -$153,600 FED, and -$282,100 PR annually); (d) overtime ($737,800 GPR, $20,700 FED, and $4,200 PR annually); (e) night and weekend differential pay ($130,100 GPR, $11,300 FED, and $1,300 PR annually); (f) full funding of lease and directed moves costs ($886,400 GPR, -$731,700 FED, and $72,200 PR in 2017-18 and $932,200 GPR, -$701,100 FED, and $107,200 PR in 2018-19); and (g) minor transfers within the same appropriation. These amounts do not include adjustments for administrative costs of the Wisconsin Shares child care subsidy program or the Wisconsin Works (W-2) program ($329,200 FED in 2017-18 and $233,500 FED and -1.0 FED position in 2018-19), which are included in separate entries under "Economic Support and Child Care."

2. FEDERAL AND PROGRAM REVENUE REESTIMATES

FED	$8,859,700
PR	3,648,000
Total	$12,507,700

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

Program and Federal Revenue Reestimates

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

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

3. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
PR	- 9.60

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

4. TRANSFER VACANT POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING

	Funding	Positions
PR	- $198,800	- 1.00

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

5. FUNDING AND POSITION REALIGNMENTS

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

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

Children and Families

1. DIVISION OF MILWAUKEE CHILD PROTECTIVE SERVICES REESTIMATE

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

Governor: Increase funding for the Division of Milwaukee Child Protective Services by $617,500 ($602,400 GPR and $15,100 FED) in 2017-18 and $617,500

($364,700 GPR and $252,800 FED) in 2018-19 to reflect the net effect of reestimates of aids expenditures, which are comprised of the following components:

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

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

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

2. FOSTER CARE RATE INCREASE

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

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

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

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

[Bill Sections: 775 and 9406(1)]

3. CHILDREN AND FAMILY AIDS COST-TO-CONTINUE

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

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

[Bill Section: 772]

4. CHILDREN AND FAMILY AIDS FUNDING INCREASE

FED	$6,250,000

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

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

[Bill Section: 772]

5. TRIBAL HIGH-COST PLACEMENT FUNDING INCREASE AND CONSOLIDATION

PR	$495,000

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

[Bill Sections: 395, 396, and 2246]

6. SERVICES FOR CHILD VICTIMS OF SEX TRAFFICKING

GPR	$2,000,000

Governor: Increase funding by $2,000,000 in 2018-19 to reestimate the costs of out-of-home placements, services, and treatment under current law for children and youth who have been or are at risk of alleged sex trafficking. Total funding under the bill would be $2,000,000 GPR in 2017-18 and $4,000,000 GPR in 2018-19.

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

[Bill Sections: 768 and 769]

7. YOUNG ADULT EMPLOYMENT ASSISTANCE TAX CREDIT

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

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

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

In order to meet the definition of "aged out," the discharge would have to occur on the date of any of the following: (1) the date that the individual becomes 18 years old; (2) the date that the individual is granted a high school or high school equivalency diploma, or the date on which the individual becomes 19 years old, whichever occurs first, if the individual is a full-time student at a secondary school or its vocational or technical equivalent and is reasonably expected to complete the program before becoming 19 years old; (3) the date on which the individual is granted a high school or high school equivalency diploma or the date on which the individual becomes 21 years old, whichever occurs first, if the individual is a full-time student at a secondary school or its vocational equivalent and if an individualized education program is in effect for the individual; (4) the date that an individual who is 18 years old or older makes a decision to leave out-of-home care and the CHIPS or JIPS order listed above is dismissed, the voluntary transition to independent living agreement is terminated, or the voluntary placement agreement is terminated; or (5) the date of termination of a CHIPS or JIPS dispositional order that provides for the termination one year or less after the date on which the order was entered.

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

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

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

[Bill Sections: 481, 1045, 1052, 1053, and 9338(17)]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

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

Revenues Available for W-2 and TANF Related Programs

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

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

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

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

It should be noted that Congress has extended the TANF program until April 28, 2017, at the same funding levels. The budget bill assumes the federal TANF program would continue at the same funding levels through the 2017-19 biennial budget.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 and TANF related programs would be $634.0 million in 2017-18 and $669.5 million in 2018-19. These amounts include all funds, and represent a decrease from the base budget of $16.0 million in 2017-18 and an increase of $19.4 million in 2018-19. The changes in funding represent reestimates, increased funding for some existing programs and several new programs, and decreased funding for other existing programs, which are described in the entries below. Expenditures include: W-2 contracts and cash grants; the Transform Milwaukee and Transitional Jobs programs; child care subsidies; benefits for the kinship care program, the caretaker supplement, and emergency assistance; state administration and other support services; grants to several organizations; and expenditures in other programs.

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

TABLE 1

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

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

2. WISCONSIN WORKS BENEFITS

FED	- $57,653,400

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

[Bill Section: 896]

3. CONTROLLED SUBSTANCE SCREENING, TESTING, AND TREATMENT ELIGIBILITY REQUIREMENTS FOR WISCONSIN WORKS EMPLOYMENT POSITIONS

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

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

If the test results are negative, the eligibility requirements for testing, screening, and treatment are fulfilled. If the test results are positive and the individual does not present satisfactory evidence of a valid prescription for the controlled substance, then the individual must participate in substance abuse treatment in order to remain eligible. The individual satisfactorily completes the controlled substance screening, testing, and treatment requirements for the work program if the individual completes treatment and tests negative or positive with a valid prescription at the completion of treatment. While undergoing treatment, the individual must submit to random testing for the use of a controlled substance, and the test results must be negative, or positive with evidence of a valid prescription, in order for the individual to remain eligible. If any test results are positive and the individual does not have a valid prescription, the individual can restart treatment one time and remain eligible so long as all subsequent test results are negative or positive with a valid prescription.

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

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

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

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

Finally, the bill would authorize DCF to promulgate emergency rules to implement and establish the protective payee structure and monthly grant eligibility under community service jobs and transitional jobs without the finding of an emergency. DCF would be required to submit a statement of scope of proposed emergency rules within 120 days of the bill's effective date. The drug screening, testing, and treatment provisions would first apply to applicants for W-2 employment positions on the effective date of the rules or emergency rules promulgated by DCF, whichever is earlier.

[Bill Sections: 881 thru 895, 9106(2), and 9306(2)]

4. WISCONSIN WORKS WORKER SUPPLEMENT

FED	$5,400,000

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

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

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

[Bill Sections: 898 and 921]

5. WISCONSIN WORKS CONTRACTS

FED	- $6,673,000

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

[Bill Section: 897]

6. LEARNFARE SCHOOL ATTENDANCE REQUIREMENT

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

[Bill Sections: 922 and 923]

7. TRANSFORM MILWAUKEE AND TRANSITIONAL JOBS PROGRAMS

FED	$1,000,000

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

[Bill Section: 904]

8. WISCONSIN SHARES CHILD CARE SUBSIDY PROGRAM

FED	$34,145,000

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

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

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

Eligibility and Redetermination of Eligibility. Under federal law, child care subsidies are limited to families with gross income of no more than 85% of the state median income (SMI) for a family of the same size. However, federal law permits states to set more restrictive eligibility criteria. Under state law, initial eligibility for Wisconsin Shares is limited to families with gross income of no more than 185% of the federal poverty level (FPL), which is $37,777 for a family of three in 2017. Once eligible, families retain eligibility until gross income exceeds an eligibility exit threshold of 200% FPL for two consecutive months, which is $40,840 for a family of three in 2017. Once a case has been closed for more than a calendar month, the family must reapply using the 185% initial eligibility threshold.

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

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

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

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

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

The bill would require as a condition of eligibility for the Wisconsin Shares child care subsidy program that participating children be immunized in the same manner required by state law for public schools, except that the immunization requirement could be waived for reasons of health or religion.

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

[Bill Sections: 847, 848, 855 thru 866, 868 thru 870, 874, 875, 906, 9306(1), 9306(3), and 9406(3)]

9. MITIGATING BENEFIT DROP-OFF IN WISCONSIN SHARES

FED	$1,798,600

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

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

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

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

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

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

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

[Bill Sections: 867, 868, and 9406(3)]

10. CHILD CARE ADMINISTRATION

	Funding	Positions
FED	$5,268,400	- 2.00

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

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

Oversight of child care programs run by school districts. Under current law, DCF is authorized to license child care centers care and to visit and inspect their premises and records. Public school child care programs, which are established by and supervised by school boards, are required to meet the DCF licensure standards but are not required to be licensed by DCF. Private school programs must be certified by DCF in order to receive payments under the Wisconsin Shares child care subsidy program. However, public schools may receive payments under Wisconsin Shares without certification.

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

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

[Bill Sections: 785, 834, 907, and 1625]

11. CHILD CARE QUALITY AND AVAILABILITY PROGRAMS

FED	$320,000

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

$15,652,700 in each year.

[Bill Section: 908]

12. KINSHIP CARE

FED	$1,883,300

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

[Bill Sections: 773, 774, 910, and 9406(1)]

13. CARETAKER SUPPLEMENT

FED	- $7,998,200

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

[Bill Section: 909]

14. EMERGENCY ASSISTANCE

FED	- $2,800,000

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

[Bill Section: 903]

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

	Funding	Positions
FED	$1,124,900	4.59

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

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

[Bill Section: 902]

16. GRANTS TO BOYS AND GIRLS CLUBS OF AMERICA

FED	$200,000

Governor: Provide $100,000 annually for a grant to a Boys and Girls Club for Milwaukee Public Schools similar to Green Bay's BE GREAT: Graduate program. The bill would otherwise maintain the same level of TANF funding for grants to the Boys and Girls Clubs of America to support programs that improve social, academic, and employment skills of TANF-eligible youths. Total funding for grants to Boys and Girls Clubs would be $1,275,000 annually.

[Bill Section: 918]

17. FOSTERING FUTURES: CONNECTIONS COUNT

FED	$200,000

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

[Bill Section: 905]

18. HOMELESS CASE MANAGEMENT SERVICE GRANTS

FED	$1,000,000

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

[Bill Sections: 129, 453, and 901]

19. EARLY SCHOOL ABSENTEEISM PILOT PROGRAM

FED	$500,000

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

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

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

[Bill Sections: 844 and 917]

20. EARLY LEARNING TEXT MESSAGING INTERVENTION PILOT PROGRAM

FED	$95,000

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

[Bill Sections: 770 and 900]

21. SUCCESS SEQUENCE IN ACADEMIC CAREER PLANNING

FED	$50,000

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

[Bill Sections: 915 and 1466]

22. PUBLIC MESSAGE CAMPAIGN

FED	$1,000,000

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

[Bill Section: 914]

23. FAMILIES AND SCHOOLS TOGETHER

FED	$500,000

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

[Bill Section: 899]

24. OFFENDER REENTRY DEMONSTRATION PROJECT

FED	$437,500

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

[Bill Sections: 916 and 924]

25. EARNED INCOME TAX CREDIT

FED	$13,000,000

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

[Bill Section: 919]

26. CHILD WELFARE SAFETY SERVICES

FED	$2,811,400

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

[Bill Section: 911]

27. CHILD WELFARE PREVENTION SERVICES

FED	$7,800,000

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

[Bill Section: 912]

28. REALLOCATE VACANT POSITIONS TO PUBLIC ASSISTANCE COLLECTIONS UNIT

	Funding	Positions
PR	$86,000	0.80

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

29. TANF REVENUE ADJUSTMENTS

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

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

[Bill Section: 913]

30. REDUCING SUMMER MELT PILOT PROJECT

	Funding	Positions
GPR	$156,700	0.25

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

[Bill Sections: 393 and 771]

31. STUDY ON ABSENTEEISM AND PUBLIC ASSISTANCE

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

[Bill Section: 9152(1)]

32. CHILD CARE BACKGROUND CHECKS

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

Current law includes provisions regarding background checks and findings that disqualify persons from being licensed or certified to operate a facility that provides care and services to children, to be employed by such a facility, or to be a nonclient resident of such a facility. These statutes also include an appeal process and a process for persons to demonstrate that they have been rehabilitated after previously committing a relevant offense. The current statutes apply to the following entities: (a) a child welfare agency that is licensed to provide care and maintenance for children, to place children for adoption, or to license foster homes; (b) a licensed foster home; (c) an interim caretaker to whom subsidized guardianship payments are made; (d) a person who is proposed to be named as a successor guardian; (e) a licensed group home or shelter care facility; (f) an organization that facilitates delegations of the care and custody of children; (g) a temporary employment agency that provides caregivers to another entity; (h) a child care center that is licensed by DCF or established or contracted for by a school board; and (i) a certified child care provider. They also apply to individuals employed as caregivers by such facilities and nonclient residents.

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

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

Summary

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

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

Second, the bill would conform background checks to federal law. Under current law, the required background check information that must be submitted by child care providers to DCF includes: (a) a criminal history search from the Wisconsin Department of Justice (DOJ); (b) information from the registry of nurses aids maintained by DHS; (c) information maintained by the Department of Safety and Professional Services (DSPS) regarding the status of the person's credentials; (d) information maintained by DCF regarding any final determination (or contested case decision) of child abuse or neglect against the person; and (e) information regarding the denial of an application to operate a child care facility or other similar entity for committing a relevant offense or lacking a needed credential. Further, current law requires DCF, a county department, school board, and agencies contracted with DCF to obtain information from the state sex offender registry, and in some cases, information maintained by the FBI (DOJ may submit fingerprint cards to the FBI to verify the identity of the person fingerprinted and to obtain the records of his or her criminal arrests and convictions).

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

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

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

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

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

The bill would also require preservice training and ongoing training on an annual basis of child care providers, and their caregivers, that receive reimbursement under Wisconsin Shares. Preservice training would include ten specific topics, which are detailed below. A child care provider or caregiver would have to successfully complete preservice training no later than the date of certification or the date on which the caregiving commences. A child care provider with provisional certification would have to successfully complete training no later than six months after the date of certification or the date on which the caregiving commences. Current law requires training in preventing sudden infant death syndrome and training relating to shaken baby syndrome and impacted babies, but does not require training in other topics required under the CCDBG Act and related regulations.

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

New Provisions for Child Care Providers

Definitions

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

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

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

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

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

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

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

"Serious crime" would mean any of the following:

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

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

c. A felony crime against children, other than failure to support.

d. A violation of laws against intentionally causing substantial bodily harm to another or battery by a prisoner or an individual who is subject to an injunction, if the victim is the spouse of the person.

e. First- or second-degree intentional or reckless homicide, felony murder, mayhem, first-, second- or third-degree sexual assault, reckless injury, taking hostages, kidnapping, endangering safety by use of a dangerous weapon, disarming a peace officer, arson with intent to defraud, burglary, robbery, or misdemeanor neglect of a child.

f. Only for a caregiver that has, or is seeking a license, certification, or contract to operate a child care program, a violation of laws regarding identity theft, receiving stolen property, fraudulent insurance and employee benefit claims, financial transaction card crimes, theft of telecommunications services, commercial mobile services, video services or satellite cable programming, retail theft, theft of services or a computer crime that is a felony; or an offense under Subchapter IV of Chapter 943 (crimes against financial institutions) that is a felony.

g. Failure to submit accurate information for required background and criminal record checks, if the violation involves the provision of false information to or the intentional withholding of information from, DCF, a county department, an agency contracting with DCF, a school board, or a child care program.

h. An offense involving fraudulent activity as a participant in the W-2 program, including as a recipient of a child care subsidy, or as a recipient of AFDC, MA, food stamps, SSI, the state SSI supplement, or health care benefits under Badger Care.

i. A violation of laws regarding injury or death by providing alcohol to a minor, falsifying proof of drinking age for money or other consideration, impersonating an officer or agent of DOR or DOJ, selling alcohol without a license or permit, recovering and selling alcohol from denatured alcohol, homicide by intoxicated use of a vehicle or firearm, battery or threat, injury by intoxicated use of a vehicle, auto theft by use of force or a weapon, felony hazing, felony intoxicated driving, or a felony violation of the uniform controlled substances act, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, less than five years before the date of the child care criminal record investigation.

j. Intentional failure to support, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged, less than five years before the date of the criminal record investigation, unless the person has paid all arrearages due and is meeting his or her current support obligations.

k. A violation of the law of any other state or United States jurisdiction that would be a violation listed above if committed in this state.

l. A violation of the laws of another state or United States jurisdiction that if committed in this state would constitute felony battery, a felony offense of domestic abuse, a sex offense or a violent crime under Chapter 948, or sexual assault if the victim was a child.

Background Checks

DCF would have to require any person who applies for issuance of an initial license to operate a child care center, a school board would have to require any person who proposes an initial contract with the school board for a child care program, and DCF in Milwaukee County, a county department, or an agency contracted with DCF would have to require any child care provider who applies for initial certification to submit the information required for a background check request described below. A school board, county department, or contracted agency would have to submit the completed background information request to DCF.

Each child care program would have to submit a request to DCF for a criminal background check for each potential caregiver and potential nonclient resident prior to the date on which an individual becomes a caregiver or nonclient resident, and at least once during every five-year period for each existing caregiver or nonclient resident, except if all of the following apply: (a) the individual has received such a background check while employed or seeking employment by another child care program within the state within the last five years; (b) DCF provided to the child care program a qualifying background check result for the individual; and (c) the individual is employed by or resides at a child care program within the state or has been separated from employment or residence at a child care program within the state for a period of not more than 180 consecutive days.

A request for a background check to DCF under the above provisions would have to be in the manner and on forms prescribed by the Department, and include fingerprints of the subject that meet DCF standards and any additional information that DCF deems necessary to perform the criminal background check. Such a request would be considered submitted on the day that the DCF receives all such information. The requester would have to submit all fees required by DCF pursuant to the instructions provided by the Department, not to exceed the actual cost of conducting the criminal background check.

Upon receipt of a request, DCF would have to obtain all of the following with respect to a caregiver or a nonclient resident who is not under 10 years of age: (a) a fingerprint-based criminal history search from the records maintained by DOJ; (b) information that is contained in DHS's nurses aides registry regarding any findings against the person; (c) information maintained by DSPS regarding the status of the person’s credentials, if applicable; (d) information maintained by DCF regarding any final determination or, if a contested case hearing is held on such a determination, any final decision that the person has abused or neglected a child; (e) information that is contained in the sex offender registry regarding whether the person has committed a sex offense that is a serious crime; (f) a fingerprint-based criminal history search using the FBI next generation identification; (g) a search of the national crime information center’s national sex offender registry; and (h) a search of its criminal background check records.

DCF would also have to obtain information maintained by DHS regarding any denial to the person of a license, continuation or renewal of a license, certification, or a contract to operate an entity or a child care program, and regarding any denial to the person of employment at, a contract with, or permission to reside at an entity or a child care program for any of the following reasons:

a. That the person has been convicted of a serious crime or adjudicated delinquent on or after his or her 10th birthday for committing a serious crime or that the person is the subject of a pending criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 10th birthday.

b. That a unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client.

c. That a final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child.

d. That, in the case of a position for which the person must be credentialed by DSPS, the person's credential is not current or is limited so as to restrict the person from providing adequate care to a client.

Finally, DCF would have to obtain information from a search of the following registries, repositories, or databases in the state where the caregiver or nonclient resident resided for the period starting on the date five years prior to DCF's receipt of the background check request and ending on the date when DCF received the request: (a) the state criminal registry or repository; (b) the state sex offender registry or repository; and (c) the state-based child abuse and neglect registry and database.

After receiving a request, DCF would have to conduct the criminal background check as expeditiously as possible and make a good faith effort to complete all components of the criminal background check no later than 45 days after the date when the request was submitted.

If information obtained through the background check indicates a charge of a serious crime, but does not completely and clearly indicate the final disposition of the charge, DCF would have to make every reasonable effort to contact the clerk of courts to determine the final disposition. If information submitted to DCF with the request for a background check indicates a charge or a conviction of a serious crime, but information obtained through the check does not indicate such a charge or conviction, DCF would have to make every reasonable effort to contact the clerk of courts to obtain a copy of the criminal complaint and the final disposition of the complaint. If information obtained by or submitted to DCF, or any other information, indicates a conviction of a certain crimes (battery, false imprisonment, invasion of privacy, disorderly conduct, or harassment) obtained not more than five years before the date on which that information was obtained, DCF would have to make every reasonable effort to contact the clerk of courts to obtain a copy of the criminal complaint and judgment of conviction relating to that violation.

Notwithstanding the general requirements, DCF would not have to obtain the information specified above, with respect to a person under 18 years of age whose background check request indicates that the person is not ineligible to be permitted to reside at a child care program for a reason specified below regarding ineligibility due to illegal activity and with respect to whom DCF otherwise has no reason to believe that the person is ineligible to be permitted to reside for any of those reasons. This paragraph does not preclude DCF from obtaining, at its discretion, the information specified above with respect to a person described in this paragraph who is a nonclient resident or a potential nonclient resident of a child care program.

DCF would have to require the person who is the subject of a search to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints, or by other technologies approved by law enforcement agencies, unless the person has previously been fingerprinted under this paragraph.

Every year or at any time that it considers appropriate, DCF could request the following information for all caregivers seeking licensure, certification, or a contract with a school board, nonclient residents of such a caregiver, and other caregivers who have direct contact with clients:

a. A fingerprint-based criminal history search from the records maintained by DOJ;

b. Information that is contained in DHS's nurses aides registry regarding any findings against the person;

c. Information maintained by DSPS regarding the status of the person's credentials, if applicable;

d. Information maintained by DCF regarding any final determination or, if a contested case hearing is held on such a determination, any final decision that the person has abused or neglected a child; and

e. Information maintained by DHS regarding any denial to the person of a license, continuation or renewal of a license, certification, or a contract to operate an entity or a child care program, and regarding any denial to the person of employment at, a contract with, or permission to reside at an entity or a child care program for any of the following reasons: (1) that the person has been convicted of a serious crime or adjudicated delinquent on or after his or her 10th birthday for committing a serious crime or that the person is the subject of a pending criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 10th birthday; (2) that a unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client; (3) that a final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child; or (4) that, in the case of a position for which the person must be credentialed by DSPS, the person's credential is not current or is limited so as to restrict the person from providing adequate care to a client.

For the purposes of these provisions, "direct contact" would mean face-to-face physical proximity to a client that affords the opportunity to commit abuse or neglect of a client or to misappropriate the property of a client.

Penalties

A child care program that violates these provisions would be subject to a forfeiture of not more than $1,000 and to other sanctions specified by DCF by rule, as would a person who provides false information to DCF.

Required Denial of Licensure, Certification, Employment or Residency

Notwithstanding the fair employment statutes regarding criminal records, and except as provided below, DCF could not license, or continue or renew the license of, a person to operate a child care center, a certifying agency (DCF in Milwaukee County, a county department, or a contracted agency) could not certify a child care provider, a school board could not contract with a person to operate a child care program, and a child care program could not employ or contract with an caregiver if they know or should have known any of the following:

a. That the person has been convicted of a serious crime or adjudicated delinquent on or after his or her 10th birthday for committing a serious crime or that the person is the subject of a pending criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 10th birthday.

b. That a unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client.

c. That a final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child.

d. That DCF has determined the person ineligible to be licensed or certified, contract with a school board, be employed as a caregiver at a child care program, or be a nonclient resident at a child care program.

e. That the person has refused to provide required information, or that the person refused to participate in, cooperate with, or submit required information for the criminal background check, including fingerprints.

f. That the person knowingly made a materially false statement in connection with the person's criminal background check.

g. That the person knowingly omitted material information requested in connection with the person's criminal background check.

However, a child care license, certification, or contract could be issued, conditioned on the receipt of the information from the criminal background check indicating that the person is not ineligible to be so licensed, certified, or contracted with for a reason specified above.

Also, a child care program could employ or contract with a potential caregiver or permit a potential nonclient resident to reside at the child care program for up to 45 days from the date a background check request is submitted pending the completion of the Department's report on the check if DCF provides a preliminary report to the child care program indicating that the potential caregiver or nonclient resident is not ineligible to work or reside at a child care program. At all times that children in care are present, an individual who received a qualifying result on a background check within the past five years would have to supervise a potential employee or nonclient resident permitted to work or reside at the child care program under this paragraph.

DCF would have to provide the results of the criminal background check to the child care program in a written report that indicates only that the individual on whom the background check was conducted is eligible or ineligible for employment or to reside at the child care program, without revealing any disqualifying crime or other information regarding the individual.

DCF would have to provide the results of the criminal background check to the individual on whom it was conducted in a written report that indicates whether the individual is eligible or ineligible for employment or to reside at the child care program. If the individual is ineligible, DCF's report would have to include information on each disqualifying crime and information on the right to appeal.

Before DCF completes its report to the child care program, a caregiver would be allowed to submit a written request to DCF for a preliminary report indicating whether a potential caregiver or nonclient resident is eligible to work or reside at a child care program. If DCF receives such a request, it would have to provide a written preliminary report to that caregiver indicating whether the individual is barred from employment as a caregiver or residence as a nonclient resident on the basis of a background check. If so, DCF would also have to provide a preliminary report to the individual containing information related to each disqualifying crime. The results of a preliminary report could not be appealed by the individual until receipt of DCF's final report following completion of all components of the criminal background check.

Appeals

An individual who is the subject of DCF's report on the results of a criminal background check could appeal the Department's decision. Only the person who is the subject of the report could appeal. An appeal request would have to be submitted to DCF at the address, e-mail address, or fax number identified in the statement of appeal rights no later than 60 days after the date of the Department's decision, unless the appellant requests, and DCF grants, an extension for a specific amount of time prior to expiration of the 60 day appeal period. Extensions could be granted for good cause shown. An appeal would have to be submitted in the manner and on forms prescribed by DCF and include: (a) the information or issue disputed by the individual; (b) any information known to the individual, or available to the individual through the exercise of reasonable diligence, that supports the individual's position; (c) the current or last known names, addresses, telephone numbers, and email addresses of any persons known or believed to have information relevant to determination of the appeal; and (d) copies of any documents or other materials in the possession of the individual, or reasonably available to the individual, that support the individual's position regarding the disputed information.

DCF would have to attempt to verify the accuracy of the information challenged by the appellant, including making reasonable good faith efforts to locate any missing information regarding the disqualifying crime that is relevant to the issue identified for appeal. DCF would have to sustain the results of its criminal background check report if supported by a preponderance of the available evidence.

DCF would have to issue its appeal decision in writing. If the results of the original report are sustained, the decision would have to indicate DCF's efforts to verify the accuracy of the information challenged by the individual. The decision would also have to indicate any additional reconsideration and appeal rights available to the appellant.

An appellant could seek reconsideration of DCF's decision by the Secretary of DCF or the Secretary's designee. A request for reconsideration detailing the basis for the request would have to be sent to the Secretary at the address, e-mail address, or fax number identified in the department's decision no later than 30 days after the date of the decision. The Secretary or Secretary's designee would have to issue his or her reconsideration decision in writing and include information about any additional appeal rights available to the individual. A denial of reconsideration would be a final decision of DCF, and the appellant would have a right to a contested case hearing under Chapter 227.

The above appeal and reconsideration process would be the exclusive method for disputing a criminal history background report issued by DCF. The report could not be appealed in a Chapter 68 or 227 proceeding challenging the denial of a license, certification, or contract to operate a child care program based on DCF's criminal history background check report or challenging any other child care regulatory action taken in reliance upon that report.

Annual Report

Annually, by January 1, DCF would have to submit a report to the appropriate standing committees of the legislature describing the report prepared for the child care program with respect to individual caregivers, specifically any information indicating that the caregiver is ineligible to be licensed, certified, or contracted to operate a child care program as a result of a background check, and describing any action taken in response to the receipt of information indicating that such a caregiver is so ineligible.

Confidentiality

DCF could not publicly release or disclose the results of any criminal individual background report it issues, except that it could release aggregated data by crime from criminal background check results so long as the data does not contain personally identifiable information. DCF could disclose and use information obtained in conducting criminal background checks as necessary during an appeal or reconsideration.

Rehabilitation

DCF could license to operate a child care program, DCF, a county department or a contract agency could certify, and a school board could contract with a person who otherwise could not be licensed, certified, or contracted with as a result of a background check, and a child care program could employ, contract with, or permit to reside at the child care program a person who otherwise could not be so employed, contracted with, or permitted to reside, if the person demonstrates by clear and convincing evidence and in accordance with procedures established by DCF by rule or by the tribe that he or she has been rehabilitated.

However, no person who has been convicted or adjudicated delinquent on or after his or her 10th birthday for committing any of the crimes identified as serious offenses (except for those listed under "i" through "k" under that definition) or for a violation of the law of any other state or US jurisdiction that would be such a violation if committed in this state or who is the subject of a pending criminal charge or delinquency petition alleging that the person has committed any of those offenses on or after his or her 10th birthday would be permitted to demonstrate that he or she has been rehabilitated.

Notwithstanding the general restriction, if a person was convicted or adjudicated delinquent on or after his or her 10th birthday for committing any of the offenses listed in "i" or "j" in the definition of serious offenses and the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, five or more years before the date of the background investigation, then the conviction or delinquency adjudication alone would not make the person ineligible to be licensed or certified as a child care provider, contracted with a school board to provide child care, or employed by, contracted with, or permitted to reside at a child care program and, with respect to that conviction or delinquency adjudication, the person would not have to demonstrate that he or she has been rehabilitated before being so licensed, certified, contracted with, employed, or permitted to reside.

Any person who is permitted but fails to demonstrate to DCF that he or she has been rehabilitated could appeal to the Secretary of DCF or his or her designee. Any person who is adversely affected by a decision of the Secretary or his or her designee would have a right to a contested case hearing under Chapter 227. Any person who is permitted but fails to demonstrate to a county department or other certifying agency that he or she has been rehabilitated could appeal to the director of the county department or his or her designee. Any person who is adversely affected by a decision of the director or his or her designee would have a right to appeal under Chapter 68. Any person who is permitted but fails to demonstrate to a school board that he or she has been rehabilitated could appeal to the State Superintendent of Public Instruction or his or her designee. Any person who is adversely affected by a decision of the State Superintendent or his or her designee would have a right to a contested case hearing under Chapter 227.

Any Indian tribe that chooses to conduct rehabilitation reviews would have to submit to DCF a rehabilitation review plan that includes all of the following: (a) the criteria to be used to determine if a person has been rehabilitated; (b) the title of the person or body designated by the Indian tribe to whom a request for review must be made; (c) the title of the person or body designated by the Indian tribe to determine whether a person has been rehabilitated; (d) the title of the person or body, designated by the tribe, to whom a person may appeal an adverse decision made by the person specified under (c) and whether the tribe provides any further rights to appeal; (e) the manner in which the tribe will submit information relating to a rehabilitation review to DCF so that DCF may include that information in its report to the legislature; and (f) a copy of the form to be used to request a review and a copy of the form on which a written decision is to be made regarding whether a person has demonstrated rehabilitation.

If, within 90 days after receiving the plan, DCF does not disapprove it, the plan would be considered approved. If, within 90 days, DCF disapproves the plan, it would have to provide written notice of the disapproval to the tribe, together with the reasons for the disapproval. DCF could not disapprove a plan unless it finds that the plan is not rationally related to the protection of clients. If DCF disapproves the plan, the tribe could, within 30 days after receiving notice of the disapproval, request that the Secretary review the decision. A final decision under this paragraph would not be subject to further administrative review.

Annually, by January 1, DCF would have to submit a report to the Legislature that specifies the number of persons in the previous year who have requested to demonstrate that they have been rehabilitated, the number of persons who successfully demonstrated that they have been rehabilitated, and the reasons for the success or failure of a person who has attempted to demonstrate that he or she has been rehabilitated.

Other Grounds for Denial of Licensure, Certification, Employment, or Residency

Notwithstanding the fair labor statutes regarding criminal convictions, DCF or another certifying entity could refuse to license or certify a person to operate a child care facility, a school board could refuse to contract with a person for child care, and a child care program could refuse to employ or contract with a caregiver or permit a nonclient resident to reside at the child care program if the person has been convicted of or adjudicated delinquent on or after his or her 10th birthday for an offense that is not a serious crime, but that is, in the estimation of DCF, substantially related to the care of a client. DCF would have to notify the provider and the individual of the results of a substantially-related determination pursuant to the process set forth for criminal background check determinations. The individual would have the same appeal rights as set forth above, and the same appeal procedures would apply.

Background Check Training Sessions; Rules

DCF would be required to conduct throughout the state periodic training sessions that cover procedures and uses of criminal background investigations; reporting and investigating misappropriation of property or abuse or neglect of a client; and any other material that would better enable entities to comply with these requirements.

DCF would be authorized to promulgate any rules necessary for the administration of these provisions. DCF could promulgate the rules as emergency rules without providing evidence that promulgating emergency rules is necessary for the preservation of the public peace, health, safety, or welfare and without providing a finding of emergency.

Other Changes

Training Requirements for Child Care Providers

Under current law, DCF must promulgate rules establishing standards for the certification of child care providers. DCF must consult with the Child Abuse and Neglect Prevention Board before promulgating those rules. In establishing the requirements for certification, DCF must include a requirement that all providers and all employees and volunteers of a provider who provide care and supervision for children receive, before the date on which the provider is certified or the employment or volunteer work commences, whichever is applicable, all of the following:

a. Training in the most current medically accepted methods of preventing sudden infant death syndrome, if the provider, employee, or volunteer provides care and supervision for children under one year of age. The rules must provide that any training in those methods that a provider, employee, or volunteer has obtained in connection with military service counts toward satisfying the training requirement, if the provider, employee, or volunteer demonstrates to DCF's satisfaction that the training obtained in that connection is substantially equivalent to the training required under this paragraph.

b. Training relating to shaken baby syndrome and impacted babies, if the provider, employee, or volunteer provides care and supervision for children under five years of age.

In establishing the requirements for certification as a Level II certified family child care provider, DCF may not include any requirement for training for those providers other than the training required under "a" and "b" above.

Under the bill, instead of the above training requirements for certification, DCF would have to include a requirement that all providers and all employees and volunteers of a provider who provide care and supervision for children receive the minimum health and safety training required below.

A level I certified family child care provider would have to successfully complete DCF-approved preservice health and safety training in the topics specified below by no later than the date of certification. A level II certified family child care provider or an employee or volunteer of a level I or level II certified family child care provider who is not the primary provider of care and supervision for children would have to successfully complete such training by no later than the end of the orientation period available under federal law (which is within three months of starting employment). The training would have to include all of the following topics:

a. The prevention and control of infectious diseases, including by means of immunizations.

b. The prevention of sudden infant death syndrome and use of safe sleeping practices.

c. The administration of medication, consistent with parental consent.

d. The prevention of and response to emergencies due to allergic reactions to food or other allergens.

e. Building and physical premises safety, including identification of and protection from electrical hazards, bodies of water, vehicular traffic, and other hazards that can cause bodily injury.

f. The prevention of shaken baby syndrome and abusive head trauma.

g. Emergency preparedness and response planning for emergencies resulting from natural disaster or human-caused events.

h. The handling and storage of hazardous materials and the appropriate disposal of biocontaminants.

i. If applicable, appropriate precautions in transporting children.

j. First aid and cardiopulmonary resuscitation.

A child care provider or employee or volunteer of a child care provider would also have to complete ongoing in-service training on an annual basis including training on these topics.

Age of Delinquency

Current law includes a number of provisions that refer to delinquent acts committed after an individual's 12th birthday. The bill would reduce the age threshold to 10 years in these provisions and in the new statutes for child care providers.

Certification of Level I Child Care Providers

Under current law, no provider may be certified as a Level I certified child care provider if the provider is a relative of all of the children for whom the provider provides care. The bill would delete this provision. DCF indicates that it is expected that most level II certified providers would qualify for level I certification (or for licensing) under the new training requirements.

Tribal Certification

The bill would clarify that DCF may contract with an Indian tribe to certify child care providers in a particular tribal unit.

Notice Requirement

Under current law, if a certified child care provider is convicted of a serious crime, or if a caregiver or a nonclient resident of the provider is convicted or adjudicated delinquent for committing a serious crime, the certifying entity (DCF in Milwaukee County or a county department or contracted agency elsewhere) must revoke the provider's certification immediately upon providing written notice of revocation and the grounds for revocation and an explanation of the process for appealing the revocation. The bill would specify that revocation would be required if DCF provides written notice of a decision that the child care provider, caregiver, or nonclient resident is ineligible for certification, employment, or residence at the child care provider as the result of a background investigation.

Current Definitions of "Client" and "Nonclient Resident"

Under current law, "client" means a child who receives direct care or treatment from an entity or from a caregiver. The bill would add to this definition a child who receives direct care or treatment from a child care program and specify that "client" includes: (a) an adopted child for whom adoption assistance payments are being made; (b) a child for whom subsidized guardianship payments are being made; and (c) a person who is 18 to 21 years old, is receiving independent living services from an agency, is no longer placed in out-of-home care, and is residing in the foster home in which he or she was previously placed.

Currently, "nonclient resident" means a person who resides, or is expected to reside, at an entity or with a caregiver who is not a client of the entity or caregiver and who has, or is expected to have, regular, direct contact with clients. The bill would specify that this definition includes persons who are under age 18 but not under age 10.

Pending Investigations

The bill would specify that if DCF learns that a caregiver or nonclient resident is the subject of a pending investigation for a crime or offense that could result in a bar to employment as a caregiver or residence at an entity that provides care or services to children, DCF would be able to notify the entity of the pending investigation. However, a change in language would be necessary to reflect the intent of the bill.

DCF Rules

The bill would authorize DCF to promulgate any rules necessary for administering the existing background check provisions.

Denial of Employment or Residency

Under current law, if a person who has been issued a license or a probationary license to operate a child care center is convicted of a serious crime, or if a caregiver or a nonclient resident of the child care center is convicted or adjudicated delinquent for committing a serious crime, DCF must revoke the license of the child care center immediately upon providing written notice of revocation and the grounds for revocation and an explanation of the process for appealing the revocation. The bill would also require revocation or denial of employment or residency if the results of a criminal background check indicate that the person is not eligible to be licensed, certified, or employed or to reside at a child care program.

Nonpayment of Child Care Providers

Under current law, if a child care provider is convicted of a serious crime, or if a caregiver or a nonclient resident of the provider is convicted or adjudicated delinquent for committing a serious crime, DCF or a county department must refuse to pay the provider for any child care provided beginning on the date of the conviction or delinquency adjudication. The bill would specify that this provision also applies if DCF provides written notice that the child care provider, caregiver, or nonclient resident is ineligible for certification, employment, or residence at the child care provider as a result of a background check under the bill's provisions.

Currently, DCF or a county department may refuse to pay a child care provider for child care provided if certain conditions apply to the provider or to a caregiver or nonclient resident of the provider. One of the conditions is that the person has been convicted of or adjudicated delinquent for an offense that is not a serious crime but DCF, another certifying entity or a school board determines that the offense substantially relates to the care of children or DCF or the county department determines that the offense substantially relates to the operation of a business. Another condition is that the person is a caregiver or a nonclient resident and is the subject of a pending criminal charge that DCF, another certifying entity or a school board determines substantially relates to the care of children. The bill would specify that only DCF (and not another certifying entity or school board) could determine that an offense substantially relates to the care of children.

Under current law, if a child care provider is convicted of a serious crime, or if a caregiver or a nonclient resident of the child care provider is convicted or adjudicated delinquent for committing a serious crime, DCF or the county department must refuse to allow payment to the child care provider for any child care provided beginning on the date of the conviction or delinquency adjudication. The bill would also require payment to be withheld if DCF provides written notice that the child care provider, caregiver, or nonclient resident is ineligible for certification, employment, or residence at the child care provider as a result of a background check.

Currently, DCF or the county department may refuse to allow payment to a child care provider if certain conditions apply to the provider or to a caregiver or nonclient resident of the provider. One of the conditions is that the person has been convicted of or adjudicated delinquent for committing an offense that is not a serious crime but DCF, the county department, other certifying entity, or school board determines that the offense substantially relates to the care of children or DCF or the county department determines that the offense substantially relates to the operation of a business. The bill would specify that only DCF could make a determination regarding whether an offense substantially relates to the care of children or the operation of a business.

Notice to DHS by School Boards

Current law authorizes school boards to establish and provide or contract for the provision of child care programs for children. Such programs must meet the standards for licensed child care centers established by DCF, and DCF may visit and inspect the premises of, inspect the records of, and investigate and prosecute any alleged violations occurring at any such child care program that receives a subsidy payment. If a school board proposes to contract for the provision of a child care program or if on July 1, 1996, a school board was a party to a contract for the provision of a child care program under this provision, it must refer the proposed contractor to DCF for the required criminal history and child abuse record search under Chapter 48. Each school board must provide DHS with information about each person who is denied a contract for a reason specified below:

a. The person has been convicted of a serious crime or, if the person is seeking issuance or continuation of a license to operate a child care center, renewal of certification, or renewal of a contract with a school board to operate a child care program and has been convicted of a serious crime, or adjudicated delinquent for committing a serious crime, or that the person is the subject of a pending criminal charge or delinquency petition alleging that the person has committed a serious crime on or after his or her 12th birthday.

b. A unit of government or a state agency has made a finding that the person has abused or neglected any client or misappropriated the property of any client.

c. A final determination has been made or, if a contested case hearing is held on such a determination, a final decision has been made that the person has abused or neglected a child.

d. In the case of a position for which the person must be credentialed by DSPS, the person's credential is not current or is limited so as to restrict the person from providing adequate care to a client.

The bill would eliminate the required notification to DHS. DCF indicates that it automatically shares such information with DHS.

Effective Date

These provisions would take effect on September 30, 2018. Federal law requires that all states have policies and procedures in place that meet federal background check requirements no later than September 30, 2017. DCF has applied for a one-year extension of this deadline.

[Bills Sections: 380, 394, 397, 776 thru 784, 786 thru 833, 836 thru 843, 845, 846, 849 thru 854, 871 thru 873, 876 thru 880, 1625 thru 1628, 2245, 9106(1), and 9406(2)]

Child Support

1. REQUIRE CHILD SUPPORT COMPLIANCE FOR FOOD-SHARE

GPR	$140,300
FED	272,200
Total	$412,500

Governor: Restore the child support cooperation requirement in the FoodShare supplemental nutrition assistance program as a condition of eligibility and provide DCF with $140,300 GPR and $272,200 FED in 2017-18 to implement the change. The funding would support administrative costs of verifying child support compliance, including modifications to the kids information data system (KIDS) to allow automatic referrals to the CARES information system. The source of the federal funding would be matching funds for reimbursing administrative costs in the child support enforcement program.

For additional information, see "Health Services -- FoodShare."

[Bill Sections: 958, 959, and 961 thru 963]

2. SUPPORTING PARENTS SUPPORTING KIDS DEMON-STRATION PROGRAM

GPR	$188,300
FED	365,300
PR	443,000
Total	$996,600

Governor: Provide $68,000 PR in 2016-17 and $928,600 ($188,300 GPR, $365,300 FED, and $375,000 PR) in 2018-19 to support an expansion of the supporting parents supporting kids (SPSK) program into three additional counties in 2018-19. The program revenue would transfer from TANF-related programs child support collections from W-2 participants. The federal revenue would be matching funds for reimbursing administrative costs in the child support enforcement program.

Wisconsin currently receives federal child support noncustodial parent employment demonstration (CSPED) funding to operate the SPSK program in Brown and Kenosha Counties. The program assists low-income noncustodial parents who are unemployed and not meeting their child support payment obligations by providing partial suspension of administrative enforcement measures, assistance with job search and job skills, training on child development, and parental programming to connect with their children.

Wisconsin applied for, and received, a federal waiver to continue the program into 2017-18. This allows Wisconsin to receive federal matching funds on state spending. In utilizing the new funding, DCF intends to change the program from voluntary participation into mandatory court-ordered participation.

Under the bill, it is assumed that CSPED funding for SPSK will cease in 2018-19. Instead, SPSK would be funded by the GPR, program revenue, and federal matching funds described above. In addition, the state funding in 2017-18 will likely generate additional federal matching funds (currently estimated at $132,000), although not included in the appropriation schedule under the bill. It is not yet known whether Wisconsin would receive an additional federal waiver for 2018-19.

The additional funding under the bill for the PSPK program would be divided between: (a) grants to counties ($200,000 in 2017-18 and $375,000 in 2018-19); and (b) program administration, including program evaluation, training, and automation costs ($553,600 in 2018-19).

CIRCUIT COURTS

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$97,470,300	$101,560,500	$101,560,500	$8,180,400	4.2%	527.00	527.00	527.00	0.00	0.0%
PR	232,700	232,700	232,700	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$97,703,000	$101,793,200	$101,793,200	$8,180,400	4.2%	527.00	527.00	527.00	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	$8,180,400

Governor: Provide $4,090,200 annually for full funding of salary and fringe benefits associated with standard budget adjustments.

CORRECTIONS

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$1,098,346,600	$1,126,557,700	$1,127,326,700	$57,191,200	2.6%	9,564.77	9,663.22	9,559.42	- 5.35	- 0.1%
FED	2,589,900	2,589,900	2,589,900	0	0.0	0.00	0.00	0.00	0.00	0.0
PR	117,820,300	113,114,200	115,090,400	- 7,436,000	- 3.2	536.55	555.05	544.55	8.00	1.5
TOTAL	$1,218,756,800	$1,242,261,800	$1,245,007,000	$49,755,200	2.0%	10,101.32	10,218.27	10,103.97	2.65	0.0%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $40,394,200	- 3.00
PR	- 2,490,600	0.00
Total	- $42,884,800	- 3.00

Governor: Delete $20,179,700 GPR and 3.0 GPR positions and $1,245,300 PR in 2017-18 and $20,214,500 GPR and 3.0 GPR positions and $1,245,300 PR in 2018-19 related to the following standard budget adjustments.

	2017-18			2018-19			Biennium		
	GPR	FTE	PR	GPR	FTE	PR	GPR	FTE	PR
Full Funding of Salaries and Fringe Benefits	-$56,044,800		-$2,576,500	-$56,044,800		-$2,576,500	-$112,089,600		-$5,153,000
Turnover Reduction	-10,999,800		-416,300	-10,999,800		-416,300	-21,999,600		-832,600
Overtime	39,953,300		1,476,300	39,953,300		1,476,300	79,906,600		2,952,600
Night and Weekend Differential Pay	7,041,200		271,200	7,041,200		271,200	14,082,400		542,400
Removal of Noncontinuing Elements from the Base	-129,600	-3.00	0	-164,400	-3.00	0	-294,000	-3.00	0
Total	-$20,179,700	-3.00	-$1,245,300	-$20,214,500	-3.00	-$1,245,300	-$40,394,200	-3.00	-$2,490,600

Also included under standard budget adjustments are minor transfers of positions within appropriations, including the transfer of 15.50 positions from the Division of Adult Corrections' institutions to the Division's central office (11.50 positions) and to the Secretary's Office (4.0 positions).

It should be noted that under standard budget adjustments, funding for overtime and night and weekend differential are removed in the calculations, thus the amounts in the budget represent the Department's estimated total cost. In addition to standard budget adjustment funding, the bill includes supplemental funding for overtime and night and weekend differential, summarized below.

2. OVERTIME SUPPLEMENT

GPR	$24,490,200
PR	753,200
Total	$25,243,400

Governor: Provide $12,245,100 GPR and $376,600 PR annually for an overtime supplement. Under standard budget adjustments each budget cycle, funding associated with overtime (and night and weekend differential) are removed in the calculations of full funding of salaries and fringe benefits. The budget instructions related to overtime specify that the same dollar amounts only may be restored through the standard budget adjustment for overtime. As a result, the bill would provide overtime funding in the amount provided for the prior biennium, adjusted by the new variable fringe rate ($39,953,300 GPR and $1,476,300 PR annually). Based on 2015-16 actual hours of overtime, the bill would provide supplemental funding of $12,245,100 GPR and $376,600 PR annually. The supplemental funding includes monies for the utilization of limited-term employees.

3. NIGHT AND WEEKEND DIFFERENTIAL PAY SUPPLEMENT

GPR	$1,219,200
PR	66,200
Total	$1,285,400

Governor: Provide $609,600 GPR and $33,100 PR annually in supplemental funding for night and weekend differential. Under standard budget adjustments each budget cycle, funding associated with night and weekend differential (and overtime) are removed in the calculations of full funding of salaries and fringe benefits. The budget instructions specify that the same dollar amounts only may be restored through the standard budget adjustment for night and weekend differential. As a result, the bill would provide night and weekend differential funding in the amount provided for the 2015-17 biennium, adjusted by the new variable fringe rate ($609,600 GPR and $33,100 PR annually).

4. RENT

GPR	$13,339,700
PR	- 121,700
Total	$13,218,000

Governor: Provide $6,250,900 GPR and -$66,200 in 2017-18 and $7,088,800 GPR and -$55,500 PR in 2018-19 for rental costs on a departmentwide basis. Funding would be divided as follows: (a) Division of Management Services ($112,000 GPR and $2,900 PR in 2017-18 and $226,800 GPR and $16,000 PR in 2018-19); (b) Division of Adult Institutions (-$83,200 PR in 2017-18 and -$77,000 PR in 2018-19); (c) Division of Community Corrections ($6,185,400 GPR and $1,400 PR in 2017-18 and $6,906,400 GPR and $2,800 PR in 2018-19); (d) Secretary's Office ($100 GPR annually); (e) Parole Commission (-$45,100 GPR in 2017-18 and -$43,600 GPR in 2018-19) and (f) Division of Juvenile Corrections (-$1,500 GPR and $12,700 PR in 2017-18 and -$900 GPR and $2,700 PR in 2018-19).

5. FUEL AND UTILITIES

GPR	- $5,295,400

Governor: Modify fuel and utilities funding by -$2,840,800 in 2017-18 and -$2,454,600 in 2018-19 associated with reestimated funding for fuel and utilities in adult correctional institutions. Current base funding for the fuel and utilities appropriation is $28,221,800.

6. RISK MANAGEMENT PREMIUMS

GPR	$4,369,000
PR	250,400
Total	$4,619,400

Governor: Provide $2,184,500 GPR and $125,200 PR annually for increased premium costs associated with liability, property, and workers compensation insurance coverage. The state's risk management program is an insurance program for state agencies administered by the Department of Administration (DOA). Each year, DOA assesses state agencies risk management premiums based generally on program costs, claims history, and risk exposure.

7. DEBT SERVICE REESTIMATE

GPR	- $9,393,500
PR	- 24,400
Total	- $9,417,900

Governor: Adjust funding by -$1,753,000 GPR and -$10,800 PR in 2017-18 and -$7,640,500 GPR and -$13,600 PR in 2018-19 to reflect the current law reestimate of GPR debt services costs on state general obligation bonds an commercial paper debt issued for the Department and PR debt services. The reestimates include: (a) adult corrections, -$1,330,100 GPR and -$10,800 PR in 2017-18 and -$6,883,000 GPR and -$13,600 PR in 2018-19; and (b) juvenile corrections, -$422,900 GPR in 2017-18 and -$757,500 GPR in 2018-19. Base funding for Corrections' debt service is $77,395,900 GPR and $106,800 PR.

8. WASTEWATER TREATMENT PLANT IMPROVEMENTS

GPR	$1,194,400

Governor: Provide $597,200 annually for state payments for improvements to the wastewater treatment facilities serving Jackson and New Lisbon Correctional Institutions.

9. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
GPR	- 126.75
PR	- 8.50
Total	- 135.25

Governor: Delete 126.75 GPR and 8.5 PR positions in 2018-19 associated with human resource services and payroll benefit services. Transfer position authority to the Department of Administration (D0A) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) general program operations, -119.75 GPR; (b) services for community corrections, -6.0 GPR; (c) correctional officer training, -4.0 PR; (d) juvenile general program operations, -1.0 GPR; (e) juvenile correctional services, -4.0 PR; and (f) juvenile community supervision, -0.5 PR. Funding associated with the positions ($9,489,000 GPR and $742,800 PR) would not be reduced by rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at Corrections but would become DOA employees rather than employees of Corrections.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

10. TRANSFER VACANT POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING

	Funding	Positions
GPR	- $150,200	- 1.00

Governor: Transfer 1.0 vacant position to the Department of Administration "to strengthen information technology and services procurement and purchasing." Delete $75,100 annually from Corrections' general program operations appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

11. NEW RENEWABLE ENERGY APPROPRIATION

Governor: Create a new appropriation for the purchase of electric energy derived from renewable resources. Transfer $560,800 GPR annually to the new appropriation from Corrections' fuel and utilities appropriation. [See "Administration -- Facilities."]

[Bill Sections: 365 and 366]

12. REALIGNMENT OF FUNDING AND POSITIONS

Governor: Transfer funding and positions between appropriations related to realignment of departmental activities as follows: $944,200 PR and 10.25 PR positions in each year from Corrections' juvenile correctional services appropriation to its juvenile community supervision appropriation.

Adult Corrections

1. ADULT CORRECTIONAL FACILITY POPULATIONS

Governor: Estimate an average daily population in adult correctional facilities (correctional institutions and centers) and contract beds of 23,330 in 2017-18 and 23,233 in 2018-19. The following table identifies the estimated distribution of this population.

	February 24, 2017 Actual Population	Average Daily Population 2017-18	2018-19
Institutions*	20,237	20,083	20,118
Centers	2,457	2,655	2,655
Contract Beds**	209	592	460
Total	22,903	23,330	23,233

*Includes inmates placed at the Wisconsin Resource Center, operated by DHS (386 for 2017-18 and 2018-19).

**Contract bed populations include inmates held in intergovernmental beds and in Wisconsin county jails, but exclude inmates in contract bed placements for extended supervision sanctions, young adults placed at a juvenile school, federal beds, and temporary lock-ups.

The projections include a provision in the Governor's recommendations to expand capacity at the Racine Youthful Offender Correctional Facility by 25 beds, with a corresponding decrease in contract beds and funding. Further, the projections include a provision to expand the earned release program, with estimated contract bed reductions of 105 beds in 2017-18 and 237 beds in 2018-19. These provisions are summarized in more detail below.

2. PRISON CONTRACT BED FUNDING

GPR	$17,261,000

Governor: Provide $8,630,500 annually for prison contract beds. The bill projects a total need of 1,239 contract beds annually. Included in the number of contract beds are beds the Department uses for offenders in temporary placements for extended supervision sanctions or temporary lockups, as well as youthful adult offenders placed in juvenile facilities (a net of 517 offenders annually). Base funding for the contract bed appropriation is currently $18,360,500 annually. In 2015-16, the average daily inmate population in Wisconsin county jails and federal prisons was 49 inmates, with an average of 469 beds used for short-term community supervision sanctions.

Two provisions in the bill (summarized below) assume savings to contract bed funding: (a) expanding capacity at the Racine Youthful Offender Correctional Facility (RYOCF) (-$469,600 and -25 contract beds annually); and (b) expansion of the earned release program (-$1,973,400 and -105 beds in 2017-18 and -$4,447,800 and -237 beds in 2018-19). Incorporating these reductions, the number of contract beds needed would be reduced from 1,239 beds annually to 1,109 in 2017-18 and 977 in 2018-19. As such, funded contract beds under the bill would total:

Contract Bed Funding Provisions

	2017-18	2018-19
Initial Contract Beds	1,239	1,239
Bill Provision -- RYOCF	-25	-25
Bill Provision -- Earned Release	-105	-237
Total Contract Beds Funded	1,109	977

It should be noted that for each budget cycle, the Department of Corrections submits a population projection and contract bed funding need with its agency budget request. Under Corrections' original projections, the contract bed need would be 1,239 in 2017-18 and 2,447 beds in 2018-19. With the Governor's recommendations in the 2017-19 biennial budget related to RYOCF and earned release, Corrections' projections would be modified to show a contract bed need of 1,109 in 2017-18 and 2,185 beds in 2018-19. Regarding the difference of -1,208 beds in 2018-19 between DOC's projections and the budget bill, the Department of Administration indicates that, while DOC's projections are higher than assumed in the bill, it is anticipated that Corrections' projected increase in contract beds in 2018-19 would not be realized "based on prior trends in law changes and their effects on population."

3. EXPAND OPERATING CAPACITY AT RACINE YOUTHFUL OFFENDER CORRECTIONAL FACILITY

GPR	- $596,300

Governor: Modify current law to allow the number of inmates who may be placed at the Racine Youth Offender Correctional Facility to be increased from 450 inmates to 500 inmates. According to the administration, increasing the population limit would alleviate reliance on county contract beds and enable more eligible inmates to participate in facility programming. As a result, funding would be modified by -$300,100 in 2017-18 ($169,500 for institutional costs and -$469,600 in contract bed savings) and -$296,200 in 2018-19 ($173,400 for institutional costs and -$469,600 in contract bed savings). The Racine Youth Offender Facility is a medium-security facility for persons 15 years of age or over, but not more than 24 years of age.

[Bill Section: 1851]

4. EARNED RELEASE PROGRAM EXPANSION

	Funding	Positions
GPR	- $3,707,800	16.25

Governor: Modify funding by -$875,500 in 2017-18 and -$2,832,300 in 2018-19 and provide 16.25 positions annually to expand the earned release program at the Department's correctional centers. Positions would include 15.0 treatment specialists and 1.25 correctional sergeants, with associated funding of $803,700 in 2017-18 and $952,500 in 2018-19. Of the positions, 5.0 treatment specialists and 1.25 correctional sergeants would be at the Drug Abuse Correctional Center, while the remaining

10.0 treatment specialists would be placed at one of the other correctional centers (not yet determined). In addition, funding of $294,200 in 2017-18 and $663,000 in 2018-19 would be provided for supplies and services for anticipated increased community supervision costs as a result of increased admissions into the community. The bill assumes that funding associated with staffing and community supervision costs would be offset by contract bed savings of -$1,973,400 in 2017-18 and -$4,447,800 in 2018-19.

Under the expanded earned release program, each treatment specialist would provide services to 10 offenders at a time in the 20-week program. In calculating contract bed savings, resulting from more inmates participating in the program and being released earlier, Corrections assumed a program success rate of 84.7%, with an overall reduced average daily population of 105 inmates in 2017-18 and 237 inmates in 2018-19.

The earned release program was created in 2003 for eligible inmates who successfully complete the substance abuse treatment program. All inmates are eligible for the earned release program, except inmates who are incarcerated for crimes against life and bodily security (crimes under Chapter 940 of the statutes), or for certain crimes against a child. Inmates in the intensive sanctions program may participate in the program but are not eligible for earned release. For inmates with bifurcated sentences who successfully compete the program, the sentencing court must: (a) reduce the prison portion of the bifurcated sentence so that the inmate will be released to extended supervision within 30 days after the court was notified of the completion; and (b) lengthen the term of extended supervision so that the total length of the bifurcated sentence does not change.

5. POPULATION AND INFLATIONARY COST INCREASES

GPR	$37,290,000

Governor: Provide $16,495,800 in 2017-18 and $20,794,200 GPR in 2018-19 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions, as follows: (a) -$725,500 in 2017-18 and -$89,400 in 2018-19 for food costs; (b) $730,500 in 2017-18 and $765,700 in 2018-19 for variable non-food costs, such as clothing, laundry, inmate wages, and other supplies; and (c) $16,490,800 in 2017-18 and $20,117,900 in 2018-19 for inmate health care. Funding for inmate health services assumes that per capita inmate costs would increase from an estimated $3,104 in 2016-17 to $3,391 in 2017-18 and $3,545 in 2018-19. Health care costs include pharmaceutical costs, third party administrator costs, and contracting costs with the University Hospital and Clinics, the UW Medical Foundation, Waupun Memorial Hospital, and other community hospitals.

6. STAFFING FOR NEW UNIT AT ROBERT E. ELLSWORTH CORRECTIONAL CENTER

	Funding	Positions
GPR	$572,500	3.00

Governor: Provide $264,100 in 2017-18 and $308,400 in 2018-19 and 3.0 positions annually for a recently opened unit at Robert E. Ellsworth Correctional Center. The unit was opened in May, 2016, to accommodate increased female inmate populations, with the Department utilizing existing resources for security staffing. Recommended funding includes: (a) $195,700 in 2017-18 and $240,000 in 2018-19 and 3.0

positions annually for a nurse clinician, psychologist, and social worker; and (b) $68,400 annually for institutional supplies and services.

7. AODA PROGRAMMING IN CORRECTIONAL CENTERS

	Positions
GPR	25.00

Governor: Provide 25.0 new positions, including 23.0 social workers, 1.0 corrections program supervisor, and 1.0 treatment specialist as a result of increased prison populations resulting from 2015 Act 371. Act 371 increased penalties for certain OWI offenses. Under the bill, $1,368,400 in 2017-18 and $1,657,000 in 2018-19 will be transferred from the Department's services for drunken driving offenders appropriation to its general program operations appropriation to fund the positions. The services for drunken driving offenders appropriation is limited to supporting community probation supervision, monitoring center, and enhanced community treatment for persons convicted of a second or third OWI offenses. Appropriation expenditures have generally been below budgeted amounts in recent years.

8. OSHKOSH CORRECTIONAL INSTITUTION -- SERIOUS MENTAL ILLNESS RESIDENTIAL TREATMENT UNIT

	Funding	Positions
GPR	$2,236,500	16.85

Governor: Provide $1,022,200 in 2017-18 and $1,214,300 in 2018-19 and 16.85 positions annually to convert an existing housing unit in order to create a secured 75-bed residential treatment unit for inmates with serious mental illness at the Oshkosh Correctional Institution. Staffing would include: 5.25 correctional officers, 1.0 correctional sergeant, 5.6 psychological associates, 2.0 therapists, 1.0 psychologist, 1.0 nurse clinician, and 1.0 social worker.

According to Corrections, inmates with a mental illness or intellectual disability can often end up in restrictive housing, also known as segregation, where an inmate is placed in a locked cell for 22 hours or more per day for violating prison rules. Inmates with serious mental illness in restrictive housing are more likely to threaten to commit or commit self-harm than other inmates, resulting in off-site emergency room visits and clinical observation placements. The Department indicates creating a residential treatment unit for inmates with serious mental illness would address inmates' serious mental illness treatment needs, while reducing incidents of conduct reports, emergency room visits, and clinical placements.

9. MENTAL HEALTH STAFFING FOR RESTRICTIVE HOUSING UNITS

	Funding	Positions
GPR	$592,600	4.80

Governor: Provide $268,200 in 2017-18 and $324,400 in 2018-19 and 4.80 positions annually to provide treatment to mentally ill inmates placed in restrictive housing units at Waupun, Green Bay and Columbia Correctional Institutions. Staffing for the restricted housing units would include 2.6 psychological associates at Waupun Correctional Institution, 1.60 psychological associate at Green Bay Correctional Institution, and 0.6 psychological associate at Columbia Correctional Institution. Treatment in the restrictive housing units would include at least 10 hours per week of structured therapeutic out-of-cell programming and at least 10 hours per week of out-of-cell unstructured recreation, known as the "10/10" model of treatment.

Beginning in 2014, Corrections created a restrictive housing committee to review and revise its policies and practices related to restrictive housing. Among the recommended changes is to utilize the "10/10" treatment model for inmates with serious mental illness in restrictive housing. Correctional data in 2016 found that 14.4% of the Waupun inmate population had a serious mental illness, 13.0% of the Green Bay inmate population had a serious mental illness, and 12.0% of the Columbia inmate population had a serious mental illness.

10. INSTITUTIONAL HEALTH SERVICE UNIT EXPANSIONS

	Funding	Positions
GPR	$5,179,600	63.50

Governor: Provide $1,096,800 and 29.55 positions in 2017-18 and $4,082,800 and 63.50 positions in 2018-19 for expansion of the health service units at the Taycheedah, Oshkosh, and Columbia Correctional Institutions. The recommendation would include: (a) Taycheedah Correctional Institution, $1,096,800 in 2017-18 and $2,035,400 in 2018-19 and 29.55 positions annually to staff and operate a new infirmary opening in January, 2018; (b) Oshkosh Correctional Institution, $1,274,200 and 28.95 positions in 2018-19 for a new health services unit and long-term care addition to be opened in January, 2019 (construction will be completed July, 2018); and (c) Columbia Correctional Institution, $773,200 and 5.0 positions for a new health services unit to be opened in January, 2019 (construction will be completed in November, 2018).

Staffing at the Taycheedah Correctional Institution infirmary would include: 5.25 correctional officers, 7.4 nurse clinicians, 9.4 nursing assistances, 3.3 licensed practical nurses, 1.0 medical program assistant, 1.0 program supervisor, 1.0 facilities maintenance specialist, 0.6 social worker, and 0.6 advanced practical nurse. Staffing for the Oshkosh unit would include: 5.25 correctional officers, 7.40 nurse clinicians, 9.40 nursing assistants, 3.3 licensed practical nurses, 1.0 medical program assistant, 1.0 program support supervisor, 1.0 social worker, and 0.60 advanced practical nurse. Staffing for Columbia Correctional Institution would include 4.0 nurse clinicians and 1.0 advanced practice nurse.

11. BODY-WORN CAMERAS IN RESTRICTIVE HOUSING

GPR	$591,400

Governor: Provide funding of $264,700 annually, plus one-time funding of $62,000 in 2017-18 to purchase body-worn cameras for correctional officers working restrictive housing units at the Department's maximum security prisons. Funding assumptions include: (a) 269 cameras at a cost of $984 annual license per camera to be utilized at correctional institutions Columbia, Dodge, Green Bay, Taycheedah, Waupun, and Wisconsin Security Detention Facility; (b) 47 new docking stations to charge the cameras (six cameras per station), $1,000 per docking station (one-time cost in 2017-18); and (c) a $2,500 installation charge to install hardware at each of the six sites (one-time cost in 2017-18). The cost assumptions could change depending on the procurement process.

12. PRISON MENTORSHIP PILOT PROGRAM

	Funding	Positions
GPR	$555,400	5.00

Governor: Provide $252,400 in 2017-18 and $303,000 in 2018-19 and 5.0 positions annually for a mentorship pilot program between inmates and citizen volunteers. Positions include 1.0 corrections program supervisor, 1.0 corrections program associate, and 5.0 volunteer coordinators. According to the administration, the program will be designed for inmates who are within six to 12 months of release from prison. "The program will facilitate interactions between inmates and citizen volunteers."

13. FUNDING FOR WINDOWS TO WORK AND VOCATIONAL TRAINING

GPR	$2,000,000

Governor: Provide $1,000,000 annually to expand the Department's vocational training programs, including technical college training and its Windows to Work job services program in partnership with the Department of Workforce Development. Funding would be utilized to expand training programs with technical colleges in computer numerical control/machining technologies and industrial maintenance at Racine Correctional Institution, Thompson Correctional Center, Oregon Correctional Center, McNaughton Correctional Center, Kenosha Correctional Center, Sanger B. Powers Correctional Center, and John C. Burke Correctional Center. In addition, funding would be utilized to expand offender eligibility and participation in the Windows to Work program. The Windows to Work program is a pre- and post-release program designed to address criminogenic needs that can lead to recidivism. While still incarcerated, inmates participate in programming including cognitive intervention, general work skills and expectations, financial literacy, community resources, job seeking, applications and resumes. Post-release includes assistance in job search and job retention activities for approximately 12 months after release.

14. PR REESTIMATES -- ADULT CORRECTIONS

PR	$2,750,000

Governor: Provide $650,000 in 2017-18 and $2,100,000 in 2018-19 associated with the funding adjustments identified in the table below. The table identifies the program revenue appropriations that would be affected by this item, by program area, the base funding amounts for these appropriations, the funding changes that would be made to these appropriations under this item and other items in the bill, and the total funding that would be budgeted for these purposes.

		2017-18			2018-19		
Purpose	2016-17 Base	Funding Adjustment	Other Budget Items	Total	Funding Items	Other Budget Items	Total
General Operations	$4,342,000	$1,100,000	-$2,400	$5,439,600	$1,100,000	-$2,400	$5,439,600
Telephone Company Commissions	1,104,600	300,000	0	1,404,600	300,000	0	1,404,600
Correctional Farms	11,808,200	-2,400,000	-74,500	9,333,700	-3,100,000	-74,000	8,634,200
Prison Industries	18,752,600	1,650,000	-89,100	20,313,500	3,800,000	-83,500	22,469,100
Total PR Reestimates		$650,000			$2,100,000		

15. WORK RELEASE FOR INMATES CONFINED IN COUNTY JAILS

Governor: Modify current law to provide that inmates who are assigned to detention in a county jail may be eligible to participate in employment-related programs at the county jail (Huber release). The sheriff in conjunction with the Department would determine inmate eligibility to participate in employment-related programs and may terminate program participation or return an inmate to state facilities, or both at any time. Inmates would be eligible for release to seek employment or engage in employment training, work, perform community services or attend an educational institution.

[Bill Sections: 364, 1864, and 1865]

Community Corrections

1. FUNDING FOR DIVISION OF HEARINGS AND APPEALS CHARGES

GPR	$4,600,000

Governor: Provide $2,300,000 annually to offset increased expenditures as a result of a provision under 2015 Act 55, which eliminated GPR funding for DOA's Division of Hearings and Appeals (DHA) operations appropriation, and instead required that agencies be charged for hearings and appeals services. Corrections utilizes DHA for probation, parole, and extended supervision revocation hearings.

2. FUNDING AND STAFFING FOR GLOBAL POSITIONING SYSTEM (GPS) TRACKING

	Funding	Positions
GPR	$1,691,400	4.00
PR	- 198,500	- 4.00
Total	$1,492,900	0.00

Governor: Provide $621,900 GPR and 2.0 GPR positions and -$56,700 PR and -2.0 PR positions in 2017-18 and $1,069,500 GPR and 4.0 GPR positions and -$141,800 PR and -4.0 PR positions in 2018-19 associated with the Department's GPS monitoring program. Funding would include: (a) $99,900 GPR and 2.0 GPR positions and -$31,200 PR and -2.0 PR positions in 2017-18 and $204,300 GPR and 4.0 GPR positions and -$116,300 PR and -4.0 PR positions in 2018-19 associated with Monitoring Center communications operator positions; and (b) $522,000 GPR and -$25,500 PR in 2017-18 and $865,200 GPR and -$25,500 PR in 2018-19 for equipment costs. As of January, 2017, there were 1,393 offenders on GPS tracking. The estimated GPS tracking population in the bill would be 1,500 2017-18 and 1,594 in 2018-19.

3. FUNDING REDUCTION FOR PROBATION, PAROLE AND EXTENDED SUPERVISION COSTS

PR	- $12,246,000

Governor: Delete $6,123,000 annually related to anticipated revenue shortfalls related to

2015 Act 355, which required restitution payments be paid in full prior to Corrections collecting supervision fees to partially reimburse the Department for supervision costs. Reduced funding includes -$1,401,100 annually for field unit supplies and services and -$4,721,900 annually associated with rent costs. Related to the loss in revenue for rent costs (-$4,721,900 annually), in Item #4 under "Corrections -- Departmentwide," additional GPR funding is provided for the Division of Community Corrections to address these costs.

4. PR REESTIMATES - COMMUNITY CORRECTIONS

PR	$339,400

Governor: Provide $169,700 annually associated with the funding adjustments identified in the table below. The table identifies the program revenue appropriations that would be affected by this item, by program area, the base funding amounts for these appropriations, the funding changes that would be made to these appropriations under this item and other items in the bill, and the total funding that would be budgeted for these purposes.

		2017-18			2018-19		
Purpose	2016-17 Base	Funding Adjustment	Other Budget Items	Total	Funding Items	Other Budget Items	Total
Sex Offender Management	$819,000	$90,100	$0	$909,100	$90,100	$0	$909,100
Administration of Restitution	774,800	79,600	-5,400	849,000	79,600	-4,400	850,000
Total PR Reestimates		$169,700			$169,700		

5. EXPANSION OF OPENING AVENUES TO REENTRY SUCCESS

GPR	$1,321,600

Governor: Provide $660,800 annually to expand the Opening Avenues to Reentry Success (OARS) program. The OARS program began as a pilot program in 2011, providing intensive case management and mental health services to serious mentally ill offenders. To qualify for participation, an offender must: (a) volunteer for participation; (b) be referred to the program by Correctional staff; (c) be assessed at medium- or high-risk to reoffend; (d) be diagnosed with a serious mental illness; (e) have at least six months of post-release supervision remaining on their sentence; and (f) be in a county where OARS programming is provided (currently 37 counties). Services are provided based on each offender's needs and may include intensive case management and supervision, assistance with obtaining and maintaining safe affordable housing, resources for medication and access to psychiatric care, treatment addressing criminogenic needs, access to local transportation, budgeting, and financial resources, employment, and education.

According to the Department: "The number of inmates with a serious mental illness is increasing and DOC lacks resources to provide services for all these individuals through the OARS program." Current funding of $2.6 million annually allows for treatment of 133 participants. The bill's additional funding would provide services to an additional 40 participants, allowing Corrections to expand the program to the following counties: Eau Claire, Langlade, Lincoln, Menominee, and Shawano.

6. LEGISLATIVE AUDIT BUREAU STUDY - POLICIES AND PROCEDURES OF PROBATION AND PAROLE REVOCATION PROCESS

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

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

[Bill Section: 9129(1)]

Parole Commission

1. ELIMINATE PAROLE COMMISSION AND TRANSFER RESPONSIBILITIES TO CORRECTIONS

	Funding	Positions
GPR	- $1,775,900	- 13.00

Governor: Delete funding ($591,400 in 2017-18 and $1,184,500 in 2018-19), position authority (13.0 positions in 2018-19), and statutory language related to the Parole Commission as of January 1, 2018. Replace statutory duties related to the Parole Commission with the Department of Corrections. Replace statutory language related to the Parole Commission Chairperson with the Department of Corrections Director of Parole. As a result, the Director of Parole would make discretionary parole decisions, rather than an eight-member commission.

Under current law, the Parole Commission, which is attached to the Department of Corrections, is responsible for making prison release decisions for inmates. The Commission consists of eight members: the chairperson, appointed for a two-year term by the Governor, with the advice and consent of the Senate; and seven other members in the classified service appointed by the Chairperson. The Commission conducts interviews with parole-eligible inmates and decides whether to grant a discretionary release. The Chairperson is the final authority in granting discretionary paroles. If discretionary parole is granted, the parolee is placed under the supervision of Corrections for a period not to exceed the court-imposed sentence, less time already served. Inmates who are parole-eligible are those convicted of offenses which occurred prior to January 1, 2000. Current budgeted funding for the Commission is $1,282,900 and 13.0 positions.

[Bill Sections: 10, 16, 38, 39, 176, 367, 505, 1757, 1758, 1763, 1764, 1849, 1850, 1852, 1853, 1856 thru 1863, 1866 thru 1890, 2231, 2251, 2256, 2257, 9108(1), and 9408(2)]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES

Governor: Estimate the juvenile correctional facility average daily population (ADP) to be 253 annually as shown in the table below. The juvenile facilities include Lincoln Hills School (males), Copper Lake School (females), the Mendota Juvenile Treatment Center, and the Grow Academy, an agriculture science-based experiential education program held at a facility in Oregon, Wisconsin.

Facilities	February 24, 2017 Actual Population	Average Daily Population 2017-18	2018-19
Lincoln Hills School	158*	178	178
Copper Lake School	22	20	20
Mendota Juvenile Treatment Center	28	29	29
Grow Academy	4	8	8
Total Juvenile Correctional Facility	212	235	235
Division of Adult Institutions transfers pending statutory language change		18	18
Total		253	253

*Number includes Division of Adult Institutions transfers.

2. STATUTORY DAILY RATES

Governor: Specify the following statutory daily rates to be established for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid by the state through the serious juvenile offender appropriation.

	Statutory Rates		Request
	7-1-16 thru 6/30/2017	7-1-17 thru 6/30/2018	7-1-18 thru 6/30/2019
Juvenile Correctional Facilities*			
Proposed	$292	$344	$352

*Includes: (a) transfers from a juvenile detention facility to the Mendota Juvenile Treatment Center; and (b) approximately 18 transfers from adult institutions if the age is increased to 18 as proposed under the bill.

Specific rates for corrective sanctions and aftercare supervision were deleted under the 2015 Act 55 and combined into the juvenile community supervision program effective July 1, 2017. These rates will be established under a 14-day passive review by the Joint Committee on Finance prior to July 1, 2017.

[Bill Sections: 1854, 1855, and 9408(1)]

3. POPULATION AND INFLATIONARY COSTS

PR	$685,400

Governor: Modify population-related funding for juvenile corrections by $326,800 in 2017-18 and $358,600 in 2018-19, as follows: (a) -$28,000 in 2017-18 and -$17,000 in 2018-19 for food costs at juvenile correctional facilities; (b) -$176,400 annually for variable non-food costs (such as clothing, laundry, and personal items); and (c) $531,200 in 2017-18 and $552,000 in 2018-19 for juvenile health costs.

4. PREA COMPLIANCE -- LINCOLN HILLS

	Funding	Positions
PR	$1,309,400	8.25

Governor: Provide $653,400 in 2017-18, and $656,000 in 2018-19 with 8.25 PR positions annually to improve total staff ratio at Lincoln Hills School (LHS) as directed by the Federal Prison Rape Elimination Act (PREA). The positions provided include 5.0 FTE Youth Counselors and 3.25 FTE Youth Counselor – Advanced positions. The Act requires that all secure juvenile facilities maintain a security staff-to-juvenile ratio of 1:8 during resident waking hours and 1:16 during resident sleeping hours, except during limited and discrete exigent circumstances, which must be fully documented for audit purposes. On February 17, 2017, LHS (boys) averaged a ratio of 1:12 during waking hours and 1:28 during sleeping hours. The additional positions would reduce LHS average ratios to 1:11 during waking hours and 1:19 during resident sleeping hours.

5. JUVENILE PROGRAM REVENUE REESTIMATES

PR	$1,167,500

Governor: Provide $341,000 in 2017-18 and $826,500 in 2018-19 associated with the funding adjustments identified in the table below. The table identifies the program revenue appropriations that would be affected, base funding amounts for these appropriations, funding changes, and the total funding that would be budgeted as a result of the reestimates.

Purpose	2016-17 Base	2017-18 Funding Adjustment	2017-18 Total	2018-19 Funding Adjustment	2018-19 Total
Purchase of Services	$285,000	$18,000	$303,000	$14,000	$299,000
Residential Aftercare	6,698,500	580,400	7,278,900	1,064,900	7,763,400
Utilities and Heating	620,300	-257,400	362,900	-252,400	367,900
Total PR Reestimates		$341,000		$826,500	

6. MENTAL HEALTH SERVICES AT COPPER LAKE

	Funding	Positions
PR	$556,600	3.25

Governor: Provide $256,100 in 2017-18 and $300,500 in 2018-19 with 3.25 positions annually to support the provision and enhancement of mental health services for girls at the Copper Lake School (CLS). Positions would be distributed as:

a. 1.75 FTE Youth Counselors (YC) as patrol staff for the 3rd shift in order to provide additional services to girls who have been traumatized and abused and have difficulty with sleeplessness.

b. 0.5 FTE Youth Counselors – Advanced as additional lead workers for the 1st and 2nd shifts and to increase attention that the girls need to help complete goals or case work and to focus on their individual, identified needs. The YC – Advanced would be in addition to 3.0 YC – Advanced currently on staff for this purpose. This group of security staff would be trained in Trauma Informed Care practices in order to provide improved cognitive processing and a safer environment for girls.

c. 1.0 FTE Psychologist Associate to enhance current individual and group work and family counseling time. The additional psychologist is intended to enable girls to have increased access to programming and coordinate therapy with unit social workers and treatment specialists.

d. An agency (contract) psychiatrist to provide in-person treatment one day per week and to coordinate with CLS psychologists when prescribing medication. The contract would be funded at $56,200 in in 2017-18 and $74,900 in 2018-19. This position is intended to increase access to psychiatry at CLS Ida B. Wells cottage to two days per week.

7. JUVENILE MEDICATION ADMINISTRATION

	Funding	Positions
PR	$159,400	9.00

Governor: Provide $93,500 in 2017-18, and $65,900 in 2018-19 with 9.0 positions annually to provide for the safe and effective administration of controlled medications to Division of Juvenile Corrections youths by trained medical personnel. Staffing includes 4.0 registered nurses and 5.0 licensed practical nurses. The provision includes a transfer of $527,300 in 2017-18, and $703,100 in 2018-19 from variable non-food for contract nursing services to partially fund a total of $620,800 in 2017-18, and $769,000 in 2018-19 for the 9.0 positions.

According to Corrections, medication administration involves knowledge of medication and an understanding of how medications interact with a patient's health status that only a licensed health care professional can provide. The requested health care professionals would travel to the location of the patient, assess a patient for the ability to take the medication, administer medication, and provide any necessary follow up care such as evaluating medication effectiveness or side effects.

8. MENDOTA JUVENILE TREATMENT CENTER REESTIMATE

PR	- $392,300

Governor: Delete $229,500 in 2017-18 and $162,800 in 2018-19 related to payments to the Department of Health Services (DHS) for juveniles placed at the Mendota Juvenile Treatment Center. Modify current law to specify that Corrections transfer $2,768,100 in 2017-18 and $2,834,800 in 2018-19 from the PR juvenile correctional services appropriation to DHS. The Department contracts with DHS for 29 mental health beds for juveniles.

[Bill Section: 745]

9. HOUSING MINORS SUBJECT TO A CRIMINAL PENALTY IN JUVENILE CORRECTIONAL FACILITIES

Governor: Modify statutory language to allow the Department to place persons who have not attained the age of 18 years but who are sentenced to the Wisconsin State Prisons at a juvenile correctional facility. This modification would provide the Department additional options for housing sentenced minors between the ages of 16 (the current statutory age for a juvenile) and 18.

The statutory modification is also intended to assist the Department in meeting a requirement of the Federal Prison Rape Elimination Act, which requires that incarcerated persons subject to a criminal penalty under age 18 must be housed separately from sentenced adults age 18 and older.

[Bill Section: 2255]

COURT OF APPEALS

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$10,706,500	$11,149,700	$11,171,900	$908,600	4.2%	75.50	75.50	75.50	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	$908,600

Governor: Provide $443,200 in 2017-18 and $465,400 in 2018-19 for standard budget adjustments, including: (a) $510,600 annually for salary and fringe benefits; and (b) -$67,400 in 2017-18 and -$45,200 in 2018-19 for full funding of lease and directed moves costs.

DISTRICT ATTORNEYS

Budget Summary						FTE Position Summary				
				2017-19 Change Over Base Year Doubled					2018-19 Over 2016-17	
	2016-17	Governor					Governor			
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$44,883,100	$44,674,100	$46,253,300	$1,161,200	1.3%	383.95	383.95	383.95	0.00	0.0%
PR	3,500,300	3,275,800	3,134,500	- 590,300	- 8.4	43.80	37.00	36.00	- 7.80	- 17.8
TOTAL	$48,383,400	$47,949,900	$49,387,800	$570,900	0.6%	427.75	420.95	419.95	- 7.80	- 1.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $2,550,200	0.00
PR	- 478,100	- 7.80
Total	- $3,028,300	- 7.80

Governor: Provide adjustments to the base totaling -$1,275,100 GPR, -$168,400 PR, and -6.8 PR positions in 2017-18; and -$1,275,100 GPR, -$309,700 PR, and -7.8 PR positions in 2018-19. Adjustments are for: (a) turnover reduction (-$200,700 GPR annually); (b) removal of noncontinuing elements from the base (-$322,800 PR and -6.8 PR positions in 2017-18 and -$464,100 PR and -7.8 PR positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$1,169,300 GPR and $154,400 PR annually); and (d) night and weekend differential pay ($94,900 GPR annually).

2. PAY PROGRESSION

GPR	$3,711,400

Governor: Provide $1,066,100 in 2017-18 and $2,645,300 in 2018-19 to support salary increases for assistant district attorneys (ADAs) and deputy district attorneys (DDAs) under the pay progression plan. In addition, transfer $556,900 annually in base funding for pay progression from salaries and fringe benefits to one-time funding. Funding provided under the bill is provided on a non-continuing basis, and would, therefore, not carry forward into the 2019-21 biennium. The amounts provided under the bill are intended to support a $1.97 per hour ($4,098 annually) increase for eligible ADAs and DDAs. A $1.97 per hour salary increase represents one full step under the pay progression plan.

Under 2011 Act 238 and 2013 Act 20, ADAs and DDAs are compensated pursuant to a merit-based pay progression plan that consists of 17 hourly salary steps, with each step equal to one seventeenth of the difference between the prosecutor's lowest possible salary ($23.68 per hour, or $49,254 annually) and the prosecutor's highest possible annual salary ($57.22 per hour, or $119,018 annually). [In addition to maximum salary rate, DDAs may receive up to a $2.75 per hour add-on ($5,720 annually), based on merit, because of supervisory or managerial responsibilities.] Notwithstanding the creation of a 17 hourly salary step pay progression plan, supervising district attorneys may: (a) deny annual salary increases to individual ADAs or DDAs; and (b) increase the salary of individual ADAs and DDAs by up to 10% per year. In order to be eligible for pay progression, individuals generally must have served the state as an ADA or DDA for a continuous period of 12 months or more.

3. MILWAUKEE COUNTY SPECIAL PROSECUTION CLERKS

PR	- $112,200

Governor: Reduce funding for reimbursements for special prosecution clerks in Milwaukee County by $56,100 annually. According to the Executive Budget Book, the reduction in funding under the bill is due to decreased program revenue from the special prosecution clerks fee. In 2015-16, the fee generated $287,900. Base funding for reimbursing Milwaukee County for the special prosecution clerks is $361,100.

Under current law, the state reimburses Milwaukee County for the salary and fringe benefit costs of 6.5 special prosecution clerks in the Milwaukee County District Attorney office. These 6.5 special prosecution clerks serve prosecutors who handle violent crime and felony drug violations in Milwaukee County's speedy drug and violent crime courts (4.5 clerks) and violations relating to the unlawful possession of use of firearms (2.0 clerks). Program revenue generated for these clerk positions is supported by a $3.50 special prosecution clerks fee that is assessed only in Milwaukee County. Subject to certain exceptions, the fee is assessed whenever a person pays: (a) a fee for any civil, small claims, forfeiture, wage earner or garnishment actions; or (b) files an appeal from municipal court, a third party complaint in a civil action, or a counterclaim or cross complaint in a small claims action.

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$6,541,100	$6,466,300	$6,344,400	- $271,500	- 2.1%	26.94	26.94	26.94	0.00	0.0%
FED	1,171,800	0	0	- 2,343,600	- 100.0	0.00	0.00	0.00	0.00	0.0
PR	11,702,600	12,491,200	13,119,100	2,205,100	9.4	28.24	28.24	28.24	0.00	0.0
TOTAL	$19,415,500	$18,957,500	$19,463,500	- $410,000	- 1.1%	55.18	55.18	55.18	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $93,200
PR	- 322,300
Total	- $415,500

Governor: Reduce the base budget by $48,200 GPR and $162,800 PR in 2017-18 and by $45,000 GPR and $159,500 PR in 2018-19 for: (a) full funding of continuing salaries and fringe benefits (-$125,400 GPR and -$182,400 PR annually); (b) overtime ($63,500 GPR and $10,400 PR annually); (c) night and weekend pay differential ($7,500 GPR and $2,900 PR annually); and (d) full funding of lease and directed moves costs ($6,200 GPR and $6,300 PR in 2017-18 and $9,400 GPR and $9,600 PR in 2018-19).

2. FUEL AND UTILITIES REESTIMATE

GPR	$152,100

Governor: Provide $65,500 in 2017-18 and $86,600 in 2018-19 to reestimate fuel and utility costs. Annual adjusted base level funding for fuel and utilities is $866,700.

3. DEBT SERVICE REESTIMATE

GPR	- $330,400
PR	100
Total	- $330,300

Governor: Reduce funding by $92,100 GPR and increase funding by $100 PR in 2017-18 and reduce funding by $238,300 GPR in 2018-19 to reestimate debt service costs. Annual base level funding for debt service is $2,735,700 GPR and $13,600 PR.

4. INCREASE GIFTS AND GRANTS

PR	$2,527,300

Governor: Increase expenditure authority by $951,300 in 2017-18 and $1,576,000 in 2018-19 to fund projected increases in expenses charged to the gifts and grants appropriation. Base year expenditure authority for this appropriation is $11,555,000.

5. REESTIMATE FEDERAL REVENUES

FED	- $2,343,600

Governor: Reduce the federal aid appropriation from $1,171,800 annually to $0 annually. This reestimate is based on actual receipts in fiscal year 2016.

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

ELECTIONS COMMISSION

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$2,046,500	$1,916,400	$4,528,600	$2,352,000	57.5%	9.75	9.75	25.75	16.00	164.1%
FED	3,015,100	2,528,400	0	- 3,501,800	- 58.1	22.00	16.00	0.00	- 22.00	- 100.0
PR	7,700	1,700	1,700	- 12,000	- 77.9	0.00	0.00	0.00	0.00	0.0
SEG	100	100	100	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$5,069,400	$4,446,600	$4,530,400	- $1,161,800	- 11.5%	31.75	25.75	25.75	- 6.00	- 18.9%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $190,800	0.00
FED	- 4,474,800	- 22.00
Total	- $4,665,600	- 22.00

Governor: Provide standard budget adjustments to the base totaling -$104,400 GPR and -$1,459,700 FED and -22.0 FED positions in 2017-18 and -$86,400 GPR and -$3,015,100 FED and -22.0 FED positions in 2018-19. Adjustments are for: (a) removal of non-continuing elements from the base (-$1,376,100 FED and -22.0 FED positions in 2017-18 and -$2,959,300 FED and -22.0 FED positions in 2018-19); (b) full funding of continuing position salaries and fringe benefits (-$121,300 GPR and -$55,800 FED annually); (c) reclassifications and semi-automatic pay progression ($34,500 GPR annually); and (d) full funding of lease and directed moves costs (-$17,600 GPR and -$27,800 FED in 2017-18 and $400 GPR in 2018-19).

2. STATE FUNDING AND POSITIONS TO REPLACE DEPLETED FEDERAL FUNDS FOR ELECTIONS ADMINISTRATION

	Funding	Positions
GPR	$2,594,200	16.00
FED	973,000	0.00
Total	$3,567,200	16.00
GPR-Lapse	$912,000	

Governor: Provide $973,000 FED and 16.0 FED positions in 2017-18 to the Commission's federal aid for election administration appropriation and $2,594,200 GPR and 16.0 GPR positions in 2018-19 to the Commission's general program operations appropriation for the agency to continue providing services that have been supported from federal Help America Vote Act of 2002 (HAVA) funds. Specify that in 2018-19, the Commission must utilize all available HAVA funds remaining in the agency's appropriation prior to spending any GPR that is provided for the purpose of replacing HAVA funding. It should be noted that the general fund condition statement in the bill assumes the Commission will have expenditure authority of

$912,000 GPR remaining at the end of 2018-19. This is included in the lapse amount indicated for 2018-19.

[Bill Section: 9113(1)]

3. REDUCE COMMISSIONER PER DIEMS

GPR	- $51,400

Governor: Delete $25,700 annually from the Commission's general program operations appropriation associated with funding for per diems. Specify that the per diem for a Commissioner is $50 per day on which the member attends a meeting or participates by audio or video conference call. Under current law, Commissioners receive the same per diem as a reserve circuit court judge ($454.11 per day).

[Bill Section: 17]

4. REDUCE MATERIALS AND SERVICES EXPENDITURE AUTHORITY

PR	- $12,000

Governor: Delete $6,000 annually from the Commission's materials and services appropriation associated with anticipated decreases in revenue and expenditures. Base funding in the materials and services appropriation is $7,700 annually. The appropriation funds the cost of publishing documents; locating and copying records; conducting administrative meetings and conferences; compiling, disseminating, and making available information prepared by and filed with the Commission; and supplies, postage, and shipping. Revenue for the appropriation is generated from fees charged by the Commission for sales of publications; copies of records; supplies; postage; shipping and records location fees; and charges assessed to participants in administrative meetings and conferences.

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

EMPLOYEE TRUST FUNDS

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$154,300	$96,500	$68,800	- $143,300	- 46.4%	0.00	0.00	0.00	0.00	0.0%
SEG	45,151,800	45,919,400	46,013,300	1,629,100	1.8	267.20	269.20	264.20	- 3.00	- 1.1
TOTAL	$45,306,100	$46,015,900	$46,082,100	$1,485,800	1.6%	267.20	269.20	264.20	- 3.00	- 1.1%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
SEG	$911,500	- 3.00

Governor: Provide adjustments to the base budget totaling $485,600 and -3.0 positions in 2017-18, and $425,900 and -3.0 positions in 2018-19. Adjustments are for: (a) turnover reduction (-$488,000 annually); (b) removal of non-continuing elements from the base (-$12,600 and -3.0 positions in 2017-18 and -$150,700 and -3.0 positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits ($783,400 annually); (d) overtime ($45,700 annually); (e) night and weekend differential ($72,500 annually); and (f) full funding of lease and directed moves costs ($84,600 in 2017-18, and $163,000 in 2018-19).

2. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE

GPR	- $143,300

Governor: Reduce base level funding by $57,800 in 2017-18 and $85,500 in 2018-19 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is $154,300.

3. CLOSE REGISTRATION FOR DOMESTIC PARTNERSHIPS AND ELIMINATE CERTAIN BENEFITS ADMINISTERED BY ETF

Governor: Modify statutory provisions under Chapter 40 of the statutes (Public Employee Trust Fund) to discontinue providing an option to state and local public employees covered under the Wisconsin Retirement System or participating in a group health insurance plan offered through the Department of Employee Trust Funds (ETF) to enter into a domestic partnership for the purpose of extending related employee benefits to partners and dependents of partners. Under current law, a Chapter 40 domestic partnership is defined as a relationship between two individuals that satisfies all of the following: (a) each individual is at least 18 years old and otherwise competent to enter into a contract; (b) neither is married to, or in a domestic partnership with, another individual; (c) they are not biologically more closely related than would be allowed by law in the case of marriage; (d) they consider themselves to be members of each other's immediate family; (e) they agree to be responsible for each other's basic living expenses; and (f) they share a common residence. Domestic partnerships are not defined in terms of the gender or sex of the partners and may, therefore, be between members of the opposite sex or members of the same sex. Under current law, programs for which domestic partners are provided certain benefits include: the Wisconsin Retirement System; the state group health insurance program; the state group life insurance program; duty disability benefits; and the deferred compensation program.

Eliminate all health insurance coverage for domestic partners, effective January 1, 2018. For employees or retirees whose date of death is January 1, 2018, or later, eliminate domestic partner survivorship benefits under the duty disability program (available only to protective occupation category employees and their survivors) and modify the statutory standard sequence (described below) to exclude domestic partners from deferred compensation survivorship benefits. Further, discontinue offering long-term care insurance policies through the Group Insurance Board to domestic partners of eligible employees or state annuitants. The bill does not modify the standard sequence of beneficiaries that would apply in the absence of a written designation of beneficiary for survivorship benefits other than deferred compensation and duty disability (such as Wisconsin Retirement System benefits or life insurance). Under current law and under the bill, in the absence of a written designation of beneficiary, or if all designated beneficiaries who survive the decedent die before filing a beneficiary designation with ETF applicable to that death benefit or an application for any death benefit payable, the beneficiary is determined in the following sequence: (a) Group 1, surviving spouse or surviving domestic partner (except for deferred compensation for domestic partners under the bill); (b) Group 2, children of the deceased participant, employee, or annuitant, in equal shares; (c) Group 3, parent, in equal shares if both survive; and (d) Group 4, brother and sister in equal shares.

Under the bill, Chapter 40 domestic partnership registrations would be closed to new applications, effective July 1, 2017, or the date after publication of the bill, whichever is later. Health insurance coverage for domestic partners of employees and for surviving domestic partners of deceased employees and deceased retired employees would no longer be available effective January 1, 2018, without regard for the date the partnership was established and without regard for the date of death of the employee or retired employee. Health insurance coverage would also be unavailable to stepchildren of a domestic partnership. Health insurance benefits would no longer be permitted to include special provisions for domestic partners where one domestic partner, and not the other, is eligible for Medicare. Under the bill, a current law provision would be maintained that prohibits an employee who is eligible for group health insurance and was a domestic partner in a dissolved domestic partnership (or is divorced) from enrolling a new spouse in a group health insurance plan until six months have elapsed since the date of the dissolved domestic partnership (or divorce).

Under the bill, duty disability survivorship benefits would be maintained for domestic partner survivors of employees whose date of death occurred prior to January 1, 2018, but would not be available if the date of death occurred January 1, 2018, or later. Additionally, effective January 1, 2018, domestic partners would be excluded from the standard sequence for deferred compensation benefits.

In relation to this provision, compensation reserves provided for the 2017-19 biennium for state employee salaries and fringe benefits assume reductions of $1,493,500 GPR in 2017-18 and $2,987,000 GPR in 2018-19 associated with lower health insurance expenses resulting from the elimination of Chapter 40 domestic partnership benefits. [See "Budget Management and Compensation Reserves."]

With regard to funding reductions relating to eliminating health insurance coverage of domestic partners for the UW System, compensation reserves do not include amounts for cost increases related to UW System employee salaries and fringe benefits. Under the bill, amounts have been separately budgeted within the UW System in order to support these costs. Domestic partner health insurance reductions of $793,800 GPR in 2017-18 and $1,587,500 GPR in 2018-19 are assumed for the UW System. Salary and fringe adjustments provided to the UW are net of these amounts, and total $126,500 GPR in 2017-18 and $11,517,900 GPR in 2018-19. [See "University of Wisconsin System."]

It should be noted that this provision does not eliminate or modify any of the rights or obligations of domestic partnerships established under Chapter 770 of the statutes. Chapter 770 domestic partnerships are separate and distinct from Chapter 40 domestic partnerships. Under Chapter 770, two individuals may enter into a domestic partnership if each is at least 18 years old and able to consent to the domestic partnership; neither is married to, or in a domestic partnership with, another individual; they share a common residence; they are not more closely related to one another than second cousins (biologically or by adoption); and they are members of the same sex. Statute affords various rights and obligations to domestic partners who register under Chapter 770, including but not limited to: (a) accompaniment or visitation to a care or service residential facility; (b) consenting to proposed admission of an incapacitated domestic partner to a care or service residential facility; (c) hospital visitation; (d) access to treatment records created in the course of providing services for mental illness or developmental disabilities; (e) exemption from real estate transfer fees for transfers between partners; (f) death benefits for certain employees under particular circumstances; (g) power of attorney; (h) ownership of a cemetery lot or mausoleum space; and (i) victim notification by the Department of Corrections.

[Bill Sections: 705 thru 712, 719 thru 725, 9314(1)&(2), and 9414(1)]

4. SERVICES TO IMPLEMENT FINANCIAL REPORTING REQUIREMENTS

	Funding	Positions
SEG	$497,100	2.00

Governor: Provide $237,300 and 2.0 positions in 2017-18 and $259,800 and 2.0 positions in 2018-19 to the agency's appropriation for administration for the implementation of new accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB). The Department indicates that funding to meet its financial reporting obligations, comply with tax laws and regulations, and implement GASB Statements 74 (financial reporting for post-employment benefit plans other than pension plans) and 75 (accounting and financial reporting for post-employment benefits other than pensions) would be provided for: (a) 2.0 accountant advanced positions ($147,300 in 2017-18 and $169,800 in 2018-19); and (b) contractual services ($90,000 annually).

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
SEG	- 5.00

Governor: Delete 5.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the agency's appropriation for administration. Funding associated with the positions ($451,000) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at ETF but would become DOA employees rather than employees of ETF.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

6. FUNDING AND POSITIONS FOR SYSTEMS MODERNIZATION PROJECT

	Funding	Positions
SEG	$220,500	3.00

Governor: Provide $44,700 and 3.0 positions in 2017-18 and $175,800 and 3.0 positions in 2018-19 to the agency's appropriation for administration for continued support of the transformation, integration, and modernization project. Provided position authority is for 3.0 four-year project positions (2.0 trust funds specialists and 1.0 accountant) with a start date of May 1, 2018, to replace 3.0 existing four-year project positions expiring on the same date. The trust funds specialist positions would support centralized employer services in general through case management as well as an implementation of system changes planned for January, 2018, relating to enrollment, contribution reporting, employer reporting, and group insurance. The accountant position would support the implementation of system changes planned for 2019. The position would assist with design and testing for employer reporting of service, earnings and contributions, employer insurance invoice processing, Wisconsin Retirement System participant account updates and benefit payments, third-party administrator interfaces, and financial system integration.

EMPLOYMENT RELATIONS COMMISSION

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$1,383,600	$985,500	$986,400	- $795,300	- 28.7%	9.01	6.00	6.00	- 3.01	- 33.4%
PR	153,300	145,600	145,600	- 15,400	- 5.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$1,536,900	$1,131,100	$1,132,000	- $810,700	- 26.4%	9.01	6.00	6.00	- 3.01	- 33.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $14,900

Governor: Provide adjustments to the base totaling -$7,900 in 2017-18 and -$7,000 in 2018-19. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (-$8,200 annually); and (b) full funding of lease and directed move costs ($300 in 2017-18 and $1,200 in 2018-19).

2. COMPOSITION OF EMPLOYMENT RELATIONS COMMISSION

	Funding	Positions
GPR	- $780,400	- 3.01

Governor: Reduce funding and position authority for the Employment Relations Commission (ERC) by $390,200 and 3.01 positions annually to reflect the following: (a) a reduction to the number of commissioners serving on the Commission from three to one; and (b) a reduction in staff resources for the Commission by 2.0 positions. Funding and position authority would be reduced from the Commission's general program operations appropriation. Base funding and position authority for this appropriation is $1,383,600 and 9.01 positions.

Reduction to the Number of Commissioners. Provide that the Commission consist of one chairperson, appointed by the Governor for a six-year term, except that the term of the first chairperson appointed after the effective date of the bill expires on March 1, 2023. Advice and consent of the Senate for appointment of the chairperson is not required under the bill. [Under current law, commissioners are confirmed by the Senate.] Provide that on the effective date of the bill, the three offices of commissioner at the ERC are eliminated. Modify current law to indicate that the ERC would be comprised of one chairperson, as opposed to three commissioners.

Repeal the current law provision that provides that each member of the Commission must be appointed to two-thirds of a full-time equivalent position. Further, repeal the current law provision that provides that no member of the Commission may hold any other public office or engage in any other occupation, business, or activity that is in any way inconsistent with the performance of the member's duties. Provide that the remaining chairperson of the Commission would be a full-time equivalent employee, and that the chairperson must devote his or her entire time to the duties of his or her office.

Associated with the reduction in the number of members of the Commission, decrease funding and position authority for the ERC by $120,800 and 1.01 positions annually. The decrease in position authority of 1.01 positions results from increasing the full-time equivalency of the chairperson of the ERC by 0.33 position and eliminating the 0.67 full-time equivalency of the other two ERC commissioners.

Reduction in Staffing. Reduce staff resources for the Commission by $269,400 and 2.0 positions to reflect the Commission's decreased workload. The 2.0 deleted positions would be 1.0 staff attorney position and 1.0 chief counsel position. Delete the statutory provision which specifies that the ERC division administrator must be an attorney and appointed by the Commission chairperson.

[Bill Sections: 9, 10, 12, 14, 15, 506, 1446 thru 1448, 1761, 1765, 1766, and 9115(i)]

3. PROGRAM REVENUE LAPSE

GPR-REV	$150,600

Governor: Provide that at the end of the fiscal year, any unencumbered balance in the Commission's fees, collective bargaining training, publications, and appeals annual PR appropriation that exceeds 10% of the expenditures from the appropriation in the fiscal year be lapsed to the general fund. This provision would only apply during the 2017-19 biennium. Under the bill, it is estimated that lapses from the appropriation to the general fund would equal $75,300 annually.

The affected appropriation is utilized by the Commission to address costs related to the performance of fact-finding, mediation, certification of collective bargaining representation, and arbitration functions, as well as for the costs of operating training programs, conducting appeals, and preparing publications, transcripts, reports, and other copied material. Fees assessed by the ERC to offset the costs of carrying out its responsibilities, as well as training program and publication sale revenues, are deposited to this appropriation. Generally, under current law, any unencumbered balance in the appropriation at the end of the fiscal year remains in the appropriation, is available for future authorized expenditures, and does not lapse to the general fund. However, similar to the provision under the bill discussed above, 2015 Act 55 required that any unencumbered balance in the appropriation that exceeded 10% of the expenditures from the appropriation in the fiscal year be lapsed to the general fund during the 2015-17 biennium.

[Bill Section: 9215(i)]

4. REDUCE PROGRAM REVENUE EXPENDITURE AUTHORITY

PR	- $15,400

Governor: Reduce court reporter and transcript fee expenditures from the Commission's fees, collective bargaining training, publications, and appeals annual PR appropriation by $7,700 annually.

The affected appropriation is utilized to address costs related to the performance of fact-finding, mediation, certification of collective bargaining representation, and arbitration functions, as well as for the costs of operating training programs, conducting appeals, and preparing publications, transcripts, reports, and other copied material. Fees assessed by WERC to offset the costs of carrying out its responsibilities, as well as training program and publication sale revenues, are deposited to this appropriation. Base funding for the appropriation is $153,300.

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary						FTE Position Summary
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	
GPR	$18,630,900	$17,268,100	$16,607,200	- $3,386,500	- 9.1%	Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources.
SEG	8,000,000	8,000,000	8,000,000	0	0.0	
TOTAL	$26,630,900	$25,268,100	$24,607,200	- $3,386,500	- 6.4%	
BR		- $34,660,000				

Budget Change Items

1. BONDING AUTHORITY

BR - $34,660,000

Governor: Provide an increase in general obligation bonding authority of $5,800,000 for the safe drinking water loan program within the environmental improvement fund. State general obligation bonds are issued to pay for the 20% state match to the federal capitalization grant for the safe drinking water loan program. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction, or modification of public water systems.

Decrease general obligation bonding authority by $40,460,000 for the clean water fund program within the environmental improvement fund. The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban storm water runoff control projects. The following table summarizes EIF bonding authority under the bill.

Environmental Improvement Fund (EIF) Bonding Authority

	Current	Bill	Total
Clean water fund program -- general obligation	$686,743,200	-$40,460,000	$646,283,200
Safe drinking water loan program -- general obligation	65,600,000	5,800,000	71,400,000
Subtotal General Obligation Bonding	$752,343,200	-$34,660,000	$717,683,200
Clean water fund program -- revenue obligation	2,526,700,000	0	2,526,700,000
Total Bonding Authority	$3,279,043,200	-$34,660,000	$3,244,383,200

[Bill Sections: 486 and 487]

2. DEBT SERVICE REESTIMATE

GPR	- $3,386,500

Governor: Decrease funding by $1,362,800 in 2017-18 and by $2,023,700 in 2018-19 to estimate GPR debt service costs on state general obligation bonds and commercial paper debt issued for the environmental improvement fund. This would include: (a) -$1,558,700 in 2017-18 and -$2,246,100 in 2018-19 for the clean water fund program; and (b) $195,900 in 2017-18 and $222,400 in 2018-19 for the safe drinking water loan program. Actual and estimated debt service payments from 2015-16 through 2018-19 are shown in the table. Clean water fund program debt service is also paid from a sum-certain SEG appropriation that receives a portion of loan repayments from municipalities on loans originally funded using general obligation bonds.

Environmental Improvement Fund Debt Service Expenditures

	GPR Clean Water Fund Program	SEG Clean Water Fund Program	Safe Drinking Water Loan GPR	Total
2015-16 Actual	$16,157,600	$8,000,000	$4,746,400	$28,904,000
2016-17 Base	13,257,900	8,000,000	5,373,000	26,630,900
2017-18 Bill	11,699,200	8,000,000	5,568,900	25,268,100
2018-19 Bill	11,011,800	8,000,000	5,595,400	24,607,200

3. CLEAN WATER FUND PROGRAM LOAN INTEREST RATES

Governor: Make the following changes to the interest rate for certain loans provided under the clean water fund program, as follows:

a. Lower the interest rate for most loans provided under the program for the 2017-19 biennium or later, from 70% of the market interest rate to 55% of the market interest rate. This would apply to the following types of projects: (1) compliance maintenance projects to prevent a significant violation of an effluent limitation by a municipal sewage treatment facility; (2) projects to achieve compliance with a new or changed effluent limit; (3) projects to prevent or treat nonpoint source pollution or urban storm water runoff; and (4) projects to provide treatment facilities and sewers for unsewered areas.

b. Provide a loan interest rate of 0% for the project types listed under a. above if the municipality has a: (1) population of less than 1,000; and (2) median household income of 65% or less of the median household income of the state.

c. Provide a loan interest rate of 33% of the market interest rate for the project types listed under a. above if the municipality has a: (1) population of less than 10,000; and (2) median household income of 80% or less of the median household income of the state.

d. Eliminate the financial hardship assistance program. Currently, municipalities are eligible for hardship assistance if: (1) the median household income in the municipality is 80% or less of the median household income of the state; and (2) the estimated annual wastewater treatment charges per residential user in the municipality would exceed 2% of the median household income in the municipality without hardship assistance. A combination of grant and loan is provided to reduce the municipality's residential wastewater treatment charges to 2% of the median household income of the municipality. The maximum financial hardship assistance provided to a municipality is a grant of 70% of project costs with the remaining 30% of costs provided through a 0% interest rate loan.

[Bill Sections: 1807 thru 1817]

ETHICS COMMISSION

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$874,000	$831,200	$833,600	- $83,200	- 4.8%	4.55	4.55	4.55	0.00	0.0%
PR	551,800	499,100	492,000	- 112,500	- 10.2	3.45	3.45	3.45	0.00	0.0
TOTAL	$1,425,800	$1,330,300	$1,325,600	- $195,700	- 6.9%	8.00	8.00	8.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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

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

2. COMMISSIONER PER DIEM COMPENSATION

GPR	- $15,000

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

[Bill Section: 17]

3. MATERIALS AND SERVICES EXPENDITURE AUTHORITY

PR	- $14,000

Governor: Delete $7,000 annually in the Commission's materials and services appropriation. Base funding in the materials and services appropriation is $11,500 annually. The appropriation funds expenditures such as lobbying and ethics programs for officials and attorneys, and making Commission information publically available. Revenue for the appropriation is generated from fees charged by the Commission.

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

FINANCIAL INSTITUTIONS

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
PR	$18,809,300	$17,651,100	$17,866,000	- $2,101,500	- 5.6%	139.54	139.54	139.54	0.00	0.0%
SEG	0	759,000	759,200	1,518,200	N.A.	0.00	2.00	2.00	2.00	N.A.
TOTAL	$18,809,300	$18,410,100	$18,625,200	- $583,300	- 1.6%	139.54	141.54	141.54	2.00	1.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- $265,700

Governor: Adjust the base budget for: (a) turnover reduction (-$269,000 annually); (b) full funding of continuing position salaries and fringe benefits ($7,600 annually); and (c) full funding of lease and directed moves costs (-$1,400 in 2017-18 and $258,500 in 2018-19).

2. STATE OPERATIONS ADJUSTMENTS

PR	- $1,880,800

Governor: Reduce the Department of Financial Institution's (DFI) general program operations appropriation by $940,400 annually ($506,500 from unallotted reserves and $433,900 from supplies and services). Pursuant to current law, the reduction in spending ultimately results in a corresponding transfer of program revenue to the general fund at the end of each fiscal year.

3. FINANCIAL LITERACY JOB CENTER PILOT

PR	$45,000

Governor: Provide $45,000 in 2017-18 for DFI to develop a financial literacy training course for state staff who work at county public benefit enrollment centers and job centers in order to provide targeted individuals with information to improve their understanding of financial concepts.

4. FILING FEES FOR EXPEDITED SERVICE

Governor: Establish the following fees for expedited service by DFI for processing certain records filed by corporations, limited liability companies, limited partnerships, partnerships, and cooperatives: (a) $500 for processing within one hour or less from filing; and

(b) $250 for processing within four hours or less from filing. Under current administrative rules, for an additional $25 fee, DFI provides expedited services for document processing by the close of the first business day following the date of receipt of the request. The new fees would supercede these fees for one- and four-hour processes. It is estimated that the new fees would generate $1,640,000 of program revenue annually.

[Bill Sections: 1682 and 1690]

5. TRANSFER COLLEGE SAVINGS PROGRAM FROM DEPARTMENT OF ADMINISTRATION

	Funding	Positions
SEG	$1,518,200	2.00

Governor: Transfer administration of the state college savings program from the Department of Administration to DFI and provide related funding of $759,100 annually and 2.00 positions. [For additional information, see "Administration -- Transfers"]

[Bill Sections: 34, 114 thru 117, 148 thru 151, 153, 193 thru 195, 427 thru 434, 528, 544 thru 547, 1015 thru 1017, 1019 thru 1023, 1704 thru 1706, 2233, 2234, 9101(2), and 9401(1)]

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary						FTE Position Summary
		Governor		2017-19 Change Over Base Year Doubled		
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	There are no state authorized positions for the Fox River Navigational System.
SEG	$125,400	$125,400	$125,400	$0	0.0%	

GENERAL FUND TAXES

1. GENERAL FUND TAX CHANGES

Governor: The following table shows the general fund tax changes recommended by the Governor, along with their estimated fiscal effects in the 2017-19 biennium. The table does not include tax law changes that are estimated to have a minimal fiscal effect. The table also does not include changes to refundable tax credits, because they are paid from appropriations rather than recorded as a reduction in tax revenues.

2017-19 General Fund Tax Changes
(In Millions)

	2017-18	2018-19	2017-19 Biennium
Income and Franchise Taxes			
Income Tax Rate Reduction	-$104.38	-$99.08	-$203.45
Limit Working Families Credit to Full-Year Residents	0.20	0.20	0.40
Itemized Deduction Credit for Nonresidents	0.58	0.59	1.17
MAC/Other States Tax Credit Interaction	9.70	9.70	19.40
Employer Wage Reporting	3.00	3.00	6.00
Increase Angel and Early Stage Seed Credit Investment Cap	-3.20	-2.20	-5.40
Limit Historic Rehabilitation Credit	3.00	14.10	17.10
Treatment of Net Operating Losses	1.00	1.00	2.00
Eliminate Payment of Interest on Tax Credits	0.50	0.50	1.00
Internal Revenue Code Update	-0.60	-0.80	-1.40
Garnishment Fee Paid by Debtor	0.01	0.01	0.02
Reporting Requirement for Captive Insurance Companies	1.00	1.00	2.00
Add Auditors	32.00	32.00	64.00
General Sales and Use Tax			
Sales Tax Holiday	-11.00	-11.00	-22.00
Delay Private Label Credit Card Law	10.15	10.44	20.59
Lump Sum Construction Contracts	-1.25	-1.50	-2.75
Frozen Prepared Food	-1.00	-1.00	-2.00
Off-Highway Motorcycles	0.22	0.22	0.43
Occasional Sales Threshold	-0.17	-0.16	-0.33
Total Tax Changes	-$60.24	-$42.99	-$103.22

Income and Franchise Taxes

1. INCOME TAX RATE REDUCTION

GPR-Tax	- $203,454,600

Governor: Beginning with tax year 2017, reduce the marginal tax rates that apply to income that falls within the bottom two income brackets of the state's individual income tax from 4.0% to 3.9% and from 5.84% to 5.74%. In addition, increase the income threshold separating the second and third tax brackets, thereby causing more income to be subject to the proposed 5.74% marginal rate, as opposed to the 6.27% marginal rate. The rate and bracket structures under current law and under the Governor's proposal are shown below:

	Tax Year 2017		
	Single	Married-Joint	Married-Separate
Rates and Estimated Brackets -- Current Law			
4.00%	Less than $11,230	Less than $14,980	Less than $7,490
5.84	11,230 to 22,470	14,980 to 29,960	7,490 to 14,980
6.27	22,470 to 247,350	29,960 to 329,810	14,980 to 164,900
7.65	247,350 and Over	329,810 and Over	164,900 and Over
Governor's Proposed Rates and Estimated Brackets			
3.90%	Less than $11,230	Less than $14,980	Less than $7,490
5.74	11,230 to 28,080	14,980 to 37,450	7,490 to 18,720
6.27	28,080 to 247,350	37,450 to 329,810	18,720 to 164,900
7.65	247,350 and Over	329,810 and Over	164,900 and Over

	Tax Year 2018		
	Single	Married-Joint	Married-Separate
Rates and Estimated Brackets -- Current Law			
4.00%	Less than $11,520	Less than $15,370	Less than $7,680
5.84	11,520 to 23,050	15,370 to 30,730	7,680 to 15,370
6.27	23,050 to 253,760	30,730 to 338,350	15,370 to 169,180
7.65	253,760 and Over	338,350 and Over	169,180 and Over
Governor's Proposed Rates and Estimated Brackets			
3.90%	Less than $11,520	Less than $15,370	Less than $7,680
5.74	11,520 to 28,810	15,370 to 38,420	7,680 to 19,210
6.27	28,810 to 253,760	38,420 to 338,350	19,210 to 169,180
7.65	253,760 and Over	338,350 and Over	169,180 and Over

As under current law, the tax bracket amounts would be indexed each year based on changes in the consumer price index. However, the bill would need to be amended to correctly apply the indexing provisions. These provisions would reduce individual income tax collections by an estimated $104,377,700 in 2017-18 and $99,076,900 in 2018-19.

[Bill Sections: 1025 thru 1035, 1054 thru 1056, 1126, 1129, and 1130]

2. EARNED INCOME TAX CREDIT

GPR	$6,840,000
PR	13,000,000
Total	$19,840,000

Governor: Increase PR funding for the earned income tax credit (EITC) by $13,000,000 in 2018-19 and decrease GPR funding by $2,520,000 in 2017-18 and increase GPR funding by $9,360,000 in 2018-19 to reflect the changes described below.

Current Law Sum Sufficient Reestimate. Decrease the estimated cost of the credit by $1,700,000 in 2017-18 and increase the estimated cost of the credit by $650,000 in 2018-19. Compared to base year funding of $103,600,000, the cost of the credit under current law is reestimated at $101,900,000 in 2017-18 and $104,250,000 in 2018-19.

Credit Percentage for Claimants with One Child. Modify the percentage used to calculate the EITC by increasing the percentage from 4% to 11% for claimants with one child, beginning in tax year 2018. This would increase the cost of the credit by an estimated $20,800,000 in 2018-19. The proposed credit percentage is the same percentage used for claimants with two children.

Credit Calculation for Claimants Who Become Married. Beginning in tax year 2018, authorize claimants who become married in a year to claim the greater of the credit calculated as a married claimant or the credit claimed in the prior year when the claimant was unmarried. In the succeeding two years, authorize the claimant to claim the greater of the credit calculated as a married claimant for that year or the credit claimed in the year prior to the year the claimant became married. The proposed change would increase the cost of the credit by an estimated $1,500,000 in 2018-19. Because the provision would first apply in tax year 2018 and extend for the initial three years of the claimant's marriage, the cost of the provision is estimated to increase to $3,500,000 in 2019-20 and $5,500,000 in 2020-21.

Credit for Noncustodial Parents. Beginning in tax year 2018, create a refundable credit, funded from the current law EITC appropriations, for noncustodial parents, not otherwise eligible for the EITC. Set the credit equal to 7.5% of the amount the individual would be eligible to receive under the federal EITC, if the individual's noncustodial child meets the definition of qualifying child under the federal credit. To be eligible to receive the state credit, specify that the individual claiming the credit must: (a) not claim the state credit authorized under current law; (b) be a full-year resident of Wisconsin; (c) be at least 18 years old at any point during the tax year for which the claim relates; (d) be the parent of at least one child who did not have the same principal place of abode as the claimant; (e) have been required under a court order for at least one-half of the tax year to make child support payments for the noncustodial child for which the claim relates; and (f) have paid in full all amounts of court-ordered child support payments for the noncustodial child. In addition, specify that the court-ordered payments must be verified by the Department of Revenue (DOR) as having been made by the claimant. Authorize the Department of Children and Families (DCF) and county child support agencies to assist DOR in verifying the payment of court-ordered child support payments. Under this provision, the cost of the credit would increase by an estimated $230,000 in 2018-19.

Disqualified Losses. Prohibit any individual from claiming the credit if the individual reports a "disqualified loss" greater than $15,000 in the calculation of his or her Wisconsin adjusted gross income, but exclude any individual from the prohibition if the claimant is a farmer, the claimant's primary income is from farming, and the claimant's farming generates less than $250,000 in gross receipts from the operation of farm premises. Define disqualified loss as the sum of the following amounts, exclusive of net gains from the sale or exchange of capital or business assets and exclusive of net profits: (a) net loss from sole proprietorships; (b) net capital loss; (c) net loss from sales of business property, excluding loss from involuntary conversions; and (d) net loss from rental real estate, royalties, partnerships, tax-option corporations, trusts, estates, and real estate mortgage investment conduits. Under the bill, this provision would take effect beginning with tax year 2018. However, DOA indicates that it intended the provision to take effect in tax year 2017, and the DOA budget system reports a GPR expenditure reduction of $820,000 in both 2017-18 and 2018-19. Corrective language is needed to accomplish this intent, and without such language, GPR expenditures should be increased by $820,000 in 2017-18.

The state credit is calculated as a percentage of the federal EITC, and is funded with a combination of GPR and PR funding. The program revenue is federal temporary assistance for needy families (TANF) funding transferred from DCF. The GPR portion is provided through a sum sufficient appropriation and covers the balance of the cost of the credit. Under the bill, total funding for the EITC would decrease to $101,080,000 in 2017-18 and increase to $127,960,000 in 2018-19, compared to base funding of $103,600,000. The PR base level funding of $69,700,000 would be unchanged in 2017-18 and increase to $82,700,000 in 2018-19. The estimated GPR sum sufficient portion would decrease from the base level of $33,900,000 to $31,380,000 in 2017-18 and increase to $43,260,000 in 2018-19. Under the bill, the maximum credit for claimants with one child would increase in tax year 2018 from an estimated $139 to $383. The maximum credits for claimants with more than one child would remain unchanged and are estimated for tax year 2018 at $632 for claimants with two children and $2,199 for claimants with more than two children.

[Bill Sections: 920, 1046 thru 1050, 1116 thru 1118, 1125, and 9338(16)]

3. YOUNG ADULT EMPLOYMENT ASSISTANCE TAX CREDIT

GPR	$724,400

Governor: Create a refundable tax credit under the state individual income tax called the young adult employment assistance credit, beginning in tax year 2018, for certain individuals who age out of out-of-home placements under the statutes relating to children in need of protection or services (CHIPS) or juveniles in need of protection or services (JIPS). The credit would be equal to 125% of the federal EITC for claimants with no qualifying children, without regard to the age limits under federal law. [For more information see "Children and Families -- Children and Families."]

[Bill Sections: 481, 1045, 1052, 1053, and 9338(17)]

4. MANUFACTURING AND AGRICULTURE TAX CREDIT AND TAXES PAID TO OTHER STATES TAX CREDIT INTERACTION

GPR-Tax	$19,400,000

Governor: Modify the manufacturing and agriculture tax credit under the individual income tax by reducing the amount of income on which the credit is calculated by the amount of that same income that is subject to tax in another state, thereby resulting in a Wisconsin credit for the taxes paid to the other state, beginning with tax year 2017. Increase individual income tax collections by an estimated $9,700,000 annually. Under current law, Wisconsin manufacturing and agriculture (qualified production activities) income that is also subject to tax in another state can be used to calculate two separate tax credits -- the manufacturing and agriculture credit and the other state tax credit. This provision would prohibit that treatment by limiting the amount of income used to calculate the manufacturing and agriculture tax credit.

[Bill Sections: 1042 and 9338(8)]

5. ITEMIZED DEDUCTION CREDIT FOR NONRESIDENTS AND PART-YEAR RESIDENTS

GPR-Tax	$1,170,000

Governor: Modify the calculation of the itemized deduction credit (IDC) for nonresidents and part-year residents by specifying that the state sliding scale standard deduction is the deduction amount prior to applying the ratio of Wisconsin adjusted gross income (AGI) to federal AGI, beginning with tax year 2017. Increase individual income tax collections by an estimated $580,000 in 2017-18 and $590,000 in 2018-19. The IDC equals 5% of the difference between certain federal itemized deductions and the claimant's state sliding scale standard deduction. Nonresidents and part-year residents file state tax form NPR and calculate their state standard deduction, gross tax, itemized deduction credit and property tax/rent credit based on their federal AGI. Then, NPR filers multiply their net state tax by a fraction equal to their Wisconsin AGI divided by their federal AGI to determine their actual state tax liability. This provision requires that NPR filers must use the standard deduction prior to the application of the apportionment ratio when they calculate their IDC.

[Bill Sections: 1039 and 9338(12)]

6. FEDERAL ITEMIZED DEDUCTIONS USED TO CALCULATE THE STATE ITEMIZED DEDUCTION TAX CREDIT

Governor: Clarify that the itemized deductions used to calculate the state itemized deduction tax credit be based on federal itemized deductions prior to any modification under the federal alternative minimum tax. Extend the provision beginning in tax year 2017. The state itemized deduction credit is calculated by multiplying 5% by the difference between certain itemized deductions claimed for federal tax purposes and the state sliding scale standard deduction. The provision would not have a measurable effect on individual income tax collections.

[Bill Sections: 1040 and 9338(6)]

7. EXCLUSION FOR INTEREST ON CERTAIN BONDS OR NOTES

Governor: Provide an exclusion from income under the individual income tax for interest income received on bonds or notes issued by city housing authorities, city redevelopment authorities, and city community development authorities or bonds or notes issued by an entity whose bonds or notes are issued under current law provisions for housing authorities, blight elimination or slum clearance, and housing and community development authorities, beginning in tax year 2017. The Executive Budget Book summary indicates that the provision is intended to exempt interest on bonds issued by the Wisconsin Health and Educational Facilities Authority (WHEFA) for an elderly housing facility. The provision would need to be amended to achieve that intent. Because interest on bonds or notes issued by city housing authorities, city redevelopment authorities, and city community development authorities is currently exempt from taxation under the income tax, the provision, as drafted, would have no fiscal effect.

[Bill Sections: 1014 and 9338(4)]

8. DETERMINATION OF QUALIFIED WISCONSIN BUSINESS UNDER CAPITAL GAINS TREATMENTS

Governor: Modify the current law procedure for determining the number of employees of a qualified Wisconsin business under two capital gains treatments by specifying that an employee of a professional employer organization or group, both as defined under current law, who is performing services for a client is considered an employee solely of the client.

Under current law, income tax on capital gains may be deferred if the gain is reinvested in a qualified Wisconsin business, and a capital gains exclusion may be claimed for the gains from a qualified Wisconsin business, provided other conditions are met. State law requires the Department of Revenue to register qualified Wisconsin businesses if a business requests to be registered and the business meets employment and property requirements specified in state law. Under the employment requirement, the business must have at least two full-time employees and at least half of the payroll compensation of the business must be paid in Wisconsin.

The proposed provision would clarify that employees of professional employer organizations or groups for a client may be considered employees of the client if the client is a qualified Wisconsin business.

State law defines professional employer group as two or more professional employer organizations that are controlled by the same person. State law defines professional employer organization as a person that is engaged in the business of entering into written contracts for the provision of the nontemporary, ongoing employee workforce of a client and providing services under those contracts and that under those contracts has the obligation to pay the employees providing services for those clients from its own accounts, regardless of whether the person uses the term "professional employer organization," "PEO," "staff leasing company," or "administrative employer," or uses any other name, as part of the person's business name or to describe the person's business. "Professional employer organization" does not mean a temporary help agency or a temporary help company.

The provision would take effect upon enactment, and no effect on state tax collections is reported.

[Bill Section: 1162]

9. VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT

GPR	$660,000

Governor: Increase funding by $30,000 in 2017-18 and $630,000 in 2018-19 for the refundable veterans and surviving spouses property tax credit. With these adjustments, base funding of $29,800,000 would be increased to $29,830,000 in 2017-18 and $30,430,000 in 2018-19. The credit is equal to real and personal property taxes paid on a principal dwelling by certain veterans and surviving spouses.

10. LIMIT WORKING FAMILIES TAX CREDIT TO FULL-YEAR RESIDENTS

GPR-Tax	$400,000

Governor: Modify the working families tax credit by specifying that to be eligible to receive the credit both spouses must be full-year residents of Wisconsin, if the married couple is filing jointly. Increase individual income tax collections by an estimated $200,000 annually. The provision would first apply to tax year 2017.

[Bill Sections: 1041 and 9338(5)]

11. REPAYMENT CREDIT

GPR	- $72,000

Governor: Decrease funding by $36,000 annually for the sum sufficient appropriation for the repayment (claim of right) credit. With these adjustments, base funding of $227,000 would be decreased to $191,000 each year. The credit is extended to taxpayers who must repay income on which taxes were paid in a prior year.

12. ILLINOIS-WISCONSIN RECIPROCITY

GPR	$8,513,000

Governor: Increase the estimated payment by $3,446,000 in 2017-18 and $5,067,000 in 2018-19 under the Illinois-Wisconsin individual income tax reciprocity agreement. Compared to the base funding level of $62,600,000, payments are estimated at $66,046,000 in 2017-18 and $67,667,000 in 2018-19.

13. TIMING OF REFUNDS PAID TO INDIVIDUALS

Governor: Prohibit DOR from issuing a refund to an employed individual before March 1, unless both the individual and the individual's employer have filed all required returns and forms with DOR for the taxable year for which the individual claims a refund. According to DOR, this provision would allow the Department additional time to match information returns with tax returns filed by individuals to reduce the potential for fraud if an employer, employee, or both were to submit a false informational return.

[Bill Section: 1139]

14. INTERNAL REVENUE CODE UPDATE

GPR-Tax	- $1,400,000

Governor: Update references to the Internal Revenue Code (IRC) under the individual and corporate income and franchise taxes. For tax years beginning after December 31, 2013, and before January 1, 2017, create provisions adopting selected IRC provisions included in the following public laws that were enacted in 2015 and 2016: (a) P.L. 114-41, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015; (b) P.L. 114-74, the Bipartisan Budget Act of 2015; (c) P.L. 114-113, Division P (the Consolidated Appropriations Act) and Division Q (the Protecting Americans from Tax Hikes Act of 2015); and (d) P.L. 114-239 (the United States Appreciation for Olympians and Paralympians Act of 2016). For tax years beginning after December 31, 2016, create provisions adopting IRC provisions in effect as of December 31, 2016, with exceptions. Specify that the provisions of federal public laws that directly or indirectly affect the IRC apply for state tax purposes at the same time as for federal tax purposes, with exceptions, and specify that the definition of the IRC does not include amendments to the IRC adopted after December 31, 2016. For purposes of the state tax on tax-option corporations, specify that section 1366(f) of the IRC, relating to pass-through of items to shareholders, would be modified by substituting a reference to state tax provisions for federal tax provisions. For purposes of the state tax on insurance companies, specify that section 847 of the IRC, relating to special estimated tax payments, would not apply. Repeal obsolete provisions pertaining to tax years beginning after December 31, 2003, and before January 1, 2005.

Create a penalty equal to 20% of the portion of any underpayment of taxes that is required to be shown on a Wisconsin tax return, if the underpayment is the result of an inconsistent estate basis reporting. For purposes of the penalty, specify that an inconsistent estate basis reporting occurs if the property basis claimed on a Wisconsin tax return exceeds the property basis determined for federal purposes. Require DOR to assess, levy, and collect the penalty in the same manner as it assesses, levies, and collects state income and franchise taxes. This provision would first apply to property for which a federal estate tax return is filed after July 31, 2015.

Reduce individual income and corporate income and franchise taxes by an estimated $600,000 in 2017-18 and $800,000 in 2018-19.

[Bill Sections: 1003 thru 1009, 1058 thru 1071, 1079 thru 1082, 1091 thru 1104, 1153, and 9338(1)]

15. EXPAND ENTERPRISE ZONE TAX CREDIT PROGRAM

Governor: Allow the Wisconsin Economic Development Corporation (WEDC) to designate a new enterprise zone, subject to the current law limit on the number of zones WEDC may designate, if: (a) an enterprise zone designation expires; or (b) WEDC revokes all certifications for tax benefits within a designated enterprise zone and cancels the designation of that zone. Under current law, WEDC may designate not more than 30 enterprise zones. Under the Governor's recommendation, WEDC could redesignate enterprise zones that have expired or that have had tax credit certifications revoked and cancelled rather than having expired zones reduce the number of zones that WEDC can designate under the statutory limit.

[Bill Sections: 1780 thru 1783]

16. JOBS TAX CREDIT REESTIMATE

GPR	- $5,250,000

Governor: Increase funding by $1,200,000 in 2017-18 and decrease funding by $6,450,000 in 2018-19 for the sum sufficient appropriation for jobs tax credits to reestimate claims during the biennium. The reestimate reflects projections for credit claims for economic development projects for which WEDC has awarded tax credits. With the adjustments, estimated total funding would increase from $14,100,000 annually to $15,300,000 in 2017-18 and decrease to $7,650,000 in 2018-19. The credit equals 10% of the wages paid to an eligible employee and/or the amount of costs incurred to undertake training activities in the year.

Pursuant to 2015 Wisconsin Act 55, the refundable jobs tax credit was consolidated with the nonrefundable economic development tax credit into the refundable business development tax credit beginning in 2016. The jobs tax credit was sunset after 2015. However, if WEDC allocated tax benefits in a contract to claimants prior to December 31, 2015, or if WEDC had entered into a letter of intent to enter into a contract before that date, claimants may compute and claim the credit for as long as the contract specifies. WEDC has entered into contracts through tax year 2023 for businesses to earn, compute, and claim the credit.

17. BUSINESS DEVELOPMENT TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	$37,750,000

Governor: Increase funding by $20,000,000 in 2017-18 and $17,750,000 in 2018-19 for the sum sufficient appropriation for business development tax credits to reestimate anticipated claims during the biennium. The reestimate reflects projections of credit claims for economic development projects for which WEDC has entered into contracts, and is expected to enter into future contracts, to award tax credits. With the adjustments, estimated total funding would increase from $4,250,000 annually to $24,250,000 in 2017-18 and $22,000,000 in 2018-19. Businesses certified by WEDC can earn credits for a portion of wages paid to employees, training costs for employees, personal property investments, real property investments, and wages paid to employees performing corporate headquarters functions in Wisconsin.

As previously noted, the refundable jobs tax credit and the nonrefundable economic development tax credit were consolidated into the refundable business development tax credit beginning in tax year 2016. Pursuant to 2015 Wisconsin Act 55, WEDC may allocate business development tax credits of $17 million in 2016 and $22 million in 2017 and annually thereafter. Any unused allocation authority during a calendar year may be carried forward for use in future years. In addition, WEDC may reallocate any nonrefundable angel and early stage seed tax credits that are unused in a calendar year to the business development tax credit under a 14-day passive review of the Joint Committee on Finance (JFC). JFC approved such a request from WEDC on June 13, 2016, to reallocate $8 million in angel and early stage seed investment tax credits. The increase of $37.75 million GPR over the base amount during the 2017-19 biennium reflects estimated increases in state expenditures associated with the phasing in of the new credit, as well as actions by JFC to increase WEDC's allocation authority for 2016.

18. ENTERPRISE ZONE TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	- $42,700,000

Governor: Decrease funding by $21,000,000 in 2017-18 and $21,700,000 in 2018-19 for the sum sufficient appropriation for refundable enterprise zone tax credits to reestimate anticipated claims during the biennium. The reestimate reflects projections of credit claims for major economic development projects for which WEDC has, to date, contracted tax credit awards. With the adjustments, estimated total funding would decrease from $58,600,000 annually to $37,600,000 in 2017-18 and $36,900,000 in 2018-19. Businesses that operate in enterprise zones established by WEDC can claim tax credits for jobs created and retained, training costs, capital expenditures, and purchases from Wisconsin vendors.

State fiscal year 2011-12 was the first year in which expenditures from the sum sufficient appropriation for refundable enterprise zone tax credits exceeded $100,000. Since that time, estimated expenditures from that appropriation were based upon WEDC's tax credit allocation schedule, which represents the maximum annual amount of activities eligible for tax credits that certified businesses can earn, be verified by WEDC, and claim from DOR. Based on the lower amount of WEDC verifications and claims processed by DOR that have been observed over the past five state fiscal years, as compared to the amount of enterprise zone tax credits that have been allocated by WEDC, the reestimate reflects lower estimated expenditures from the base estimates.

19. LIMIT THE SUPPLEMENT TO THE FEDERAL HISTORIC REHABILITATION TAX CREDIT

GPR-Tax	$17,100,000

Governor: Make the following changes regarding the state supplement to the federal historic rehabilitation tax credit:

Annual Limit. Limit the amount of tax credits that may be certified by WEDC to no more than $10 million, annually, beginning in calendar year 2018. For calendar year 2017, the total amount of tax credits that WEDC could certify would be the greater of $10 million or the amount WEDC certified between January 1, 2017, and the effective date of the bill.

Certification Criteria. Require WEDC to use a competitive process to certify a person to claim the credit based on the following criteria: (a) the eligible activity's potential to create jobs; (b) the economic benefit to the state of certifying the credit relative to the cost to the state of the credit; (c) the projected impact of the eligible activity on the local economy; (d) whether the eligible activity would occur absent the credit; and (e) the number of historic rehabilitation tax credits previously certified in the same county or municipality.

Clawback Provisions. Require that, for four years following receipt of a credit, the original claimant report to WEDC the total number of full-time jobs created by the activity for which the credit was claimed. Require WEDC to report to DOR, at least once each calendar quarter, any claimant whose activity created fewer full-time jobs than projected. In addition, require WEDC to report to DOR the name, address, and tax identification number of the claimant, and the number of full-time jobs projected and created. WEDC would have to adopt policies and procedures for the administration of the credit, including all of the following: (a) process by which applicants may apply for certification; (b) certification of the tax credit under the competitive process described above; (c) reporting requirements for certified claimants; and (d) process and criteria for revocation of certification.

If the activity for which a person claims the credit creates fewer full-time jobs than projected, the person who claimed the credit would have to repay DOR any amount of the credit claimed, as determined by the Department, in proportion to the number of full-time jobs created compared to the number projected. If a person sold or transferred the credit, the person who initially sold or transferred the credit would be responsible for repaying the credit to DOR.

If a person who claims the credit under state law and under federal law for the same qualified rehabilitation expenditures is required to repay any amount of the federal credit, that person would have to repay a proportionate amount of the state credit that was claimed. Federal repayment requirements are triggered when the rehabilitated property is disposed of or otherwise ceases to be eligible investment property of the claimant within five years.

Fiscal Effect. The administration estimates that these provisions would increase state tax revenues by $3,000,000 in 2017-18, $14,100,000 in 2018-19, $26,700,000 in 2019-20, and $27,700,000 in 2020-21 and annually thereafter. The out-year estimates are expressed in 2018-19 dollars.

Current Law. Under current law, a credit may be claimed for up to 20% of qualified rehabilitation expenditures for certified historic structures and for qualified rehabilitated buildings. The state credits act as supplements to similar federal credits, which result in a total credit of 40% for certified historic structures (buildings that have historic significance) and 30% for qualified rehabilitated buildings (constructed prior to 1936). For both credits, qualified rehabilitation expenditures are eligible if the rehabilitated structure is located in this state and the cost of the expenditure is at least $50,000. Current law does not limit the amount of credits that may be certified or claimed in a year, and the credits are not dependent on any specific number of full-time jobs that may be created as a result of the rehabilitation. However, claimants must be certified by WEDC in order to claim the credits. WEDC has maintained a moratorium on certifying persons for the credit for qualified rehabilitation expenditures on qualified rehabilitated buildings for credit applications received after June 23, 2014.

[Bill Sections: 1051, 1089, 1114, and 1775 thru 1779]

20. REALLOCATE EARLY STAGE BUSINESS INVESTMENT TAX CREDITS

Governor: Permit WEDC to reallocate nonrefundable angel and early stage seed investment tax credits that were unused in the immediately preceding calendar year, rather than credits that are unused in the current calendar year, to the refundable business development tax credit. According to the administration, this provision would allow WEDC to reallocate known amounts of unused angel and early stage seed investment tax credits, rather than estimated amounts.

Under current law, the angel investment credit is available under the individual income tax and is equal to 25% of a claimant's bona fide angel investment made directly in a qualified new business venture (QNBV). The early stage seed investment credit is available under the individual income tax, corporate income/franchise tax, and insurance premiums tax and is equal to 25% of the claimant's investment with a certified fund manager that the fund manager subsequently invests in a QNBV. Fund managers and QNBVs must be certified by WEDC. The annual limit on the amount of angel and early stage seed investment tax credits that can be verified by WEDC as eligible to receive the credits is $30 million per calendar year. As previously noted, WEDC can request a reallocation of angel and early stage seed investment tax credits that have not been verified to receive credits in that year to increase the credit amounts that can be claimed under the refundable business development tax credit under a 14-day passive review by JFC.

[Bill Section: 1774]

21. INCREASE QNBV INVESTMENT LIMIT

GPR-Tax	- $5,400,000

Governor: Increase the maximum amount of investments that qualify for angel and early stage seed tax credits that a WEDC-certified QNBV could receive, beginning with taxable years starting after December 31, 2016, from $8 million to $12 million. The administration estimates that this provision would reduce state tax revenue by $3,200,000 in 2017-18 and $2,200,000 in 2018-19 and annually thereafter.

[Bill Sections: 1772 and 1773]

22. ELIMINATE INTEREST PAID ON REFUNDABLE CREDITS ADMINISTERED BY WEDC

GPR-Tax	$1,000,000

Governor: Prohibit DOR from paying interest on WEDC-certified jobs, business development, and enterprise zone refundable tax credit claims. Specify that this provision first applies to taxable years beginning on January 1, 2017. The administration estimates that this provision would increase state tax revenues by $500,000 annually, beginning in 2017-18.

[Bill Sections: 1036 thru 1038, 1084 thru 1086, 1109 thru 1111, and 9338(11)]

23. ASSESSMENTS TO RECOVER REVOKED WEDC TAX CREDITS

Governor: Permit DOR to make an assessment to recover all or a part of any tax credit allocated by WEDC that has been claimed by the taxpayer, provided WEDC has revoked the tax credit allocation and provided DOR notice of the revocation within one year of providing notice of the revocation to the taxpayer. This provision would provide an exception to the current law provision that DOR must give notice within four years of the date the taxpayer files an income tax or franchise tax return in order to make an assessment to recover all or part of any tax credit in any calendar year or corresponding fiscal year. A technical correction would be required to accomplish the Governor's intent.

[Bill Section: 1140]

24. REPORTING REQUIREMENT FOR CAPTIVE INSURANCE COMPANIES

GPR-Tax	$2,000,000

Governor: Require a captive insurance company that is part of a group of corporations engaged in a unitary business to report its income in the group's combined report even if all of its income is exempt from the income/franchise tax. As under current law, the captive insurance company's share of business income of the combined group would be exempt from taxation. The reporting requirement would first apply to taxable years beginning on January 1, 2017.

According to DOR, certain captive insurance companies exist with the primary purpose of tax avoidance and a secondary purpose of insuring against risk. For example, a parent captive insurance company may insure risk of the subsidiary by charging premiums in excess of the amount of risk insured, which would shift otherwise taxable income from the subsidiary company to the exempt parent captive insurance company. DOR believes that the proposed reporting requirement would reduce tax-avoidance activity and generate $1,000,000 annually beginning in 2017-18.

[Bill Sections: 1077, 1078, and 9338(9)]

25. TREATMENT OF NET OPERATING LOSSES

GPR-Tax	$2,000,000

Governor: Modify state income/franchise tax laws governing net operating losses (NOLs). Under current law, an NOL is generally defined as the excess of business expenses allowed as deductions in computing net income over the amount of income attributable to the operation of a trade or business in Wisconsin. If expenses are greater than income, an NOL is generated. Under both the individual income tax and the corporate income/franchise tax, NOLs can be carried forward and used to offset income for 20 years. Under the individual income tax, NOLs can also be carried back to offset losses in the two prior taxable years.

The bill would prohibit an NOL carryforward from being offset against Wisconsin income under the individual income tax and the corporate income/franchise tax unless the incurred loss was computed on a return that was filed within four years of the unextended due date for filing the original return for the taxable year in which the loss was incurred. The same provision would apply to loss carrybacks under the individual income tax. In addition, the bill would clarify that the 20-year period for loss carryforwards would mean the immediately preceding 20 years, and that it would apply to losses incurred (rather than sustained) during that period of time. Finally, the bill would clarify that NOLs incurred by insurance companies could be carried forward only if the insurer was subject to the Wisconsin income and franchise tax in the year when the loss was incurred.

These provisions would first apply to a loss claimed on the effective date of the bill, regardless of the year in which the loss occurred, and the administration estimates that these provisions would increase income/franchise tax revenues by $1,000,000 annually, beginning in 2017-18.

These provisions would generally limit the number of years tax filers may retroactively recompute losses to no more than four years following the unextended due date for the taxable year in which the loss occurred. According to DOR, a concern exists that the Tax Appeals Commission may interpret the current statutes to allow taxpayers to retroactively amend tax returns for the 20 previous years to recompute NOLs and use the loss to offset income in a tax year currently open under the statute of limitations. The administration states that the proposal would treat the recomputation period for NOLs the same as for the recomputation period for tax credits.

[Bill Sections: 1024, 1083, 1108, 1152, and 9338(10)]

26. CLARIFY SOURCING OF SERVICES ON TANGIBLE PERSONAL PROPERTY

Governor: Make the following changes to laws governing the sourcing of business income related to certain services. Under current law, the benefit of a service is determined to be received in Wisconsin if any of the following apply: (a) the service relates to real property that is located in Wisconsin; (b) the service relates to <u>tangible personal property that is located in Wisconsin at the time that the service is received or</u> tangible personal property that is delivered directly or indirectly to customers in the state; (c) the service is <u>provided to</u> an individual who is physically present in Wisconsin at the time that the service is received; or (d) the service is provided to a person engaged in a trade or business in Wisconsin and relates to that person's business in Wisconsin. The Governor recommends deleting the underlined language under "b" and replacing the underlined language under "c" with "purchased by" for purposes of sourcing services under the individual income tax and the corporate income/franchise tax. These provisions would first apply to taxable years beginning on January 1, 2017.

According to DOR, the changes would codify its current administrative practice and are not expected to have a fiscal effect. However, DOR states that, absent the recommended statutory change, current ambiguity in the statutes may result in a significant revenue reduction to the state if the administration were to lose a legal challenge of its current practice for sourcing business income from services performed on tangible personal property. The word "or" under "b" creates the potential for a taxpayer to be taxed under both scenarios if the taxpayer meets one scenario in Wisconsin and the other scenario in another state. If a court were to construe this scenario as an unconstitutional double taxation of the same income, a court may invalidate Wisconsin's taxation of services under both scenarios described under "b."

[Bill Sections: 1012, 1013, 1075, 1076, and 9338(7)]

27. DISREGARDED ENTITY NOTIFICATION

Governor: Clarify that, with regard to a single-owner entity that is disregarded as a separate entity under section 7701 of the IRC, any notice that DOR sends to the owner or to the entity is considered a notice sent to both. Both entities would be liable for any amounts specified in the notice. This provision would apply to all laws administered by DOR. According to DOR, this provision would clarify that the owner of a disregarded entity is liable for both the activities of the disregarded entity and for any delinquent tax collection notification that the Department may send to the disregarded entity, regardless of which specific tax may have generated the notification.

Businesses may establish separate entities from their owners, such as single-member limited liability companies, for liability reasons; so that if the business is sued, the owner would not be liable for the lawsuit. The owner may then elect to disregard these separate entities for the purposes of the business owner's federal and state income or franchise tax return.

[Bill Section: 1161]

Sales and Excise Taxes

1. SALES TAX HOLIDAY IN AUGUST

GPR-Tax	- $22,000,000

Governor: Create an exemption from the state general sales and use tax for certain school supplies purchased during the two-day period beginning the first Saturday in August and ending on the following Sunday (the holiday). The time zone of the seller's location would determine when the holiday begins and ends.

The following products would be eligible for the exemption: (a) clothing, but not clothing accessories or equipment, if the sales price is no more than $75; (b) computers purchased for personal use if the sales price is no more than $750; (c) school computer supplies if the sales price is no more than $250; and (d) school supplies if the sales price of any single item is no more than $75. School art supplies and school instructional materials would not be eligible for the exemption.

For purposes of determining eligibility, any single item having a sales price greater than the eligibility limit would not be entitled to the exemption. Items normally sold as a single unit could not be divided into multiple parts in order to obtain the exemption. Discounts and coupons would apply to the sales price for purposes of determining eligibility, so long as the seller is not reimbursed for the decrease in price (such as via a manufacturer's rebate) and the discount is proportionally applied to all purchased items where the discount is not specific to the purchase of an eligible item.

For purposes of determining the price threshold for eligibility, service fees for delivery (including shipping, handling, and other service charges) would not be included into the price. However, service fees would be considered part of the sales price for purposes of determining sales tax. If the shipment includes both eligible property and taxable property, then the seller would have to proportionally allocate the service fees to the final price of all items in a shipment by: (a) a percentage based on the total sales price of the taxable property compared to the total sales price of all property in the shipment; or (b) a percentage based on the total weight of the taxable property compared to the total weight of all the property in the shipment. Tax would apply to the service charges allocated to the taxable items. In cases where each individual item in a shipment qualifies as eligible property, then the shipment itself would be considered a sale of eligible property and the price of the service fees would not have to be allocated to the individual items for purposes of sales tax.

An eligible item would qualify for the exemption if: (a) delivered to and paid for by the purchaser during the holiday; or (b) the purchaser orders and pays for the item during the holiday and the seller accepts the order for immediate shipment, even where delivery occurs after the holiday. A seller would be considered to accept an order by taking action to fill the order for immediate shipment. Actions to fill an order include placement of an in-date stamp on a mail order or assignment of an order number to a telephone order. An order would be considered for immediate shipment when the customer does not request delayed shipment and regardless of whether the shipment is delayed for reasons of a backlog of orders or because stock is currently unavailable or on back order.

Layaway sales of eligible items would qualify for the exemption if the buyer selects and the retailer sets aside the product during the holiday or if the final payment is made during the holiday. Eligible items purchased via rain check during the holiday would qualify; however, items purchased after the holiday via a rain check issued during the holiday would not.

For the 60-day period immediately following the holiday, the bill would not permit a seller to give a credit or refund of sales tax from the return of an eligible item unless the purchaser provides proof that the item was not purchased during the holiday. An eligible item purchased during the holiday could be exchanged after the holiday for a similar eligible item without payment of sales tax, even if the item differs in size, color, or another feature. However, sales tax would apply if a credit were issued and used to buy a different item after the tax holiday, whether eligible or not.

The bill would also provide definitions for the terms used above. "Clothing" would mean wearing apparel for humans that is suitable for general use, not including clothing accessories or equipment, sport or recreational equipment, protective equipment, sewing equipment and supplies, sewing materials, costume masks sold separately, patches and emblems sold separately, and belt buckles sold separately. "Clothing accessories or equipment" would mean incidental items worn on a person or in conjunction with clothing, including briefcases, cosmetics, hair notions (such as barrettes, bows, and nets), handbags, handkerchiefs, jewelry, nonprescription sunglasses, umbrellas, wallets, watches, wigs, and hair pieces. "Protective equipment" would mean items for human wear designed to protect against injury or disease or to protect property or other persons from damage or injury, including breathing masks, clean room apparel and equipment, ear and hearing protectors, face shields, hard hats, helmets, paint or dust respirators, protective gloves, safety glasses and goggles, safety belts, tool belts, and welders gloves and masks.

"School art supply" would mean any of the following items that are commonly used by a student in a course of study for artwork: clay and glazes; acrylic, tempera, and oil paints; paint brushes; sketch and drawing pads; and water colors. "School computer supply" would mean any of the following items that are used commonly by a student in a course of study in which a computer is used: computer storage media, diskettes, and compact discs; handheld electronic schedulers, not including cellular phones; personal digital assistants, not including cellular phones; computer printers; and printer supplies for computers, printer paper, and printer ink.

"School instructional material" would mean any of the following items that are commonly used by a student in a course of study as a reference and to learn the subject being taught: reference books; reference maps and globes; textbooks; and workbooks. "School supply" would mean any of the following items that are commonly used by a student in a course of study: binders; book bags; calculators; cellophane tape; blackboard chalk; compasses; composition books; crayons; erasers; folders; glue, paste, and paste sticks; highlighters; index cards; index card boxes; legal pads; lunch boxes; markers; notebooks; loose-leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper; pencil boxes and other school supply boxes; pencil sharpeners; pencils; pens; protractors; rulers; scissors; and writing tablets.

"Sport or recreational equipment" would mean items designed for human use and worn in conjunction with an athletic or recreational activity, including ballet and tap shoes, athletic shoes with cleats or spikes, gloves, goggles, hand and elbow guards, life preservers and vests, mouth guards, roller skates, ice skates, shin guards, shoulder pads, ski boots, waders, and wet suits and fins.

A "rain check" would mean a seller allowing a purchaser to purchase an item at a certain price at a later time because the item was out-of-stock. A "layaway sale" would be defined as a transaction in which property is set aside for future delivery to a customer who makes a deposit, agrees to pay the balance of the sales price over time, and receives the property at the end of the payment period. The seller would be defined as accepting an order for layaway when removing the property from inventory or clearly identifying the property as sold to the purchaser.

The effective date of the provision would be May 1, 2017, unless the date of the bill's publication is after that date, in which case the effective date would be January 1, 2018. The tax holiday would sunset after 2018.

The administration estimates that the sales tax holiday would be held in August of 2017 and 2018, and that state sales tax collections would be reduced by $11,000,000 in 2017-18 and 2018-19. For this to occur for 2017-18, the budget bill would have to be enacted and published no later than May 1, 2017.

The sales tax holiday would also apply to local sales taxes. For additional information, see "Shared Revenue and Tax Relief."

[Bill Sections: 1181, 1183, 1194, and 9438(1)]

2. DELAY THE EFFECTIVE DATE FOR 2013 WISCONSIN ACT 229

GPR-Tax	$20,587,800

Governor: Delay the effective date of 2013 Wisconsin Act 229, from July 1, 2017, to September 1, 2019. This would delay provisions contained in Act 229 which allow a retailer to claim a deduction or a refund of sales taxes related to bad debt of an affiliated lender that extends credit through a private label credit card, dual purpose credit card, or dealer credit program. Delaying the effective date for this provision would increase state sales tax revenue by an estimated $10,151,800 in 2017-18 and by $10,436,000 in 2018-19.

[Bill Sections: 2265 and 9438(2)]

3. SALES TAX TREATMENT OF CONSTRUCTION CONTRACTS FOR REAL PROPERTY CONSTRUCTION ACTIVITIES

GPR-Tax	- $2,750,000

Governor: Expand the sales and use tax exemption for lump sum contracts to apply to all construction contracts and to subcontractors. These changes are estimated to decrease tax revenue by $1,250,000 in 2017-18 and by $1,500,000 in 2018-19.

Under current law, property transferred to the customer in conjunction with the selling, performing, or furnishing of a taxable service to tangible personal property is considered to be a sale of property separate from the sale of that service. The bill would create an exemption for items transferred with construction contracts, as described below.

Under current law, contractors who perform real property construction activities are considered to be the consumers of building materials which they use in altering, repairing, or improving real property. Therefore, a supplier's sales of building materials to contractors who incorporate the materials into real property in performing real property construction activities are subject to the sales and use tax. The tax which a contractor pays on its purchases of materials consumed in real property construction activities increases its cost of the materials and becomes a cost of doing business. A contractor may not add tax to any charges for labor or material, since the sales price received from these activities is not taxable.

On the other hand, a contractor is treated as a retailer on the sale or transfer of tangible personal property to the customer in the installation, repair, or servicing of tangible personal property. The contractor must report these sales on its return and is liable for sales tax based on the sales price charged to the customer unless an exemption applies. The contractor's purchases of taxable property, items, and services (products) are exempt so long as the contractor resells them.

Construction contracts often require a contractor to sell both products, which are taxable, and real property construction activities, which are not taxable. Current law deems a contractor to be the consumer of all products used or sold as part of a lump sum contract for real property construction activities if the total sales price attributable to the taxable products is less than 10 percent of the total contract price. In such cases, the contractor will pay the sales and use tax imposed on all taxable products used or resold in the construction contract unless an exemption applies. In turn, the contractor's sales price under the construction contract is not subject to sales tax (construction contract exemption).

By contrast, if the total sales price attributable to the taxable products is 10% or more of the total construction contract price, then the contractor is required to charge the applicable sales taxes on the taxable products unless an exemption applies. If the taxable products are separately itemized in the construction contract, the tax is due on the cost shown. If the construction contract states only a lump sum for all products and services, the contractor must charge and collect sales tax on that portion of the construction contract price which is allocated to the taxable sales unless an exemption applies. In either case, the contractor's purchases of taxable products are exempt so long as the contractor resells the products as part of the construction contract.

The bill would replace the definition of "lump sum contract" with the term "construction contract," which would be defined as a contract to perform real property construction activities and to provide products. As a result, the construction contract exemption would apply to all construction contracts and not merely lump sum contracts. For example, a "time and materials" contract would not qualify for the exemption under current law if it does not state a fixed, lump sum price but rather a price defined as hours of labor plus the cost of materials.

The bill would also clarify that similar treatment is provided for both prime contractors and subcontractors in regards to the construction contract exemption. Thus, a subcontractor would be deemed the consumer of all products used or sold as part of a contract for real property construction activities with the prime contractor or another subcontractor if: (a) the total sales price attributable to the taxable products is less than 10 percent of the total contract price; and (b) the products will be sold by the prime contractor as part of a construction contract. In such cases, the subcontractor would pay the sales and use tax imposed on all taxable products used or resold in the construction contract (unless an exemption applies). In turn, the subcontractor's sales price under the construction contract would not be subject to sales tax.

The bill would also define several terms. "Prime contractor" would be defined as a contractor which enters into a construction contract with the owner or lessee of real property to perform real property construction activities. "Subcontractor" would be defined as a contractor who enters into a construction contract with a prime contractor or another subcontractor. As under current law, "real property construction activities" would mean activities that occur at a site where tangible personal property or items or goods that are applied or adapted to the use or purpose to which real property is devoted are affixed to that real property, if the intent of the person is to make a permanent accession to the real property.

Finally, current law provides that a contractor's purchases of taxable products are exempt so long as the contractor resells them to a tax-exempt entity under a construction contract. The bill would provide for similar treatment of prime contractors and subcontractors under a construction contract with a tax-exempt entity such that a subcontractor's purchases of taxable products would be exempt so long as the products are resold to either the prime contractor or to another subcontractor.

The effective date of these provisions would be the first day of the third month beginning after publication of the bill. The changes would first apply to contracts entered into or extended, modified, or renewed after that date.

[Bill Sections: 1172, 1176, 1178, 1179, 1188 thru 1193, 9338(18), and 9438(3)]

4. RETAILER'S SALE OF FOOD PREPARED OFFSITE

GPR-Tax	- $2,000,000

Governor: Create an exemption from the general sales and use tax for prepared food that is sold by a retailer and: (a) manufactured by the retailer in a building assessed as manufacturing property (or would be if it were located in this state); (b) the retailer makes no retail sales of prepared food at this building; (c) the retailer freezes the prepared food prior to its sale; (d) the retailer sells the prepared food in its frozen state; (e) the prepared food is not sold with eating utensils; and (f) the prepared food is not candy, soft drinks, or dietary supplements. As a result, frozen food sold by a retailer would be treated similarly regardless of whether the food was prepared by that retailer offsite (currently taxable as prepared food) or prepared by another person (currently exempt as a food). It is estimated that the change would decrease tax revenue by $1,000,000 annually.

[Bill Section: 1187]

5. CONSISTENT TREATMENT OF OFF-HIGHWAY MOTORCYCLES AS OTHER REGISTERED VEHICLES

GPR-Tax	$430,000

Governor: Conform state law treatment of off-highway motorcycles to the treatment of other registered vehicles in regards to the following. First, sellers of off-highway motorcycles would be included within the definition of retailers that are subject to the sales tax. Second, the bill would exempt from the use tax all off-highway motorcycles purchased outside of Wisconsin by nonresidents which are later brought into and used in Wisconsin or titled or registered in Wisconsin for personal, noncommercial use. Third, the bill would limit the occasional sale exemption for private party sales of off-highway motorcycles to: (a) transfers to certain family members or corporations owned by the transferor or the transferor's spouse; (b) off-highway motorcycles registered or titled in the name of the transferor; and (c) where the transferor is not engaged in the business of selling off-highway motorcycles. Finally, the bill would condition registration of off-highway motorcycles upon filing a report of sales and use tax and payment of applicable county and stadium tax. Under current law, "off-highway motorcycle" means a two-wheeled motor vehicle that is straddled by the operator, that is equipped with handlebars, and that is designed for use off a highway, regardless of whether it is also designed for use on a highway.

These changes would take effect on the day after publication of the bill, and are estimated to increase tax revenue by $215,000 annually.

[Bill Sections: 1177, 1184 thru 1186, and 1198]

6. PENALTY FOR OVERCOLLECTION OF SALES TAX

Governor: Provide a penalty for a seller's overcollection of sales and use tax and failure to return refunded sales tax to the buyer. Current law allows DOR to offset a refund of sales tax collected by a seller with amounts due to DOR. Any remaining sales tax and related interest that is refunded by DOR to a seller for tax collected from a buyer must be returned to the buyer from whom the seller collected the tax (or to DOR if the buyer cannot be located) within 90 days of the refund or offset. If the seller fails to pass the refund or adjustment on to the buyer (or to DOR), then the seller must return the refund or adjustment to DOR and pay a penalty equal to 25% of the amount not returned to the buyer. In the case of fraud, the penalty is 100%.

In cases where a seller continues to erroneously collect sales tax on a product for which DOR has notified the seller in writing two or more times that the product is not taxable, the bill would entitle the seller to a refund or adjustment of tax collected only if the seller returns the tax and related interest to the buyers from whom the seller collected the tax. As a result, the seller would not be able to use the refund to offset amounts owed to DOR. Further, the bill would provide the seller 90 days from the receipt of an adjustment or refund within which to return any refunded tax to the buyer (or to DOR if the buyer cannot be located). If the seller fails to submit the tax and related interest, the seller would also be subject to the penalties provided under current law for other instances when a seller claims an adjustment or refund, but fails to pass on the tax and interest to the buyer.

[Bill Sections: 1175 and 1196]

7. OCCASIONAL SALES TAX EXEMPTION

GPR-Tax	- $332,000

Governor: Codify the threshold for the occasional sales exemption to the sales and use tax and increase the threshold to $2,000 per calendar year.

Current law exempts occasional sales of taxable goods and services from the general sales and use tax. "Occasional sales" include isolated and sporadic sales of goods and services where the infrequency and circumstances of the sale supports the inference that the seller is not pursuing a full- or part-time vocation, occupation, or business. Department of Revenue regulations specify that total calendar-year sales of less than $1,000 by persons not required to hold a seller's permit are exempted as occasional sales. The $1,000 regulatory threshold has not been increased since 1985.

The bill would alter the statutory definition of occasional sales to create a presumption that a seller is not pursuing a full- or part-time vocation, occupation, or business as a vendor of property or services if the seller's total taxable sales are less than $2,000 in a calendar year. The changes would initially apply on January 1, 2018.

According to DOA, the expansion of the exemption is estimated to reduce tax revenues by $169,900 in 2017-18 and by $162,100 in 2018-19. However, because the changes would take effect in 2018, there would be no fiscal effect for sales occurring in calendar year 2017. As a result, the anticipated impact for 2017-18 should be half the estimated amount.

[Bill Sections: 1173, 1174, and 9338(2)]

8. REESTIMATE CIGARETTE AND TOBACCO PRODUCTS TAX REFUNDS

GPR	- $4,715,700

Governor: Decrease funding for cigarette and tobacco products tax refunds by $1,911,700 in 2017-18 and $2,804,000 in 2018-19 to reflect lower estimates of the sum sufficient appropriation amounts required to reimburse Native American tribes under present law. With these adjustments, estimated total funding in the cigarette and tobacco products tax refunds appropriation would decrease to $34,888,300 in 2017-18 and to $33,996,000 in 2018-19. Under current law, for sales that occur on reservations or trust lands, the tribes receive a refund of 100% of the excise tax on cigarettes sold to Native Americans and 70% of the tax on sales to non-Native Americans. For tobacco products sold on reservations or trust lands, the tribes receive a refund of 100% of the tax on products sold to tribal members and 50% of the tax on products sold to non-Native Americans.

Other Tax Provisions

1. SUNSET NEW CREDITS, SUBTRACTIONS, AND EXEMPTIONS

Governor: Prohibit a new claim for any income or franchise tax credit or subtraction that takes effect after December 31, 2016, and first applies to a taxable year beginning after that date, from being filed more than seven taxable years after the initial applicability date of the credit or subtraction. A credit would mean any tax credit enacted under the individual income tax, the corporate income/franchise tax, and the income/franchise tax on insurance companies. A subtraction would mean any modification, deduction, or exemption enacted under the following statutes: (a) exempt and excludable income, subtractions under modifications and transitional adjustments, standard deduction, or personal exemptions under the individual income tax; (b) exempt and excludable income, exemptions from the income tax, or modifications under the corporate income/franchise tax; or (c) exempt and excludable income or exemption from the income tax under the income/franchise tax on insurance companies.

The bill would also prohibit a person from claiming a sales or excise tax exemption that takes effect after December 31, 2016, after the date that is seven years after the effective date of the exemption, unless DOR determines that the exemption is necessary to comply with the Streamlined Sales and Use Tax Agreement. An exemption would mean any exemption or credit enacted under laws governing: (a) the general sales and use tax; (b) motor vehicle and general aviation fuel taxes; or (c) beverage, controlled substances, and tobacco taxes.

The bill would specify that any enactment that would sunset a credit, subtraction, or exemption as described above would not be a bill that increases the rate of the income tax, franchise tax, or sales and use tax in a way that would require the Legislature to approve the bill by a two-thirds vote of those members present and voting, as required under current law. In August of each year, DOR would have to submit to the Speaker and Minority Leader of the Assembly, the President and Minority Leader of the Senate, and the Chief Clerk of each house of the Legislature, for distribution to the appropriate standing committees, a report that details income and franchise tax credits and subtractions for which no new claims could be filed after the next two calendar years. DOR would also have to submit a report in the same manner that details the sales and use tax, motor vehicle and general aviation fuel tax, or beverage, controlled substances, and tobacco tax exemptions that would expire in the next two calendar years. According to the administration, the seven-year sunset under this provision would apply to the newly-created young adult employment assistance tax credit described above.

[Bill Section: 1167]

2. INTEREST ON OVERPAYMENT OF TAXES

GPR	- $500,000

Governor: Decrease estimated payments from the sum sufficient appropriation by $250,000 annually to reflect payments estimated at $1,000,000 annually. The amounts reflect the interest on taxes refunded to taxpayers due to an overpayment of individual and corporate income and franchise taxes, general sales and use taxes, and manufacturing property taxes.

GENERAL PROVISIONS

Budget Change Items

1. LOCAL GOVERNMENT DEPARTMENT CONSOLIDATION

Governor: Clarify that for any county or local unit of government that enters into an intergovernmental cooperation contract with the state, a county, or another local unit of government to jointly perform a responsibility or carry out a certain function, as permitted under current law, any jointly established agency, department, commission, office, or position would be required to fulfill that responsibility or carry out that function until the contract expires or is terminated. Further, specify that if two or more counties or local units of government enter into an intergovernmental cooperation contract and create a commission to jointly or regionally administer a function or project, the commission would be a single entity that represents, and may act on behalf of, the joint interests of the participating units of government.

[Bill Sections: 982, 984, and 9331(2)]

2. LEGAL GARNISHMENT FEE PAID BY DEBTORS

GPR-Tax	$24,000

Governor: Modify current law to specify that the $3 garnishment fee is subtracted from the portion of a debtor's nonexempt disposable earnings to which a creditor is entitled, and the creditor applies the actual amount received from the garnishee to the unsatisfied civil judgment. According to the Governor's Executive Budget, the provision would clarify current law that "the debt owed by a debtor is not reduced by the ($3 per payment) fee retained by a garnishee, but is reduced only by the amount actually received by the debtor. This ensures that the state can collect the full amount it is due. The fiscal effect of this change is expected to increase revenue collections by $12,100 annually." This provision would apply not only to the state as a creditor, but any creditor in a garnishment situation.

Under current law, between 5 and 10 business days after the payday of each pay period in which a debtor's earnings are subject to garnishment, the garnishee must pay the creditor that portion of the debtor's nonexempt disposable earnings to which the creditor is entitled. The creditor pays a one-time $15 fee to the garnishee for establishing each earnings garnishment, which is included as a cost in the creditor's claim in the earnings garnishment. In addition to the $15 fee, the garnishee must receive a $3 fee for each payment delivered to the creditor after the first payment. The additional fee must be deducted from the moneys delivered to the creditor.

[Bill Section: 2232]

GOVERNOR

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$3,976,500	$3,710,700	$3,710,700	- $531,600	- 6.7%	37.25	37.25	37.25	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $134,200

Governor: Adjust base budget funding by -$67,100 annually in the 2017-19 biennium associated with full funding of continuing positions salaries and fringe benefits.

2. SUPPLIES AND SERVICES REDUCTION

GPR	- $397,400

Governor: Reduce supplies and services funding by $198,700 annually. Base funding for supplies and services in the Office of the Governor is $739,000 annually.

HEALTH SERVICES

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$3,778,440,900	$3,851,241,800	$4,092,313,600	$386,673,600	5.1%	2,536.63	2,555.50	2,578.81	42.18	1.7%
FED	5,853,566,700	5,954,517,500	6,336,516,800	583,900,900	5.0	1,230.63	1,262.73	1,272.05	41.42	3.4
PR	1,181,578,200	1,318,595,300	1,399,587,100	355,026,000	15.0	2,365.39	2,444.22	2,359.23	- 6.16	- 0.3
SEG	779,964,300	748,870,200	747,169,400	- 63,889,000	- 4.1	2.00	2.00	2.00	0.00	0.0
TOTAL	$11,593,550,100	$11,873,224,800	$12,575,586,900	$1,261,711,500	5.4%	6,134.65	6,264.45	6,212.09	77.44	1.3%

Budget Change Items

Medicaid Services

1. OVERVIEW OF MEDICAL ASSISTANCE (MA)

This item presents several summary tables relating to the funding that would be provided for medical assistance (MA) benefits under the bill. The MA program is supported by general purpose revenue (GPR), federal Medicaid matching funds (FED), three segregated funds (SEG -- the MA trust fund, the hospital assessment trust fund, and the critical access hospital assessment trust fund), and various program revenue (PR) sources, such as drug manufacturer rebates.

Table 1 shows amounts budgeted for MA benefits during the 2017-19 biennium under the bill, compared to the base level funding for the program. For each year, the table shows the base appropriations for MA benefits, estimates of the amounts that would be needed to fund MA benefits in the 2017-19 biennium without any program changes (the program's "cost-to-continue"), and benefit funding adjustments associated with each of the program changes included in the bill.

The MA program's SEG appropriations for the hospital assessment trust fund and the critical access trust fund are used both to fund MA benefits and to make a transfer to the MA trust fund, which also funds MA benefits costs. Since the transferred funds are included in both the SEG appropriations from the hospital funds, as well as in the SEG appropriation from the MA trust fund, the transferred amounts are, in effect, counted twice in the SEG total. In addition, some funds in the hospital trust funds are appropriated for non-benefit purposes, including an appropriation for the administration of the hospital assessment and two appropriations for medical education grant programs in the UW System. In Table 1, the final line shown for each year ("Adjusted Total Budget") makes an adjustment to remove the double-counted SEG funds and the amounts appropriated for non-MA purposes to more accurately reflect the actual funding that would be available to support MA benefits costs. These adjustments equal $164.5 million in 2017-18 and $165.7 million in 2018-19.

TABLE 1

Summary of Medical Assistance Benefits Funding

	2017-18				
	GPR	FED	PR	SEG	Total
Base Funding	$2,910,973,500	$5,161,878,800	$770,931,100	$779,646,600	$9,623,430,000
Cost-to-Continue	$48,108,600	$52,127,800	$139,335,500	-$26,078,600	$213,493,300
Program Changes					
Nursing Home Reimbursement	$7,579,700	$10,775,200	$0	$0	$18,354,900
Children's Long-Term Support Services	5,656,000	8,411,300	0	0	14,067,300
Personal Care Rate Increase	2,085,900	2,948,400	0	0	5,034,300
Repeal Ambulatory Surgical Center Assessment	2,616,300	-3,640,400	0	-5,000,000	-6,024,100
MAPP and EBD MA Eligibility	0	0	0	0	0
Transfer Funding to Mental Health Institutes	-320,300	0	0	0	-320,300
Reimbursement for Lead Investigations	24,400	36,600	0	0	61,000
Medicaid Overpayment Recovery	-9,000	-13,000	22,000	0	0
Subtotal	$17,633,000	$18,518,100	$22,000	-$5,000,000	$31,173,100
Total Change to Base	**$65,741,600**	**$70,645,900**	**$139,357,500**	**-$31,078,600**	**$244,666,400**
Total Program Funding	$2,976,715,100	$5,232,524,700	$910,288,600	$748,568,000	$9,868,096,400
Percent Change to Base	2.3%	1.4%	18.1%	-4.0%	2.5%
Adjusted Total Budget	**$2,976,715,100**	**$5,232,524,700**	**$910,288,600**	**$584,037,800**	**$9,703,566,200**

	2018-19				
	GPR	FED	PR	SEG	Total
Base Funding	$2,910,973,500	$5,161,878,800	$770,931,100	$779,646,600	$9,623,430,000
Cost-to-Continue	$231,282,300	$381,580,900	$202,736,900	-$27,779,400	$787,820,700
Program Changes					
Nursing Home Reimbursement	$13,611,700	$19,507,200	$0	$0	$33,118,900
Children's Long-Term Support Services	10,197,400	15,008,100	0	0	25,205,500
Personal Care Rate Increase	4,111,200	5,825,100	0	0	9,936,300
Repeal Ambulatory Surgical Center Assessment	2,623,400	-3,647,500	0	-5,000,000	-6,024,100
MAPP and EBD MA Eligibility	-756,500	-1,086,400	4,771,600	0	2,928,700
Transfer Funding to Mental Health Institutes	-320,300	0	0	0	-320,300
Reimbursement for Lead Investigations	48,800	73,200	0	0	122,000
Medicaid Overpayment Recovery	-9,000	-13,000	22,000	0	0
Subtotal	$29,506,700	$35,666,700	$4,793,600	-$5,000,000	$64,967,000
Total Change to Base	**$260,789,000**	**$417,247,600**	**$207,530,500**	**-$32,779,400**	**$852,787,700**
Total Program Funding	$3,171,762,500	$5,579,126,400	$978,461,600	$746,867,200	$10,476,217,700
Percent Change from 2017-18	6.6%	6.6%	7.5%	-0.2%	6.2%
Adjusted Total Budget	**$3,171,762,500**	**$5,579,126,400**	**$978,461,600**	**$581,145,800**	**$10,310,496,300**

Table 2 summarizes the funding for MA benefits for the 2017-19 biennium. The 2016-17 appropriation base funding is doubled, for the purpose of showing the biennial comparison. As with Table 1, the SEG funding shown in the table is adjusted to account for double-counted funds, as well as SEG funds used for non-MA purposes. The final row shows funding totals with this adjustment.

TABLE 2

Biennial Summary of Medical Assistance Funding

	2017-19 Biennium Funding				
	GPR	FED	PR	SEG	Total
2016-17 Base, Doubled	$5,821,947,000	$10,323,757,600	$1,541,862,200	$1,559,293,200	$19,246,860,000
Cost-to-Continue	$279,390,900	$433,708,700	$342,072,400	-$53,858,000	$1,001,314,000
Program Changes	47,139,700	54,184,800	4,815,600	-10,000,000	96,140,100
Total Change to Base	$326,530,600	$487,893,500	$346,888,000	-$63,858,000	$1,097,454,100
Total Program Funding	$6,148,477,600	$10,811,651,100	$1,888,750,200	$1,495,435,200	$20,344,314,100
SEG Double-Count Adjustment	--	--	--	-330,251,600	-330,251,600
Adjusted Total Budget	**$6,148,477,600**	**$10,811,651,100**	**$1,888,750,200**	**$1,165,183,600**	**$20,014,062,500**

Table 3 shows the 2015-16 actual enrollment figures by major eligibility group, as well as the administration's projections for 2016-17 and for the two years of the 2017-19 biennium.

TABLE 3

Actual and Projected Monthly Average Enrollment by Group

	Actual	Estimates		
	2015-16	2016-17	2017-18	2018-19
Elderly, Blind, Disabled MA				
Elderly	63,003	64,767	66,518	68,513
Disabled, Non-Elderly Adults	136,377	136,534	139,530	143,421
Disabled Children	31,833	31,087	31,552	32,172
EBD Total	231,213	232,388	237,600	244,106
BadgerCare Plus				
Parents and Caretakers	175,941	170,802	171,273	173,934
Children	469,599	467,242	468,805	472,851
Pregnant Women	21,075	20,432	20,419	20,624
Childless Adults	149,129	145,393	145,663	146,790
BadgerCare Plus Total	815,744	803,869	806,160	814,199
Other Full Benefit MA				
Foster Care/Subsidized Adoption	18,671	19,404	19,973	20,581
Well Woman	655	597	598	604
Limited Benefit Groups				
Family Planning Only	39,389	38,058	38,446	38,832
Medicare Cost Sharing Assistance	21,916	21,970	22,231	22,454
Total Enrollment	1,127,588	1,116,286	1,125,008	1,140,776
Change from Previous Year		-11,302	8,722	15,768

Table 4 shows the annual percentage change in the administration's enrollment projections. The 2016-17 column, for instance, shows the projected enrollment change in each category compared to 2015-16 enrollment. In general, the administration assumes higher enrollment growth rates in the two years in the biennium than in 2016-17.

TABLE 4

Annual Percentage Change in Enrollment from Prior Year

		Estimates	
	2016-17	2017-18	2018-19
Elderly, Blind, Disabled MA			
Elderly	2.8%	2.7%	3.0%
Disabled, Non-Elderly Adults	0.1	2.2	2.8
Disabled Children	-2.3	1.5	2.0
EBD Total	0.5	2.2	2.7
BadgerCare Plus			
Parents and Caretakers	-2.9%	0.3%	1.6%
Children	-0.5	0.3	0.9
Pregnant Women	-3.0	-0.1	1.0
Childless Adults	-2.5	0.2	0.8
BadgerCare Plus Total	-1.5	0.3	1.0
Other Full Benefit MA			
Foster Care/Subsidized Adoption	3.9%	2.9%	3.0%
Well Woman	-8.8	0.2	1.0
Limited Benefit Groups			
Family Planning Only	-3.4%	1.0%	1.0%
Medicare Cost Sharing Assistance	0.2	1.2	1.0
Total Enrollment	-1.0%	0.8%	1.4%

Table 5 shows actual and projected SEG revenues to the MA trust fund under provisions of the bill. The administration's cost-to-continue estimate is based on the assumption that all revenues in the MA trust fund will be spent on MA benefits in each year, offsetting the GPR budget requirements. In addition to estimates of revenues generated under current law provisions, the fund condition statement in Table 5 reflects the provision in the bill that would repeal the ambulatory surgical center assessment.

TABLE 5

Actual and Projected Medical Assistance Trust Fund Revenues
Fiscal Years 2015-16 through 2018-19

		Estimates		
	2015-16	2016-17	2017-18	2018-19
Provider Assessments				
Hospital Assessment*	$156,103,400	$159,346,300	$161,109,600	$162,441,700
Nursing Home/ICF-IID Bed Assessment	73,673,800	71,606,900	69,931,100	68,271,700
Ambulatory Surgical Center Assessment	16,616,500	5,000,000	0	0
Critical Access Hospital Assessment*	1,697,700	1,759,600	1,610,900	1,463,400
Federal Funds Deposited to MA Trust Fund				
Nursing Home Certified Public Expenditure Program	$34,409,000	$27,500,000	$26,675,000	$25,874,800
Intergovernmental Transfer from UW System	12,987,100	13,000,000	13,000,000	13,000,000
UW Hospital Certified Public Expenditure Program	4,353,500	5,200,000	5,200,000	5,200,000
Other				
Transfer from Permanent Endowment Fund	$50,000,000	$50,000,000	$50,000,000	$50,000,000
Interest Earnings**	7,900	-100,000	-100,000	-100,000
Total Revenue	$349,848,900	$333,312,800	$327,426,600	$326,151,600

* Deposited in separate trust fund and then transferred to the MA trust fund.
** Negative interest earnings generally reflect negative earnings associated with negative cash balances that occur at times during the year.

Table 6 shows the estimated enrollment and amounts that would be provided in the bill to fund capitation payments to managed care organizations that provide long-term care services to enrollees in Family Care, PACE (Program for All-inclusive Care for the Elderly), and the Family Care Partnership program. It also provides the same information for services provided under the state's self-directed long-term care program, IRIS (Include, Respect, I Self-Direct).

TABLE 6

Funding and Enrollment for Selected Long-Term Care Programs, By Funding Source
($ in Millions)

	2017-18			
Funding	Family Care	IRIS	PACE/ Partnership	Total
GPR	$664.5	$203.0	$66.4	$933.9
FED	1,028.0	279.5	94.3	1,401.8
PR	60.4	0.0	0.0	60.4
Total	$1,752.9	$482.5	$160.7	$2,396.1
Estimated Average Monthly Enrollment	48,009	15,571	3,710	63,580

	2018-19			
Funding	Family Care	IRIS	PACE/ Partnership	Total
GPR	$739.2	$227.3	$69.7	$1,036.3
FED	1,143.0	315.3	100.0	1,558.2
PR	59.9	0.0	0.0	59.9
Total	$1,942.1	$542.6	$169.7	$2,654.4
Estimated Average Monthly Enrollment	51,140	16,994	3,789	68,134

2. MEDICAL ASSISTANCE COST-TO-CONTINUE

GPR	$279,390,900
FED	433,708,700
PR	342,072,400
SEG	- 53,858,000
Total	$1,001,314,000

Governor: Provide $213,493,300 ($48,108,600 GPR, $52,127,800 FED, $139,335,500 PR, and -$26,078,600 SEG) in 2017-18 and $787,820,700 ($231,282,300 GPR, $381,580,900 FED, $202,736,900 PR, and -$27,779,400 SEG) in 2018-19 to fund projected costs of MA program benefits during the 2017-19 biennium under a cost-to-continue scenario (no program changes). The funding increase is based on the administration's projections of program caseload growth, changes in the use and cost of providing medical and long-term care services, changes to the state's federal medical assistance percentage (FMAP), and other funding changes over the remainder of 2016-17 and the 2017-19 biennium.

Although the GPR increase is $279.4 million, the administration projects that GPR spending in 2016-17 will be less than the appropriation base by $139.1 million. Consequently, the difference between projected GPR spending in the 2017-19 biennium and projected 2016-17 spending is estimated at $557.6 million (the $279.4 million above-base increase, plus the $139.1 million, doubled to account for both years). To illustrate this difference, the following table compares the 2016-17 appropriation base and projected 2016-17 GPR spending. In addition, the administration's estimates of GPR spending from this appropriation in the two years of the 2017-

19 biennium under the cost-to-continue scenario are also shown. These amounts are compared to the 2016-17 base and to projected 2016-17 spending.

Current and Projected GPR Funding for MA
($ in Millions)

2016-17 Base	$2,911.0
2016-17 Projected Spending	2,771.9
2016-17 Net Appropriation Surplus	$139.1

	2017-18	2018-19	Biennium
2017-19 Cost-to-Continue Projection	$2,959.1	$3,142.3	$6,101.3
Change to Base	48.1	231.3	279.4
Change to 2016-17 Spending	187.2	370.4	557.6

The following table shows the $279.4 million GPR increase above the 2016-17 base, by the factors contributing to the increase under the administration's assumptions. Since the amounts shown for each factor are expressed in terms of its effect relative to projected spending in 2016-17 (rather than the higher appropriation base), the first item shows the difference between the appropriation base and 2016-17 spending, doubled for the purpose of the biennial comparison. The remaining factors include the following: (a) increases in fee-for-service and managed care intensity (usage of medical services); (b) caseload growth; (c) increases in "clawback" payments to the federal government under a federal formula to partially finance Medicare Part D; (d) increases in Medicare premiums paid by the MA program on behalf of dually-eligible individuals; (e) intensity increases in the IRIS program; (f) changes to the drug reimbursement methodology; (g) fully funding the cost of services provided by federally-qualified health centers; (h) changes in nursing home utilization; (i) decreased state costs due to an increase to the state's FMAP; and (j) other factors.

Factors Contributing to Requested 2017-19 GPR Increase
($ in Millions)

Base Budget over Projected 2016-17 Spending, Doubled	-$278.2
Fee-for-Service and Managed Care Intensity	258.0
Caseload Growth	158.0
Clawback Increase	133.0
Medicare Premiums	30.8
IRIS Intensity	43.6
Drug Reimbursement Changes	18.6
FQHC Reimbursement	31.1
Nursing Home Utilization	-25.1
FMAP Increase	-87.0
Other Factors	-3.4
Total Change to Base	$279.4

The following table shows the actual and projected federal cost sharing percentages used in the cost-to-continue estimate, by state fiscal year. The FMAP rates for state fiscal years 2016-17 and 2017-18 are based on federal fiscal year FMAP rates that have already been established, whereas the 2018-19 FMAP rate is based on an estimated federal fiscal year 2018-19 FMAP rate.

Federal Medical Assistance Percentage (FMAP) Rates, By Fiscal Year

Fiscal Year	Title 19 (Most MA Services)	Title 21 (Children's Health Plan)	MA Supported Well Women Services
2016-17			
State	41.56%	6.09%	29.09%
Federal	58.44	93.91	70.91
2017-18			
State	41.29%	5.91%	28.91%
Federal	58.71	94.09	71.09
2018-19			
State	41.10%	5.77%	28.77%
Federal	58.91	94.23	71.23

3. SENIORCARE COST-TO-CONTINUE

GPR	$4,178,400
FED	3,814,400
PR	46,300,300
Total	$54,293,100

Governor: Provide $17,626,900 ($752,900 GPR, $634,500 FED, and $16,239,500 PR) in 2017-18 and $36,666,200 ($3,425,500 GPR, $3,179,900 FED, and $30,060,800 PR) in 2018-19 to fund projected increases in the cost of benefits under the SeniorCare program. SeniorCare provides drug benefits for Wisconsin residents over the age of 65 who are not eligible for full Medicaid benefits.

The program is supported with a combination of state funds (GPR), federal funds the state receives under a Medicaid demonstration waiver (FED), and program revenue (PR) from rebate payments DHS collects from drug manufacturers. The program has four income eligibility categories: (a) less than 160% of the federal poverty level (FPL); (b) 160% of FPL to 200% of FPL; (c) 200% of FPL to 240% of FPL; and (d) greater than 240% of FPL. Each of these eligibility tiers has different requirements for deductibles. Persons in the last category, known as "spend-down" eligibility, do not receive benefits until they have out-of-pocket drug expenses in an annual period that exceed the difference between their annual income and 240% of the FPL, plus the deductible.

The funding increase reflects the administration's 2017-19 assumptions for enrollment, distribution of enrollees among eligibility categories, cost per enrollee, federal matching percentages, and drug rebate revenue estimates. The administration projects that during the three-year period from 2016-17 through 2018-19, SeniorCare enrollment will increase by 2% annually in the lowest two income eligibility categories ("a" and "b" above), by 4% annually in the third highest category ("c" above), and by 10% annually in the spend-down category ("d" above). The administration also projects that the per beneficiary cost will increase by 12% annually in 2016-

17 and 2018-19 and by 15.5% in 2017-18. The share of program costs funded with drug rebates is projected to increase slightly from current levels.

The following table summarizes SeniorCare funding under the bill, and includes actual and projected expenditures for 2015-16 and 2016-17.

	GPR	FED	PR	Total
2015-16 Actual Expenditures	$18,241,800	$17,180,800	$63,290,600	$98,713,200
2016-17 Projected Expenditures	$18,587,400	$17,952,100	$72,082,200	$108,621,700
2016-17 Appropriation Base	22,051,500	21,535,600	67,358,900	110,946,000
2017-18 Increase to Base	$752,900	$634,500	$16,239,500	$17,626,900
2017-18 Total Funding	22,804,400	22,170,100	83,598,400	128,572,900
2018-19 Increase to Base	$3,425,500	$3,179,900	$30,060,800	$36,666,200
2018-19 Total Funding	25,477,000	24,715,500	97,419,700	147,612,200

The following table shows the SeniorCare enrollment projections, by income enrollment category, which were used to develop the cost-to-continue estimate.

Income Category	2016-17	2017-18	2018-19
Less than 160% of FPL	30,800	31,400	32,000
160% of FPL to 200% of FPL	16,900	17,300	17,600
200% of FPL to 240% of FPL	10,600	11,000	11,500
Greater than 240% of FPL	33,400	36,800	40,400
Total Enrollment	91,700	96,400	101,500

4. NURSING HOME REIMBURSEMENT

GPR	$21,191,400
FED	30,282,400
Total	$51,473,800

Governor: Increase funding for MA benefits by $18,354,900 ($7,579,700 GPR and $10,775,200 FED) in 2017-18 and $33,118,900 ($13,611,700 GPR and $19,507,200 FED) in 2018-19 to increase MA reimbursement to nursing homes.

Provide funding to: (a) increase reimbursement rates paid to nursing homes by 2% in 2017-18, and by an additional 2% in 2018-19; (b) increase funding for behavioral and cognitive impairment (BEHCI) access and improvement incentives by $5,000,000 (all funds) annually, which are intended to provide additional financial support for nursing homes that care for residents with dementia, psychiatric diagnoses, and other challenging behaviors; and (c) increase reimbursement rates paid to intermediate care facilities for individuals with intellectual disabilities (ICFs-IID) by 1% in 2017-18, and an additional 1% in 2018-19. The following table summarizes the funding that would be provided for each of these purposes.

Nursing Home Reimbursement Increases
Governor's Recommendations

		2017-18	2018-19
Nursing Home Rates	GPR	$5,391,800	$11,310,600
	FED	7,665,200	16,212,500
		$13,057,000	$27,523,100
BEHCI Incentives	GPR	$2,064,700	$2,054,700
	FED	2,935,300	2,945,300
		$5,000,000	$5,000,000
ICF-IID Rates	GPR	$123,200	$246,400
	FED	174,700	349,400
		$297,900	$595,800
Total		$18,354,900	$33,118,900

5. CHILDREN'S LONG-TERM SUPPORT SERVICES

GPR	$15,853,400
FED	23,419,400
Total	$39,272,800

Governor: Provide $14,067,300 ($5,656,000 GPR and $8,411,300 FED) in 2017-18 and $25,205,500 ($10,197,400 GPR and $15,008,100 FED) in 2018-19 to increase funding for services provided under the children's long-term support (CLTS) services program. The administration estimates that the funding increase provided under this item, program funding adjustments that would be provided under the MA cost-to-continue item, and the statutory changes in the bill that are intended to ensure the continuation of county support for these services, as described below, would enable the state to eliminate waiting lists for the CLTS program by the end of 2017-18.

Funding. Base funding for the CLTS program, which is included as part of the MA benefits budget, is approximately $76.1 million ($32.0 million GPR and $44.1 million FED). In response to a federal policy change, beginning in January, 2016, DHS began a transition to provide autism behavioral treatment services, which were funded under the CLTS program, as a state plan service. As part of the MA cost-to-continue item, funding for waiver services is reduced by approximately $23.3 million annually, and increased for state plan services by a corresponding amount to reflect this change. The MA cost-to-continue item also includes a 3% annual increase in funding for CLTS program services in each year.

This item would fund the difference between the available funding for the program (after the base reestimate adjustments) and the estimate of total program costs, including the cost of providing services to eligible children who are on waiting lists for CLTS services (approximately 2,200 children). Since DHS would phase in the enrollment of children on waiting lists in 2017-18, the cost of providing services to these children ($15.3 million) is slightly more than half of the annualized costs ($28.1 million).

The following table summarizes the total funding that would be provided for the CLTS program in the bill, and how the funding for this item was derived.

Children's Long-Term Support Services
Summary of Total Funding Budgeted for CLTS in Governor's Bill

Source	2017-18 GPR	2017-18 FED	2017-18 Total	2018-19 GPR	2018-19 FED	2018-19 Total
Base Funding	$31,940,800	$44,118,900	$76,059,700	$31,940,800	$44,118,900	$76,059,700
Funding Changes in MA Cost-to-Continue						
Provide Autism Services as State Plan Services	-$10,008,900	-$13,253,100	-$23,262,000	-$10,162,000	-$13,100,000	-$23,262,000
3% Per Year Inflationary Increase	681,500	902,400	1,583,900	1,404,600	1,810,800	3,215,400
Total Funding Available for CLTS Services	$22,613,400	$31,768,200	$54,381,600	$23,183,400	$32,829,700	$56,013,100
Expenditures						
Estimated Ongoing Program Costs -- Current Law	$26,549,900	$37,735,600	$64,285,500	$26,421,300	$37,864,200	$64,285,500
Less County Funding from other State and Local Programs	-4,588,800	-6,522,100	-11,110,900	-4,588,800	-6,576,200	-11,165,000
Estimated Cost of Services for Children on Waiting Lists	6,308,300	8,966,000	15,274,300	11,548,300	16,549,800	28,098,100
Subtotal	$28,269,400	$40,179,500	$68,448,900	$33,380,800	$47,837,800	$81,218,600
Funding Provided under this Item	$5,656,000	$8,411,300	$14,067,300	$10,197,400	$15,008,100	$25,205,500

Maintenance of Effort. Authorize DHS to require counties to maintain a specified level of contributions for the CLTS program. Specify that DHS must determine the amount of contribution that each county is required to maintain based on the county's historical expenditures for the program.

County Cooperation. Require counties to cooperate with DHS to determine an equitable funding methodology and county contribution mechanism for contributing to CLTS program costs, and to ensure that county contributions determined by DHS are expended for the program in the counties.

County Contracts. Authorize DHS to contract with a county or a group of counties to deliver services under the program.

[Bill Sections: 766 and 767]

6. CHILDLESS ADULT EMPLOYMENT AND TRAINING WAIVER

	Funding	Positions
GPR	$9,863,500	12.00
FED	9,863,500	12.00
Total	$19,727,000	24.00

Governor: Modify a current law provision, enacted as part of the 2015-17 biennial budget, that requires DHS to submit a waiver request to the federal Department of Health and Human Services (DHHS) to impose certain eligibility requirements and restrictions on childless adults participating in BadgerCare Plus, to require DHS to also include in the waiver request a program to provide employment and training services to childless adults. Require DHS to implement the employment and training program, if approved by DHHS, and if the federal government provides federal financial participation for providing employment and training services.

Under the 2015-17 budget provision, DHS is required to seek a waiver that would modify BadgerCare Plus program requirements for childless adults to do all of the following: (a) impose monthly premiums; (b) impose higher premiums for enrollees who engage in behaviors that increase their health risks; (c) require a health risk assessment for all childless adults; (d) limit childless adult eligibility to no more than 48 months; and (e) require enrollees to submit to drug screening, and, if indicated, a drug test. DHS is currently developing a waiver application in accordance with these requirements. The administration indicates that the new employment and training program would be incorporated into that application.

Provide $1,608,000 GPR, 1.0 GPR position, $1,608,000 FED, and 1.0 FED position in 2017-18 and $8,255,500 GPR, 12.0 GPR positions, $8,255,500 FED, and 12.0 FED positions in 2018-19 to implement the childless adult employment and training program. The following table shows the funding and positions that would be provided, by year and by appropriation.

Childless Adult Employment and Training Program Funding and Positions by Appropriation

	2017-18		2018-19	
	Funding	Positions	Funding	Positions
GPR				
Contracted Employment and Training Services	$0	0.0	$5,471,100	0.0
MA Administrative Contracts	1,502,900	0.0	1,578,100	0.0
State Staff	105,100	1.0	473,500	12.0
Income Maintenance Administration	0	0.0	732,800	0.0
Total GPR	$1,608,000	1.0	$8,255,500	12.0
FED				
Contracted Employment and Training Services	$0	0.0	$5,471,100	0.0
MA Administrative Contracts	1,502,900	0.0	1,578,100	0.0
State Staff	105,100	1.0	473,500	12.0
Income Maintenance Administration	0	0.0	732,800	0.0
Total FED	$1,608,000	1.0	$8,255,500	12.0

Income Maintenance Consortia and Tribal Contracts

The funding provided by the bill is based on the costs associated with administering the employment and training program for FoodShare participants. In 2017-18, funding and positions would be provided for implementation costs, primarily for making modifications to the system used to track public benefit program data (the client assistance for reemployment and economic support system, or CARES), and for 2.0 positions in the Department's central office for administering the program. In 2018-19, along with costs for completing CARES modifications, the bill would provide funding for initiating program services in April of 2019, which includes: (a) funding for making payments to county and tribal income maintenance consortia for costs associated with program enrollment and management; (b) funding and positions (22.0 positions) for enrollment and management functions conducted by DHS for program participants in

Milwaukee County (income maintenance functions are conducted by DHS for Milwaukee County); and (c) funding for contracts with employment and training service agencies. The following table shows the total funding for each purpose. The funding provided by the bill assumes that the state would receive federal funds at a 50% matching rate for these program costs. Consequently, the amounts shown in the table would be split equally between state GPR and federal funds.

Childless Adult Employment and Training Funding by Purpose
(All Funds)

Purpose	2017-18	2018-19
CARES Modifications	$3,005,800	$3,156,200
DHS Central Office Positions	150,900	181,200
State Staff Development	59,300	0
Employment and Training Agency	0	10,942,200
Consortia/Tribal Workload	0	1,465,600
Milwaukee Enrollment Services (DHS Staff)	0	751,700
Income Maintenance Staff Training	0	14,100
Total	$3,216,000	$16,511,000

The Department assumes that program services would begin in April of 2019, three months before the end of the biennium. According to the administration's estimates, the program would be fully phased in in 2019-20, and total annual costs are estimated at $48.4 million beginning in that year.

The funding and positions provided by the bill are based on the assumption that 49,200 childless adults would be newly enrolled in the employment and training program, which would be approximately one-third of the total number of childless adults currently enrolled in BadgerCare Plus. The administration assumes that the remainder of the childless adults would not be enrolled in the program, either because they are currently employed, are already participating in an employment and training program (such as the program for FoodShare participants), or would qualify for an exemption. The administration indicates that policies with respect to exemptions have not yet been determined and would be established as part of the waiver development and approval process.

The bill does not assume a reduction in childless adult BadgerCare Plus enrollment or a reduction in MA benefits costs as a result of an employment and training participation requirement. The administration indicates that it was assumed that the employment and training program participation requirement would be incorporated with the proposed 48-month limit on participation. That is, eligibility for BadgerCare Plus as a childless adult would be contingent upon enrollment in employment and training only after a person had been enrolled for 48 months without meeting employment or training requirements. Consequently, no childless adult would lose MA coverage as a result of the employment and training provision until at least 48 months following the implementation of the waiver provisions.

[Bill Sections: 927 and 928]

7. PERSONAL CARE RATE INCREASE

GPR	$6,197,100
FED	8,773,500
Total	$14,970,600

Governor: Increase MA benefits funding by $5,034,300 ($2,085,900 GPR and $2,948,400 FED) in 2017-18 and $9,936,300 ($4,111,200 GPR and $5,825,100 FED) in 2018-19 to increase MA reimbursement rates for personal care services.

Personal care services are medically-oriented activities that assist MA beneficiaries with activities of daily living necessary to maintain the individual in his or her place of residence in the community. These activities may include assistance with daily living tasks, such as eating, dressing, bathing, and meal preparation.

The current fee for service reimbursement rate for personal care services is $16.08 per hour. The additional funding in the bill represents the administration's estimate of the cost, including GPR and federal matching funds, to increase personal care rates by 2% in the first year of the biennium followed by an additional 2% increase in the second year. This would result in new rates of $16.40 in 2017-18 and $16.73 in 2018-19. The estimate assumes that new rates would take effect on July 1, 2017.

8. REPEAL AMBULATORY SURGICAL CENTER ASSESSMENT

SEG-REV	- $10,000,000
GPR	$5,239,700
FED	- 7,287,900
SEG	- 10,000,000
Total	- $12,048,200

Governor: Repeal all statutory provisions relating to the ambulatory surgical center (ASC) assessment, including a Department of Revenue (DOR) appropriation that funds administration of the assessment. [See "Revenue -- Tax Administration" for the DOR fiscal effect associated with this item.]

Reduce estimates of revenue the state collects from the assessment for deposit to the MA trust fund (SEG revenue) by $5,000,000 annually to reflect the elimination of the assessment. Reduce funding by $6,024,100 ($2,616,300 GPR, -$3,640,400 FED, and -$5,000,000 SEG) in 2017-18 and $6,024,100 ($2,623,400 GPR, -$3,647,500 FED, and -$5,000,000 SEG) in 2018-19 to reflect the loss of MA trust fund revenue, and the administration's intent to stop making ASC access payments for services ASCs provide to MA recipients following the elimination of the assessment.

Under current law, DOR may collect an assessment on the gross patient revenues of ASCs located in Wisconsin, consistent with federal regulations relating to permissible health care provider taxes. In 2015-16, and in previous years dating back to 2010-11, DOR has collected and transferred to the MA trust fund approximately $16.6 million in ASC assessment revenues. A portion of these assessment revenues, along with federal matching dollars, are used to fund ASC access payments, which were previously budgeted at $20.0 million annually. Of the $20 million budgeted for these payments, approximately $7.9 million has been provided from the ASC assessment revenues deposited in the MA trust fund and $12.1 million has been provided from federal matching funds. The balance of the ASC assessment revenues not used for that purpose (approximately $8.7 million) is used to support other MA benefit expenditures.

As part of the MA cost-to-continue item, DHS anticipates that assessments will be reduced to approximately $5 million, allowing for ASC access payments of $6 million and offsetting GPR savings of $2.6 million. This anticipated reduction is due to the Department's determination that access payments at previous levels may not comply with federal regulations regarding upper payment limits for provider reimbursement in the MA program. The Department believes that the $6 million in annual access payments anticipated in the cost-to-continue item will not exceed federal reimbursement limits. Nevertheless, the bill would eliminate the ASC assessment and access payments entirely, and the funding changes in the bill reflect the elimination of these previously-reduced assessment amounts. Both reducing the access payments and eliminating them entirely would require the Department to seek an MA state plan amendment from the federal Centers for Medicare and Medicaid Services.

The SEG funding reductions in this item reflect a reduction in funding from the MA trust fund and related MA matching funds that would support access payments (-$2.4 million annually) and other MA benefits costs (-$2.6 million annually). The FED reductions represent the amount of federal matching funds that would have been expended for access payments under current law (-$3.6 million annually). The GPR funding increase corresponds with the amount of SEG revenue from the assessments that DHS would use to fund other MA benefits costs under current law, which would be replaced with GPR under the bill.

[Bill Sections: 468, 543, and 1664]

9. MEDICAL ASSISTANCE PURCHASE PROGRAM AND EBD MA ELIGIBILITY

	Funding	Positions
GPR	- $168,300	1.50
FED	- 498,200	1.50
PR	4,771,600	0.00
Total	$4,105,100	3.00

Governor: Provide $901,200 ($450,600 GPR and $450,600 FED) in 2017-18 and $3,203,900 (-$618,900 GPR, -$948,800 FED, and $4,771,600 PR) in 2018-19 and 3.0 positions (1.50 GPR positions and 1.50 FED positions), beginning in 2018-19, to reflect the net effect of: (a) changes to MA benefits costs due to provisions in the bill that would modify the financial eligibility, premium, and work requirements for the medical assistance purchase plan (MAPP) program and financial eligibility requirements for elderly, blind, or disabled (EBD) MA recipients and MA-supported long-term care programs (-$756,500 GPR, -$1,086,400 FED and $4,771,600 PR in 2018-19); and (b) increases in MA administrative costs to implement these changes ($450,600 GPR and $450,600 FED in 2017-18 and $137,600 GPR and $137,600 FED in 2018-19).

Income Calculation for MAPP and Other Long-Term Care Programs. Subject to federal approval, exclude medical and remedial expenditures and long-term care costs that exceed $500 per month that would be incurred by the individual in absence of coverage under MAPP or an MA long-term care program from countable income. Currently, an individual may qualify for MAPP if the individual's net household income is less than 250% of the federal poverty level (FPL) for the size of the individual's household (currently $30,150 for a single-person household). The bill would maintain the current income limit, but enable individuals to "spend down" to meet this standard.

Asset Exclusion for Certain Retirement Benefits. Subject to federal approval, exclude assets from retirement benefits accumulated from income or employer contributions while the individual is employed and receiving MA benefits. Currently, an individual may qualify for MAPP if the individual's assets do not exceed $15,000. The bill would maintain the asset limit, but exclude these retirement benefits from the calculation.

In addition, exclude any assets accumulated in an individual's independence account when determining financial eligibility for the community options program, the community integration programs, Family Care, IRIS, the Family Care Partnership program, and certain SSI Medicaid categories. Assets accrued in an independence account are excluded when determining MAPP eligibility under current law.

MAPP Premium Payments. Establish a new premium structure for MAPP participants so that each MAPP participant would pay a premium of at least $25 per month. For a participant whose individual income exceeds 100% of the FPL for a single-person household ($12,060 annually), require the individual to pay, in addition to the $25 monthly premium, a premium equal to 3% of his or her adjusted earned and unearned income that exceeds 100% of the FPL. Require DHS to temporarily waive an individual's monthly premiums when DHS determines that paying the premium would be an undue hardship on the individual.

Under current law, individuals enrolled in MAPP pay a monthly premium if their individual gross monthly income, before deductions or exclusions, exceeds 150% of the FPL for their household size ($18,090 for an individual). The premium consists of two parts, reflecting different rates for unearned and earned income. The part of the premium based on unearned income equals 100% of unearned income that is in excess of the following deductions: (a) standard living allowance ($838 per month in calendar year 2017); (b) impairment-related work expenses; (c) out-of-pocket medical and remedial expenses; and (d) a cost of living adjustment disregard. The part of the premium based on earned income is equal to 3% of earned income. If the deductions for unearned income are greater than unearned income, any remaining deductions can be applied to earned income before the 3% premium rate is applied.

Based on the current methodology, approximately 1,200 participants, representing 4% of the total number of MAPP participants, pay premiums.

MAPP Proof of Gainful Employment and Earned Income. Subject to federal approval, require that MAPP participants prove gainful employment and earned income to the Department by providing wage income or prove in-kind work income by federal tax filing documentation. To qualify as gainful income, specify that the amount of in-kind income must be equal to, or exceed, the minimum amount for which federal income tax reporting is required.

Under current law, MAPP participants must meet a work requirement. Under current policy, participants must engage in a work activity at least once per month or be enrolled in a health and employment counseling (HEC) program. An individual is also considered to be working if he or she engages in in-kind work in lieu of employment, meaning he or she receives something of value as compensation for a work activity. However, DHS does not currently require MAPP members to demonstrate that they are paying income and payroll taxes to prove that they are meeting MAPP's work requirement.

Under the bill, in-kind work would be considered for the purposes of MAPP eligibility only when the annual value of in-kind compensation received by the member reaches the IRS threshold for reportable earnings, which is $33.33 per month.

Financial Eligibility Changes for EBD Medicaid. Subject to federal approval, increase the income eligibility limit for medically indigent elderly, blind, or disabled individuals in the MA program by establishing the income threshold at 100% of the FPL. In 2017, this equals monthly income of $1,005 for a one-person household and $1,353 for a two-person household.

The current elderly, blind, and disabled (EBD) medically needy income limit in Wisconsin is $591.67 per month for both one- and two-person households, an amount that is not based on annual changes in the FPL. Under the bill, the same maximum income limit would be established for the EBD medically needy MA recipients as currently applies to nondisabled, nonpregnant adults enrolled in BadgerCare Plus, and would change each year to reflect changes in the FPL.

Federal Approval and Contingency. Provide that if DHS determines that a state plan amendment or waiver of federal Medicaid law is necessary to implement the premium methodology and changes to the income and asset standards in the bill, require DHS to submit a state plan amendment or waiver request to the U.S. Department of Health and Human Services (DHHS) requesting these changes. Provide that if DHHS disapproves the state plan amendment or waiver in whole or in part, DHS may maintain the current income and asset eligibility requirements, and premium methodologies for MAPP, rather than the income and asset eligibility requirements and premium methodologies in the bill.

Position Authority and One-Time Contracted Services. Of the additional 3.0 positions provided to implement the program changes, 2.0 positions would be permanent positions and 1.0 position would be a project position, expiring June 30, 2020. Of the funding provided in 2017-18, $730,000 ($365,000 GPR and $365,000 FED) would be to fund estimated costs of making one-time changes to the CARES eligibility system.

Effective Date and Initial Applicability. Provide that the statutory changes to MAPP would take effect on July 1, 2018. Specify that the changes relating to program eligibility and premium determinations would first apply to initial eligibility determinations and cost-sharing reviews and reviews for continued eligibility and cost-sharing on July 1, 2018, or on the first day of the fourth month beginning after the date of federal approval of the state plan amendment or waiver request, whichever is later.

MA Benefits Funding Change Summary. The following table summarizes 2018-19 MA benefits funding changes of each component of this item.

	GPR	FED	PR	Total
MA Benefits Costs				
New Eligibility Standard for EBD Medicaid	$1,764,400	$2,533,800	$0	$4,298,200
MAPP Income Exclusions	634,000	910,400	0	1,544,400
Income Eligibility -- Deduct Expenses > $500 per month	567,000	814,300	0	1,381,300
Asset Exclusion for MAPP Retirement Benefits	205,200	294,800	0	500,000
Asset Exclusion for other MA and MA-Supported Long-Term Care Programs	205,200	294,800	0	500,000
HEC Enrollment Increases	283,500	407,100	0	690,600
Individuals Transferring from EBD MA to MAPP due to New Premium Structure	280,800	403,200	0	684,000
Premium Hardship Exemption	60,300	86,600	0	146,900
MA Benefit Savings				
Establish New Premium Structure	-1,958,700	-2,812,900	4,771,600	0
MAPP Enrollees Transferring to EBD MA, with Spend-Down	-1,845,600	-2,650,400	0	-4,496,000
Requirement that MAPP Participants Document Work	-952,600	-1,368,100	0	-2,320,700
Net Effect on MA Benefits Costs	-$756,500	-$1,086,400	$4,771,600	$2,928,700

[Bill Sections: 746, 931, 933 thru 949, 9320(1), and 9420(1)]

10. LEAD POISONING -- MA REIMBURSEMENT FOR INVESTIGATIONS AND STATUTORY DEFINITION

GPR	$73,200
FED	109,800
Total	$183,000

Governor: Increase MA benefits funding by $61,000 ($24,400 GPR and $36,600 FED) in 2017-18 and by $122,000 ($48,800 GPR and $73,200 FED) in 2018-19 to increase, from $105.26 to $800, the MA reimbursement rate for lead investigations. The funding in the bill reflects an anticipated effective date of January 1, 2018.

Lead investigations are provided for children enrolled in the MA program as a part of the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit. Under current Department policy, an environmental investigation of the home of a lead-poisoned child is reimbursable through the MA program if all of the following conditions are met: (a) the child's blood lead level (BLL) is found to be greater than 10 micrograms per deciliter (mcg/dL) of blood; (b) a certified risk assessor or hazard investigator performs the service, and (c) prior authorization is received. The investigation entails the identification of potential sources of high-dose exposure to lead, as well as education for parents about identified and potential sources of lead and ways to reduce exposure. A follow-up investigation may also be provided.

Modify the statutory definition of "lead poisoning or lead exposure" from the current law definition of 10 or more micrograms per 100 milliliters of blood to a reduced threshold of 5 or more micrograms per 100 milliliters of blood, which is the current standard used by the Centers for Disease Control and Prevention (CDC). The bill would retain a current statutory provision that requires DHS, notwithstanding the statutory definition, to promulgate a rule defining "lead poisoning or lead exposure," to correspond to the specification of the CDC.

[Bill Section: 1792]

11. HOMELESSNESS SERVICES COORDINATOR

	Funding	Positions
GPR	$70,700	0.50
FED	70,700	0.50
Total	$141,400	1.00

Governor: Provide $63,600 ($31,800 GPR and $31,800 FED) in 2017-18 and $77,800 ($38,900 GPR and $38,900 FED) in 2018-19 to fund 1.0 position (0.5 GPR position and 0.5 FED position), beginning in 2017-18, to coordinate a federal waiver request that, if approved, would permit DHS to use MA funds for intensive care management services intended to assist homeless MA recipients to obtain permanent housing.

12. MA OVERPAYMENT RECOVERY

GPR	- $18,000
FED	- 26,000
PR	44,000
Total	$0

Governor: Increase funding by $22,000 PR annually and make corresponding annual GPR and FED funding reductions (-$9,000 GPR and -$13,000 FED) to reflect estimates of savings that the MA program would realize by modifying its MA overpayment recovery procedures. Under this item, estimated recoveries, treated as PR, would replace GPR and FED funding used for MA benefits.

DHS Orders to Compel Payments. Specify that when DHS issues an order to compel payment from an individual, it must do so personally or by any type of mail service which requires a signature of acceptance from the recipient at the address of the person who is liable for repayment, as it appears on DHS records. Specify that the refusal or failure to accept or receive the order by the individual who is liable for payment does not prevent DHS from enforcing the order to compel repayment. Under current law, there is no specified manner for DHS to issue an order for payment.

Currently, DHS may issue orders for payment from MA recipients, or parents of minor MA recipients, who are liable for repayment of incorrect MA payments, and from employers who are assessed penalties for failing to provide information regarding an MA recipient's access to coverage. These orders may be issued after a liable individual fails to repay the incorrect amount, or fails to comply with an agreement for repayment.

Evidence Required for Discovery. Modify provisions relating to the evidence necessary for a circuit court judgment on an order for overpayment recovery. Under current law, if an individual fails to pay the amount due under the order, and no contested case regarding the order is pending and the window for contesting has passed, DHS may seek a judgment from a circuit court in any county. Permit DHS to present a true and accurate copy of the order to the court, rather than a certified copy, as required under current law. Specify that an affidavit from the DHS collections unit would serve as evidence of incorrect payment or failure to pay a penalty. Under current law, a sworn statement of the DHS Secretary is required as evidence.

[Bill Sections: 950 thru 953]

13. BIRTH TO 3 PROGRAM -- MA REIMBURSEMENT FOR SERVICES

Governor: Repeal the following statutory requirements relating to the Birth to 3 program: (a) that DHS reimburse counties for the federal share of MA allowable charges of services provided by MA-certified special educators that provide Birth to 3 services; (b) that counties pay the remaining expenses for these services; (c) that DHS promulgate rules relating to certification requirements for special educators and county expenditure reporting; and (d) that counties expend the MA federal share they receive for Birth to 3 services and for services counties provide under the children's long-term support program. Repeal a provision that limits MA coverage for Birth to 3 services to those services provided by MA certified special educators.

Authorize DHS to pay the costs of services provided under the program that are included in a participant's individualized service plan and that are not authorized for payment under the state MA plan or DHS policy before July 1, 2017, including any Birth to 3 program services that are delivered by the type of provider that becomes certified to provide MA service on or after July 1, 2017. Modify the GPR appropriation that currently funds Birth to 3 service costs to fund these MA eligible services, in addition to non-MA eligible costs. The bill would maintain base funding for this appropriation ($5,789,000 annually).

The Executive Budget Book indicates that the Governor's recommendation is to authorize DHS to submit any MA state plan amendment that increases MA reimbursement for Birth to 3 services. However, no provisions relating to this recommendation are included in the bill.

[Bill Sections: 384, 929, 930, 932, and 979]

Medicaid Services Administration

1. DIVISION OF MEDICAID SERVICES ADMINISTRATION -- CONTRACTS AND OTHER SUPPLIES AND SERVICES

GPR	$7,124,800
FED	510,500
Total	$7,635,300

Governor: Provide $2,080,600 ($2,247,200 GPR and -$166,600 FED) in 2017-18 and $5,554,700 ($4,877,600 GPR and $677,100 FED) in 2018-19 to reflect the net effect of funding adjustments to appropriations that support contracted services and general program operations for the Division of Medicaid Services. Factors resulting in these funding adjustments include rate increases incorporated into current contracts and projects to modify claims and eligibility information systems to implement state and federal policy changes.

The following table summarizes the funding changes to appropriations that support the Division's program management functions, Milwaukee Enrollment Services (MilES), and contracted services (other than funding DHS allocates to income maintenance consortia, which is not affected by this item).

Summary of Funding for MA and FoodShare Administration Funding Affected by This Item

	Base	2017-18 Funding Change Under this Item	2017-18 Funding Change Under Other Items in Bill*	2017-18 Total Funding	2018-19 Funding Change Under this Item	2018-19 Funding Change Under Other Items in Bill*	2018-19 Total Funding
Program Management and MilES							
GPR	$39,115,500	$687,100	-$464,400	$39,338,200	$1,452,800	$738,400	$41,306,700
FED MA	29,683,100	7,678,400	1,339,900	38,701,400	8,178,000	2,767,200	40,628,300
FED FoodShare	15,796,100	-8,975,900	133,400	6,953,600	-8,752,100	143,400	7,187,400
FED FSET	1,471,300	-1,243,800	10,500	238,000	-1,240,500	248,500	479,300
Subtotal	$86,066,000	-$1,854,200	$1,019,400	$85,231,200	-$361,800	$3,897,500	$89,601,700
Contracted Services (Excluding Income Maintenance)							
GPR	$61,614,900	$1,560,100	$5,968,500	$69,143,500	$3,424,800	$7,745,600	$72,785,300
FED	115,725,800	2,374,700	36,272,900	154,373,400	2,491,700	44,280,900	162,498,400
Subtotal	$177,340,700	$3,934,800	$42,241,400	$223,516,900	$5,916,500	$52,026,500	$235,283,700
Total							
GPR	$100,730,400	$2,247,200	$5,504,100	$108,481,700	$4,877,600	$8,484,000	$114,092,000
FED	162,676,300	-166,600	37,756,700	200,266,400	677,100	47,440,000	210,793,400
All Funds	$263,406,700	$2,080,600	$43,260,800	$308,748,100	$5,554,700	$55,924,000	$324,885,400

* Of this total, $37,751,800 ($3,930,900 GPR and $33,820,900) in 2017-18 and $49,153,300 ($6,442,200 GPR and $42,711,100 FED) in 2018-19 would be provided for procurement and implementation of a new Medicaid Management Information System (Item #2).

2. MEDICAID MANAGEMENT INFORMATION SYSTEM

	Funding	Positions
GPR	$10,373,100	1.00
FED	76,532,000	7.00
Total	$86,905,100	8.00

Governor: Provide $37,751,800 ($3,930,900 GPR and $33,820,900 FED) in 2017-18 and $49,153,300 ($6,442,200 GPR and $42,711,100 FED) in 2018-19, and 8.0 positions (1.0 GPR position and 7.0 FED positions), beginning in 2017-18, to support the procurement and implementation of a new Medicaid Management Information System (MMIS) and of fiscal agent services for the state's MA program.

The MA fiscal agent provides administrative services that support the state's MA program and several related programs. Those business functions include processing claims, certifying health care providers, reviewing prior authorization requests, and providing customer service for members and health care providers. In addition, the fiscal agent is responsible for maintaining the primary information system for the program, the Medicaid Management Information System (MMIS), to comply with state and federal reporting requirements. The state's currently contracted MA fiscal agent is Hewlett-Packard Enterprises, Inc. (HPE). The contract with HPE first took effect in 2005, was renewed for a five-year period in 2013, and will expire in November, 2018.

The federal Centers for Medicare and Medicaid Services (CMS) requires the state to rebid the MMIS contract every 10 years. In addition, CMS requires that all future MMIS procurements and implementations incorporate a modular approach to the MMIS structure. Adopting this modular structure could entail as many as eight separate contracts, including: (a) core MMIS takeover and fiscal agent contract; (b) three federally required independent contracts to oversee enterprise project management, system design, and integration; and (c) contracts for modularization of the MMIS.

Under current plans, eight strategic modules will be carved out of the existing Core MMIS structure and be re-built. They will then exist as self-contained yet fully-integrated units within the MMIS structure. These eight modules are: (a) enterprise data warehouse; (b) data analytics; (c) program integrity; (d) pharmacy pricing consultation; (e) pharmacy medication therapy management; (f) enrollment services; (g) member services; and (h) care management.

The project's costs can be divided into the following categories: (a) planning costs; (b) costs related to the design, development, and implementation of the new system; (c) costs for independent oversight contracts; (d) costs for the initial modules; (e) costs for maintenance and operations of the new system; and (f) costs for hardware and software.

In addition, the administration estimates that 45.40 full-time equivalent staff would be needed during the implementation phase of the project. Of this total, 8.0 FTEs would be permanent state positions, and the remainder would be filled by contract staff.

DHS estimates of project costs are summarized in the following table.

	2017-18			2018-19		
Cost Category	GPR	FED	Total	GPR	FED	Total
Planning	$164,400	$1,479,400	$1,643,800	$0	$0	$0
Design, Development, and Implementation	2,341,100	20,532,600	22,873,700	1,809,700	15,894,700	17,704,400
Independent Oversight	244,900	1,880,500	2,125,400	548,200	4,501,300	5,049,500
Initial Modules	0	0	0	1,200,000	10,800,000	12,000,000
Maintenance and Operations	20,600	43,700	64,300	1,726,200	1,831,900	3,558,100
Hardware and Software	561,700	5,055,200	5,616,900	272,100	2,449,000	2,721,100
Staff	598,200	4,829,500	5,427,700	886,000	7,234,200	8,120,200
Total	$3,930,900	$33,820,900	$37,751,800	$6,442,200	$42,711,100	$49,153,300

3. ADVANCED DATA ANALYTICS

GPR	$675,000
FED	3,075,000
PR	250,000
Total	$4,000,000

Governor: Provide $2,000,000 ($425,000 GPR and $1,575,000 FED) in 2017-18 and $2,000,000 ($250,000 GPR, $1,500,000 FED, and $250,000 PR) in 2018-19 to implement and maintain the data analytics system in the Office of the Inspector General (OIG).

2015 Wisconsin Act 55 (the 2015-17 biennial budget act) provided $5,000,000 ($500,000

GPR and $4,500,000 FED) in one-time funding for DHS to procure and implement an advanced analytics system for the purpose of minimizing provider and beneficiary fraud in the state's MA program, and for verifying the identification of MA and Medicare beneficiaries prior to their receiving covered services. In 2016, following a request for proposal process, DHS selected LexisNexis to develop and implement the system, which is expected to be operational by the end of 2016-17. Under the contract, the Department pays the vendor up to $2.0 million per year, an amount that includes incentive payments that are dependent upon fraudulent payment recoveries. After an initial two-year period, the contract can be renewed, at the discretion of DHS and contingent on available funding, for up to three, one-year periods.

The funding provided in the bill is intended to cover the estimated cost of the contract over the biennium. Beginning in 2018-19, 20% of the GPR savings resulting from the program, up to $250,000, would be credited to a PR appropriation to partially support the costs of the contract. (This funding would otherwise be credited to a current PR appropriation that offsets MA benefit costs). This funding mechanism, which is intended to provide a financial incentive to the vendor and assist in measuring the program's cost effectiveness, would reduce the GPR share of the project's total costs from $425,000 in 2017-18 to $250,000 in 2018-19.

4. INCOME MAINTENANCE CONTRACTS

GPR	- $3,199,000
FED	27,986,600
Total	$24,787,600

Governor: Provide $12,393,800 (-$1,599,500 GPR and $13,993,300 FED) annually to fund income maintenance (IM) contracts for county consortia and tribal government agencies at calendar year 2017 levels throughout the 2017-19 biennium. This item includes: (a) providing $4,730,100 ($1,892,000 GPR and $2,838,100 FED) annually to maintain base funding to support IM functions relating to work requirements for certain able-bodied adults without dependent children (ABAWDs) who receive FoodShare benefits, which was budgeted as one-time funding in Act 55; (b) maintaining $2,453,700 ($981,500 GPR and $1,472,200 FED) in base funding to support IM functions relating to workload resulting from the federal Affordable Care Act (ACA); (c) providing $300,000 GPR annually to maintain a contingency due to uncertainty regarding federal matching rates that will apply to IM activities; and (d) reestimating federal matching funds that will be available to support IM functions to reflect that a 75% matching rate will apply to certain ACA-related IM costs, rather than a 50% matching rate, resulting in an estimated average rate of 60% for all IM functions.

Other items in the bill would increase funding for IM consortia to support costs of: (a) verifying asset information for certain FoodShare applicants; (b) implementing proposed employment and training requirements for certain MA recipients without dependents and certain FoodShare recipients with dependents; and (c) requiring FoodShare recipients to cooperate in establishing child support orders, avoiding delinquent support, and establishing paternity. The following two tables summarize the total funding that would be budgeted for IM contracts in fiscal years 2017-18 and 2018-19 and calendar years 2018 and 2019, by purpose and source, under the bill.

Total Funding for Income Maintenance Consortia
Fiscal Years 2017-18 and 2018-19

	2017-18			2018-19		
	GPR	FED	Total	GPR	FED	Total
Base Funding	$15,926,600	$44,461,900	$60,388,500	$15,926,600	$44,461,900	$60,388,500
Reestimate to Maintain Total Base Funding	-1,899,500	13,543,300	11,643,800	-1,899,500	13,543,300	11,643,800
Contingency due to Uncertainty of Federal Funding	300,000	450,000	750,000	300,000	450,000	750,000
Subtotal -- Funding to Maintain Current IM Functions	$14,327,100	$58,455,200	$72,782,300	$14,327,100	$58,455,200	$72,782,300
Program Changes in Bill						
Asset Verification for Certain FoodShare Applicants	$0	$0	$0	$542,500	$542,500	$1,085,000
Employment and Training -- Childless Adult MA Recipients	0	0	0	732,800	732,800	1,465,600
Employment and Training -- FoodShare Recipients with Dependents	0	0	0	134,200	134,200	268,400
FoodShare Child Support and Paternity Cooperation	0	0	0	29,100	29,100	58,200
Subtotal	$0	$0	$0	$1,438,600	$1,438,600	$2,877,200
Total Funding	$14,327,100	$58,455,200	$72,782,300	$15,765,700	$59,893,800	$75,659,500

Calendar Years 2018 and 2019

	2018			2019		
	GPR	FED	Total	GPR	FED	Total
Base Allocation	$14,027,100	$21,040,600	$35,067,700	$14,027,100	$21,040,600	$35,067,700
Asset Verification for Certain FoodShare Applicants	271,250	271,250	542,500	542,500	542,500	1,085,000
Employment and Training -- Childless Adult MA Recipients	0	0	0	1,465,600	1,465,600	2,931,200
Employment and Training -- FoodShare Recipients with Dependents	0	0	0	335,500	335,500	671,000
FoodShare Child Support and Paternity Cooperation	14,550	14,550	29,100	29,100	29,100	58,200
Federal Claims on County Contributions (Based on 2015 Contributions Totaling $24,643,100)	0	29,571,700	29,571,700	0	29,571,700	29,571,700
Contingency due to Uncertainty of Federal Funding	300,000	0	300,000	300,000	0	300,000
Total	$14,612,800	$50,898,100	$65,510,900	$16,699,700	$52,985,000	$69,684,700

5. FUNERAL AND CEMETERY AIDS

GPR	- $1,998,700

Governor: Reduce funding by $1,066,500 in 2017-18 and by $932,200 in 2018-19 to reflect reestimates of the amount of funding necessary to support payments under the Wisconsin funeral and cemetery aids program (WFCAP). Under the program, DHS reimburses costs incurred by funeral homes, cemeteries, and crematories for eligible services they provide to certain deceased individuals who were eligible for medical assistance (MA) or Wisconsin Works benefits at the time of their death. DHS is required to pay up to $1,000 for cemetery expenses and up to $1,500 for funeral and burial expenses not covered by the decedent's estate or other persons. The program does not provide any reimbursement if the total funeral expenses exceed $4,500 or total cemetery expenses exceed $3,500.

Base funding for the program is $10,514,700 GPR. The administration estimates that reimbursement payments will total $9,222,900 in 2016-17, $9,448,200 in 2017-18 and $9,582,500 in 2018-19.

6. LONG-TERM CARE -- CONTRACTED SERVICES

	Funding	Positions
GPR	- $1,751,900	20.20
FED	- 1,846,800	21.30
Total	- $3,598,700	41.50

Governor: Reduce funding for contracted services DHS purchases from several private vendors to assist in the administration of the state's MA-supported, long-term care programs by $4,193,500 (-$1,956,500 GPR and -$2,237,000 FED) in 2017-18 and by $5,591,300 (-$2,608,700 GPR and -$2,982,600 FED) in 2018-19. Instead, create 41.50 positions (20.20 GPR positions and 21.30 FED positions), beginning in 2017-18, and provide $2,651,200 ($1,205,700 GPR and $1,445,500 FED) in 2017-18 and $3,534,900 ($1,607,600 GPR and $1,927,300 FED) to support these services with state staff.

The contracted positions provide a variety of services for the state's long-term care programs, including quality assurance, nurse consultations, service specialists, program coordination, and policy and information functions.

The net effect of this item would be to reduce funding by $1,542,300 (-$750,800 GPR and -$791,500 FED) in 2017-18 and by $2,056,400 (-$1,001,100 GPR and -$1,055,300 FED) in 2018-19 to reflect the administration's estimates of savings that would be realized by using state staff to perform this work.

FoodShare

1. FOODSHARE EMPLOYMENT AND TRAINING PROGRAM -- COST-TO-CONTINUE

GPR	$11,697,600

Governor: Increase funding for the FoodShare employment and training (FSET) program by $2,843,500 GPR in 2017-18 and $8,854,100 GPR in 2018-19. The FSET program offers one way FoodShare recipients who are non-exempt able bodied adults without dependents (ABAWDs) can fulfill the work requirement enacted as part of 2013 Wisconsin Act 20 in order to remain eligible for FoodShare benefits.

Although the GPR funding change in the bill is partially due to reestimates of the amount of federal funding that will be available to support services in the 2017-19 biennium, the bill does not modify federal funding for FSET services to reflect these reestimates.

Pay for Performance. As part of this item, provide $1,722,200 GPR in 2017-18 and $1,769,800 GPR in 2018-19 to fund pay for performance incentive payments to encourage the FSET vendor to meet employment outcomes and other performance measures. Although not reflected in the bill, the administration estimates that $574,000 FED in 2017-18 and $589,900 FED in 2018-19 would be available to partially fund these payments.

Factors Affecting Federal Funding. Wisconsin is a federal "pledge state" which means the state has the federal ABAWD work requirement in place, reaches out to ABAWDs in their third month of FoodShare participation, and pledges to provide employment and training services to all ABAWDs. In return, pledge states receive a portion of an annual $20 million pledge state grant. However, as more states become pledge states the portion received by each becomes smaller. In 2016-17 there were four new pledge states, resulting in Wisconsin receiving $2.2 million in federal pledge state funding, which is less than in prior years.

Prior to 2016-17, Wisconsin's share of 100% federal funding for SNAP (Supplemental Nutrition Assistance Program) Education and Training was based on an estimate of the number of ABAWDs in the state. Now that the ABAWD policy has been fully implemented, the U.S. Department of Agriculture, Food and Nutrition Services uses the actual number of Wisconsin ABAWDs participating in FSET, rather than estimates. This has resulted in a decrease in the state's 100% federal funding allocations.

The following table summarizes, for fiscal years 2016-17 through 2018-19, the administration's estimates of total FSET costs, funding offsets, and state funding carried over from previous fiscal years.

FoodShare Employment and Training Program
Fiscal Years 2016-17 through 2018-19

	2016-17	2017-18	2018-19
Base Program Costs (Includes FED and Local Funds)	$45,922,700	$49,489,200	$51,578,900
Funding Offsets			
100% FED Allocation -- SNAP Education and Training & "Pledge State" Allocations	-$2,500,000	-$2,300,000	-$2,200,000
Local Contributions (including 50% FED match)	-4,307,200	-5,000,000	-5,000,000
Subtotal	$39,115,500	$42,189,200	$44,378,900
Remaining Program Costs- FED Cost Sharing*	-$19,557,750	-$20,520,500	-$21,599,500
Total GPR Program Cost	$19,557,750	$21,668,700	$22,779,400
Available Funds			
Base Funding Appropriation	$13,925,300	$13,925,300	$13,925,300
Carryover from Previous Fiscal Year	10,532,300	4,899,900	0
Subtotal	$24,457,600	$18,825,200	$13,925,300
Amount Carried Forward to Next Year/(Shortfall)	$4,899,900	-$2,843,500	-$8,854,100

*The administration assumes that 25%, rather than 50% of the pay for performance bonuses would be eligible for federal matching funds, since federal law prohibits states from receiving federal matching funds for these payments unless the incentive payments are for employment outcomes, or directed towards program improvements. This results in a slightly greater percentage of remaining program costs, after accounting for 100% federal funding and matching funds from local contributions, to be funded with GPR than FED.

2. FSET -- UNIVERSAL REFERRALS

GPR	$15,021,800
FED	15,021,800
Total	$30,043,600

Governor: Increase funding for the FoodShare employment and training (FSET) program by $470,400 ($235,200 GPR and $235,200 FED) in 2017-18 and $29,573,200 ($14,786,600 GPR and $14,786,600 FED) in 2018-19 to fund estimated costs of referring all eligible able-bodied adults to the FSET program.

Currently, income maintenance (IM) staff refer non-exempt, able-bodied adults without dependents (ABAWDs) who need to meet the work requirement, either through employment or participation in a work program such as FSET, in order to remain eligible for FoodShare benefits. Under this item, IM staff would refer all eligible able-bodied adult FoodShare recipients to the program, including those with children up to the age of 18, and those who care for incapacitated persons, who are not required to meet the work requirement. Although these individuals would not be required to participate in FSET, it is assumed that by increasing the number of individuals referred to the program, enrollment will increase.

This funding would support: (a) FSET services provided by the program's vendors ($14,786,400 GPR and $14,786,400 FED in 2018-19); (b) contracted services to make changes to the client assistance for reemployment and economic support (CARES) system, which assists IM staff in making eligibility determinations and maintaining information on households enrolled in public assistance programs ($200,00 GPR and $200,000 FED in 2017-18); (c) state staff ($29,700 GPR and $29,700 FED in 2017-18); and (d) IM training costs for IM consortia, Milwaukee Enrollment Services (MilES), and the tribal IM agencies ($5,500 GPR and $5,500 FED in 2017-18, $200 GPR and $200 FED in 2018-19).

3. FSET -- MANDATORY PARTICIPATION, DRUG TESTING, AND PILOT PROGRAM FOR CERTAIN ABLE-BODIED ADULTS WITH DEPENDENTS

	Funding	Positions
GPR	$4,249,700	0.75
FED	4,249,700	0.75
Total	$8,499,400	1.50

Governor: Provide $2,850,800 ($1,425,400 GPR and $1,425,400 FED) in 2017-18 and $5,648,600 ($2,824,300 GPR and $2,824,300 FED) and 1.50 position (0.75 GPR position and 0.75 FED position), beginning in 2017-18, to establish a pilot program under which certain able-bodied adults with children over the age of six would be required to participate in the FoodShare employment and training (FSET) program.

Mandatory FSET Participation for Certain Able-Bodied Adults with Dependents. Authorize DHS to require that certain FoodShare recipients enroll in FSET, including all able-bodied FoodShare recipients who are 18 to 60 years of age, or a subset of these individuals to the extent allowed by the federal government. In the 2017-19 biennium, authorize DHS to implement this requirement in certain areas of the state, as determined by DHS.

Under current law, DHS may require "able-bodied adults" to participate in FSET. However, current law defines "able-bodied adults" as adults between the ages of 18 and 50, who are not: (a) physically or mentally unfit for employment; (b) exempt from work requirements under federal law: (c) pregnant; (d) parents of a household member who is younger than 18; (e) residing in a household that includes a household member who is younger than 18; and (f) other individuals who are exempt from FoodShare work requirements, as specified in federal law.

By creating a statutory definition of "able-bodied adults without dependents" (ABAWDs), which would apply to individuals who must meet work requirements as a condition of maintaining their eligibility for FoodShare benefits, the bill would create a new definition of "able-bodied adults," which would include ABAWDs, parents, and adults in households with members under the age of 18. Authorize DHS to require able-bodied adults to participate in FSET.

Authority to Screen, Test, and Treat All Able-Bodied Adults. Authorize DHS to screen, test, and treat able-bodied adults with dependents who participate in FSET for the use of controlled substances, in addition to ABAWDs, as provided under current law.

Employment and Training -- Compliance as a Condition of FoodShare Eligibility. Currently, able-bodied adults without dependents are required to work or participate in an allowable work program, such as FSET, for a minimum of 80 hours each month to remain eligible for FoodShare benefits. Although the bill would authorize DHS to require able-bodied adults, under the new definition, to participate in FSET, it would not establish a work requirement for all able-bodied adults as a condition of receiving FoodShare benefits.

The following table summarizes the administration's estimates of the costs of implementing the pilot project to require some able-bodied adults with children over the age of six to meet the work requirement in order to receive FoodShare benefits for fiscal years 2017-18 through 2020-21. These estimates are based on the assumption that the pilot program would begin in April, 2019.

Summary of Cost Estimates for FSET Pilot Project
Fiscal Years 2017-18 through 2020-21

	2017-18			2018-19		
	GPR	FED	All Funds	GPR	FED	All Funds
State Staff Development Costs	$0	$0	$0	$29,700	$29,600	$59,300
Client Assistance for Reemployment and Economic Support (CARES) System Modifications	1,366,300	1,366,300	2,732,600	1,434,600	1,434,600	2,869,200
Training for Income Maintenance Staff	0	0	0	6,300	6,400	12,700
DHS Program Management (Support for DHS Positions)	59,100	59,100	118,200	68,800	68,800	137,600
Income Maintenance (IM) Consortia and Tribal IM Assistance	0	0	0	134,200	134,300	268,500
Income Maintenance -- Milwaukee Enrollment Services	0	0	0	0	0	0
FSET Funded Child Care	0	0	0	12,500	12,500	25,000
FSET Vendor Costs (Begins April, 2019)	0	0	0	1,138,200	1,138,100	2,276,300
Total	$1,425,400	$1,425,400	$2,850,800	$2,824,300	$2,824,300	$5,648,600

	2019-20			2020-21		
	GPR	FED	All Funds	GPR	FED	All Funds
State Staff Development Costs	$0	$0	$0	$0	$0	$0
Client Assistance for Reemployment and Economic Support (CARES) System Modifications	0	0	0	0	0	0
Training for Income Maintenance Staff	400	300	700	400	300	700
DHS Program Management (Support for DHS Positions)	68,800	68,800	137,600	68,800	68,800	137,600
Income Maintenance (IM) Consortia and Tribal IM Assistance	1,208,200	1,208,200	2,416,400	2,013,700	2,013,700	4,027,400
Income Maintenance -- Milwaukee Enrollment Services	550,600	550,700	1,101,300	1,101,300	1,101,200	2,202,500
FSET Funded Child Care	150,000	150,000	300,000	250,000	250,000	500,000
FSET Vendor Costs	13,658,000	13,657,900	27,315,900	22,763,300	22,763,300	45,526,600
Total	$15,636,000	$15,635,900	$31,271,900	$26,197,500	$26,197,300	$52,394,800

[Bill Sections: 954 thru 957, 964 thru 968, and 9120(2)]

4. FOODSHARE ELIGIBILITY -- ASSET REQUIREMENT

	Funding	Positions
GPR	$1,854,000	5.10
FED	1,854,000	5.10
Total	$3,708,000	10.20

Governor: Provide $118,200 ($59,100 GPR and $59,100 FED) and 1.50 positions (0.75 GPR position and 0.75 FED position) in 2017-18 and $3,589,800 ($1,794,900 GPR and $1,794,900 FED) and an additional 8.70 positions, for a total of 10.20 positions (5.10 GPR positions and 5.10 FED positions) in 2018-19, to implement provisions in the bill that would prohibit individuals who are not elderly, blind, or disabled from participating in the FoodShare program if the individual lives in a household that has liquid assets that exceed $25,000.

Statutory Change. Modify current financial eligibility requirements for FoodShare benefits by specifying that an individual who is not elderly, blind, or disabled is ineligible to participate in the program in a month in which the household of which the individual is a member has liquid assets of more than $25,000. Provide that, if necessary, DHS must request a waiver from the U.S.

Department of Agriculture (USDA) to implement this provision, and that if USDA disapproves the waiver request, DHS may not implement this provision. These provisions would take effect on July 1, 2018.

Currently, assets are not considered in the FoodShare eligibility determination for broad-based categorically eligible FoodShare applicants and enrollees, which are households with gross income up to 200% of the federal poverty level (FPL). The only asset test for eligibility to Wisconsin's FoodShare program applies to households that include an elderly, blind, or disabled member with gross income over 200% of the federal poverty level. These households may not have more than $3,250 in countable assets, although certain assets, such as vehicles and retirement savings accounts, do not count toward that limit.

Funding. The funding in the bill would support: (a) contracted services to make changes to the client assistance for reemployment and economic support (CARES) system, which assists income maintenance (IM) staff in making eligibility determinations and maintaining information on households enrolled in public assistance programs ($850,000 GPR and $850,000 FED in 2018-19); (b) DHS positions, including positions for the Milwaukee Enrollment Services (MilES), which conducts IM functions in Milwaukee County ($59,100 GPR and $59,100 FED in 2017-18 and $402,400 GPR and $402,400 FED in 2018-19); and (c) increased allocations for IM consortia and tribal IM agencies to fund additional workload of implementing the asset requirement ($542,500 GPR and $542,500 FED in 2018-19).

[Bill Sections: 960 and 9420(2)]

5. FOODSHARE ELIGIBILITY -- CHILD SUPPORT AND PATERNITY COMPLIANCE

	Funding	Positions
GPR	$472,800	0.45
FED	472,800	0.45
Total	$945,600	0.90

Governor: Provide $759,800 ($379,900 GPR and $379,900 FED) and 0.50 position (0.25 GPR position and 0.25 FED position) in 2017-18 and $185,800 ($92,900 GPR and $92,900 FED) and 0.90 position (0.45 GPR position and 0.45 FED position) in 2018-19 for DHS to implement provisions in the bill that would make eligibility for FoodShare benefits contingent on cooperation with establishing child support orders, avoiding delinquent support, and cooperation in establishing paternity, as follows.

Child Support -- Cooperation in Establishing Support Orders. Provide that an individual is ineligible to participate in the FoodShare program in any month in which all of the following occurs: (a) the individual is a custodial parent of, or lives with and exercises parental control over, a child who is under the age of 18 and who has an absent parent; (b) the individual refuses to cooperate fully, in good faith, with efforts directed at establishing or enforcing any support order or obtaining any other payments or property to which the individual or the child may have rights; and (c) the individual does not have a good cause for refusing to cooperate, as determined by DHS in accordance with federal law. Similarly, provide that a noncustodial parent of a child under the age of 18 who refuses to cooperate in providing or obtaining support for the child is ineligible for FoodShare.

Child Support -- Delinquent Support. Provide that an individual is ineligible to participate in the FoodShare program in any month in which the individual is obligated by court order to provide support payments and is delinquent in making those court-ordered payments, unless any of the following occurs: (a) the delinquency balance equals less than three months of the court-ordered support amount; (b) a court or a county child support agency is allowing the individual to delay the child support payments; (c) the individual is complying with a payment plan approved by a county child support agency to provide support for the child of the individual; or (d) the individual is participating in an employment and training program, as determined by DHS.

Paternity Establishment. Provide that an individual is ineligible to participate in the FoodShare program in any month in which all of the following occurs: (a) the individual is a custodial parent of or lives with and exercises parental control over a child who is under the age of 18 and who has an absent parent; (b) the individual refuses to cooperate fully, in good faith, with applicable efforts directed at establishing the paternity of the child; and (c) the individual does not have good cause for refusing to cooperate, as determined by DHS in accordance with federal law. Similarly, provide that an individual is ineligible for FoodShare if the individual refuses to cooperate fully, in good faith, with efforts directed at establishing the paternity of the child if the individual is either: (a) alleged to be the father of a child under the age of 18; or (b) a noncustodial parent of a child under the age of 18 for whom paternity has not been established.

Effective Date. These provisions would take effect on the bill's general effective date.

Funding. The bill would fund the following: (a) contracted services to modify DHS information systems ($352,100 GPR and $352,100 FED) in 2017-18 and $52,000 ($26,000 GPR and $26,000 FED) in 2018-19; (b) DHS staff costs ($27,800 GPR and $27,800 FED in 2017-18 and $37,800 GPR and $37,800 FED) in 2018-19; and (c) increased funding for IM consortia and tribes to fund workload associated with these new requirements ($29,100 GPR and $29,100 FED annually).

[Bill Sections: 958, 959, and 961 thru 963]

Care and Treatment Services

1. OVERVIEW -- DHS INSTITUTIONS POPULATION ESTIMATES

The following table shows the administration's estimates of the average daily population for the two years of the 2017-19 biennium at each of the Department's care and treatment facilities. The number of residents at each facility is subdivided according to the funding source used for their care.

Facility	2017-18 GPR	2017-18 PR	2017-18 Total	2018-19 GPR	2018-19 PR	2018-19 Total
Mendota MHI	295	22	317	295	22	317
Winnebago MHI	80	124	204	80	130	210
Central Wisconsin Center	0	225	225	0	225	225
Northern Wisconsin Center	0	13	13	0	13	13
Southern Wisconsin Center	0	141	141	0	141	141
Sand Ridge Secure Treatment Center	369	0	369	372	0	372
Wisconsin Resource Center	385	0	385	385	0	385
Total	1,129	525	1,654	1,132	531	1,663

The cost of care for individuals residing at the three state centers for individuals with intellectual disabilities is funded primarily from medical assistance (MA) reimbursement payments, as all of the residents at the centers are MA-eligible. This funding, together with county payments for services provided at the centers' intensive treatment programs, and third-party payments, is budgeted as program revenue (PR).

The cost of care for individuals committed to the mental health institutes (MHIs) under a civil process is funded with program revenues, derived from county payments based on daily charges, MA, Medicare, and private insurance. Care for forensic patients at the mental health institutes, correctional inmates at the Wisconsin Resource Center, and persons committed as sexually violent offenders to the Sand Ridge Secure Treatment Center is funded with GPR.

2. MENTAL HEALTH INSTITUTES FUNDING SPLIT

	Funding	Positions
GPR	$5,612,500	- 14.50
PR	- 5,612,500	14.50
Total	$0	0.00

Governor: Provide $2,918,400 GPR in 2017-18 and $2,694,100 GPR in 2018-19 and reduce PR funding by corresponding amounts to adjust funding at the Mendota and Winnebago mental health institutes (MHIs) to reflect the Department's estimate of the percentage of patients whose care is funded with GPR and PR. Adjust the funding split for MHI positions between GPR and PR to reflect the Department's estimates of the projected population split, resulting in a reduction of GPR-funded positions of 11.88 positions in 2017-18 and 14.50 positions in 2018-19 and corresponding increases in PR-funded positions.

The share of MHI costs funded by GPR and PR is based on the composition of the patient population. The state is responsible for the cost of caring for forensic patients, which it funds with GPR. The cost of caring for civilly-committed patients is funded from program revenues paid by counties and third-party payers, including MA for MA-eligible populations. In general, the PR-funded patients are projected to increase as a percentage of the total patient population, resulting in the position shift in this item. This, in turn, results in a decrease in the salary and fringe benefits funded with GPR and a corresponding increase in PR funding. However, these funding changes are more than offset by other adjustments to the funding provided for overtime and night and weekend differential salary, resulting in a net increase in GPR funding. The administration's 2017-19 budget instructions to agencies specify that the funding provided for the overtime and night and weekend differential salary standard budget adjustments must equal (with a few exceptions) what the agency received for those decision items in the prior budget. Since this has been the policy for several biennia, the amounts provided for these standard budget adjustments are ultimately based on overtime and night and weekend differential expenditures that no longer reflect current GPR- and PR-funded population splits. This discrepancy is, in effect, remedied by this item.

3. CONTRACTED MENTAL HEALTH SERVICES

GPR	$3,768,300

Governor: Provide $1,195,500 in 2017-18 and $2,572,800 in 2018-19 to fund projected increases in the costs of contracts for competency examinations, treatment to restore competency, conditional release, and supervised release services for mental health clients served by DHS facilities. Generally, the administration's estimates for the cost of these services are based on the assumption that the per-client costs will increase at 2.3% annually, and that caseloads will increase based on historical trends. Base funding for these contracted services is $13,641,100.

Outpatient Competency Examination. Chapter 971 of the statutes prohibits courts from trying, convicting, or sentencing an individual if the individual lacks substantial mental capacity to understand the proceedings or assist in his or her own defense. Courts may order DHS to conduct competency examinations, which may be performed either on an inpatient basis by DHS staff at the state mental institutes, or on an outpatient basis in jails and locked units of other facilities by contracted staff. This item would increase funding for contracted examinations by $289,800 in 2017-18 and $456,100 in 2018-19.

Treatment to Competency Services. DHS contracts with a vendor to provide outpatient treatment services to individuals who are determined to be incompetent to proceed to a criminal trial if a court determines that the individual is likely to be competent within 12 months, or within the time of the maximum sentence specified for the most serious offense with which the defendant is charged. This item would increase funding for this contract by $122,300 in 2017-18 and $230,600 in 2018-19.

Conditional Release Services. The conditional release program provides treatment to individuals who have been found not guilty by reason of mental disease or defect and are either immediately placed on conditional release following the court's finding or following release from one of the state's mental health institutes. DHS contracts with five organizations, each of which provides services in one of five regions of the state. This item would increase funding for these contracts by $140,900 in 2017-18 and $407,600 in 2018-19.

Supervised Release Services. The supervised release program provides community-based treatment to individuals who are found to be sexually violent persons (SVPs) under Chapter 980 of the statutes. SVPs are committed to DHS and provided institutional care at the Sand Ridge Secure Treatment Center in Mauston, but may petition the court for supervised release if at least 12 months have elapsed since the initial commitment order was entered, since the most recent release petition was denied, or since the most recent order for supervised release was revoked. This item would increase funding for these services by $686,000 in 2017-18 and $1,391,800 in 2018-19.

Department of Correction Supervision. DHS contracts with the Department of Corrections for the supervision of clients in the conditional release and supervised release programs. The contract includes supervision, transportation escort, and global positioning system (GPS) monitoring. This item would decrease funding for these contracts by $43,500 in 2017-18 and increase funding by $86,700 in 2018-19.

The following table shows the administration's estimates for the number of persons served in each program component described above, the average cost per service, and the total amount of funding that would be provided in the bill in each fiscal year. Due to rounding in the average cost per client, the funding for each item does not equal the product of the figures shown in the table. Estimates of some of the components of the Department of Corrections contract are not based on a per-client average, so the average cost is not included in the table.

Contracted Services for Mental Health Clients

	2017-18			2018-19		
	Number	Average Cost	Total	Number	Average Cost	Total
Outpatient Competency Exams	1,603	$1,360	$2,180,500	1,688	$1,390	$2,346,800
Restoration to Competency	95	14,940	1,426,200	100	15,280	1,534,500
Conditional Release	332	15,160	5,033,100	342	15,510	5,299,800
Supervised Release	57	83,280	4,747,000	64	85,200	5,452,800
Department of Corrections Supervision			1,449,800			1,580,000
Total Funding			$14,836,600			$16,213,900
Base Funding			$13,641,100			$13,641,100
Difference (Change to Base)			**$1,195,500**			**$2,572,800**

4. MENDOTA MENTAL HEALTH INSTITUTE FORENSIC UNIT STAFFING

	Funding	Positions
GPR	$3,610,000	36.50
PR	10,800,500	36.50
Total	$14,410,500	73.00

Governor: Provide $7,190,500 PR and 73.0 PR positions in 2017-18 and $3,610,000 GPR and $3,610,000 PR and 36.5 GPR and 36.5 PR positions in 2018-19 to staff two forensic patient units with a total of 44 beds. Forensic patients are persons who have been committed to the Department for treatment or evaluation as part of a criminal proceeding, either to be evaluated for competency to stand trial, to receive treatment to restore competency, or after being found not guilty by reason of mental disease.

DHS opened one of the two units, with 14 beds, in July, 2016, in previously vacant space at the Mendota Mental Health Institute (MMHI). The Department used temporary position authority and base PR funding to open the unit. This budget item would provide permanent positions and budget authority to enable DHS to continue to operate that unit.

The administration intends to lease space to house the other unit, with approximately 30 beds. The location of the leased space has not been determined, but would not be at Mendota. The administration's intent is to eventually move both units into space at Lorenz Hall at MMHI, once renovations on that building have been completed. The renovations, which the Department included in its capital budget request, would include converting two vacant civil units for forensic use, and making general building improvements to provide program areas and increase security. The estimated cost of the project is $18.0 million. If the project is approved as part of the biennial budget act, the Department anticipates that the renovated units would be ready for occupancy in April, 2020.

Initially, all 73 new positions would be funded with program revenue, utilizing existing unexpended balances in the PR appropriation account for the mental health institutes. DHS estimates that the unexpended balance in the account will be $18.4 million at the end of 2016-17. The primary revenue source for this PR appropriation is payments from counties for costs related to their residents who have been committed under a civil, rather than criminal, proceeding. In the second year of the biennium, one-half of the new positions would be converted to GPR funding.

The following table shows the positions that would be provided for the forensic units.

Position Type	Number
Psychiatric Care Technician	40
Nurse Clinician	10
Nursing Supervisor	2
Office Operations Associate	2
Psychiatrist	2
Psychologist	2
Social Worker	3
Occupational Therapist	2
Recreation Leader	4
Teacher	2
Correctional Officer	4
Total	73

5. NONFOOD SUPPLIES AND SERVICES

GPR	$3,738,100
PR	3,071,000
Total	$6,809,100

Governor: Provide $1,615,200 ($508,400 GPR and $1,106,800 PR) in 2017-18 and $5,193,900 ($3,229,700 GPR and $1,964,200 PR) in 2018-19 to fund projected increases in nonfood supplies and services costs at the Department's residential care and treatment facilities (the state mental health institutes, the state centers for individuals with intellectual disabilities, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center). Nonfood supplies and services include primarily medical services, medical supplies, prescription drugs, clothing, and kitchen supplies.

The administration's estimate reflects an assumption that the total population of the facilities, other than the state centers for persons with intellectual disabilities, will increase by approximately 0.5% annually, while the cost of prescription drugs and medical services will increase at a rate matching recent experience (ranging from approximately 5% to 30%, depending on the facility), and that other supplies will increase by an inflationary rate of 2.3% annually. The Department's base budget for nonfood supplies and services at these facilities is $29,122,500 ($21,036,200 GPR and $8,086,300 PR).

6. FOOD AT DHS INSTITUTIONS

GPR	$641,500
PR	421,700
Total	$1,063,200

Governor: Provide $488,600 ($297,100 GPR and $191,500 PR) in 2017-18 and $574,600 ($344,400 GPR and $230,200 PR) in 2018-19 to fund projected increases in the cost of food for residents at the Department's residential care and treatment facilities.

The administration's estimates reflect an assumption that the cost of food will increase by 1.5% annually and that the total population of the facilities, other than the state centers for individuals with intellectual disabilities, will increase by approximately 0.5% annually. The Department's base budget for food at its facilities is $3,738,900 ($2,458,100 GPR and $1,280,800 PR).

7. YOUTH CRISIS STABILIZATION FACILITY

PR	$1,245,500

Governor: Create a certification program for youth crisis stabilization facilities, and provide funding to establish such facilities, as follows.

Certification Program. Specify that no person may operate a youth crisis stabilization facility without a certification issued by DHS, and specify that such a facility is not subject to facility regulation by the Department of Children and Families under the state children's code (children's group homes, treatment foster homes, and residential care centers).

Define a "youth crisis stabilization facility" as a treatment facility with a maximum of eight beds that admits a minor to prevent or de-escalate the minor's mental health crisis and avoid admission of the minor to a more restrictive setting. Define a "crisis" as a situation caused by an individual's apparent mental disorder that results in a high level of stress or anxiety for the individual, persons providing care for the individual, or the public and that is not resolved by the available coping methods of the individual or by the efforts of those providing ordinary care or support for the individual.

Specify that a minor may be admitted to a youth crisis stabilization facility under current law provisions for the admission of minors to an inpatient facility for treatment for mental illness, drug dependence, or alcoholism or under provisions governing civil commitment by a court of persons who are found to be mentally ill, drug dependent, or developmentally disabled and found to be dangerous to themselves or others.

Authorize DHS to promulgate administrative rules to implement these provisions. Authorize DHS to promulgate emergency rules to implement these provisions without providing evidence of the necessity of an emergency rule to preserve the public peace, health, safety, or welfare. Specify that any emergency rules established under this authority would remain in effect until July 1, 2019, or the date on which permanent rules take effect, whichever is sooner.

Funding. Provide $249,100 in 2017-18 and $996,400 in 2018-19 in an appropriation for the Division of Care and Treatment Services for interagency and intra-agency programs for the establishment of a youth crisis stabilization facility. Modify the PR appropriation for the institutional operations of the state mental health institutes to authorize DHS to transfer funds, in any amount as determined by the Department, to fund youth crisis stabilization facilities. (While the bill would increase the interagency and intra-agency programs appropriation by specific amounts to support a single youth crisis stabilization facility, the bill would authorize DHS to transfer any amount for the purpose of funding one or more facilities.)

Although the bill would provide DHS authority to certify any number of youth crisis stabilization facilities, the funding amounts in the bill reflect the administration's intent to provide funding sufficient to support the estimated operating costs of a single eight-bed facility, beginning in April, 2018. The funding is based on the assumption that the facility would operate at a cost of $341 per day per bed, which is the current rate charged by DCF for placements in residential care centers.

The administration indicates that DHS would issue a request for proposal (RFP) to select a provider to establish and operate a youth crisis stabilization facility. The location of the facility would be determined as part of the RFP process. The facility would bill counties for services provided to their residents and counties could, in turn, bill the medical assistance (MA) program to receive the federal share of crisis intervention services for youth who are enrolled in MA. Counties are currently responsible for the nonfederal share of crisis services under MA and would be responsible for any portion of the facility charge that is attributable to room and board costs, which are not covered by MA. The administration's intent is that the youth crisis facility would be self-supporting through charges to counties after approximately five years of operation.

The funding that would be provided to the facility under this item is intended to fully support the facility during the biennium, but the administration indicates its intent to phase out state support over the following three years.

The administration's intent is to fund the youth stabilization facility using a portion of an unappropriated program revenue balance in the state mental health institutes institutional operations appropriation, without affecting the budget for the state mental health institutes. However, the bill would not increase the Department's budget authority in the mental health institutes appropriation for making the transfer.

[Bill Sections: 377, 977, and 9120(1)]

8. PEER-RUN RESPITE CENTERS FOR VETERANS

PR	$450,000

Governor: Provide $450,000 in 2018-19 in a program revenue appropriation in the Division of Care and Treatment Services for interagency and intra-agency programs and authorize DHS to make payments from the appropriation to an organization that establishes peer-run respite centers that provide services to veterans who are experiencing mental health conditions or substance abuse. Modify the PR appropriation that funds the general operations of the state mental health institutes to authorize DHS to make transfers from that appropriation to the interagency and intra-agency programs PR appropriation, in an amount determined by DHS, for funding peer-run respite centers for veterans.

Although the bill would increase the interagency and intra-agency programs appropriation by a specific amount to fund payments to an organization that establishes a peer-run respite center, the bill would authorize the Department to transfer any amount for the purpose of funding one or more centers. Additionally, although the administration indicates its intent to establish a peer-run respite center in the Milwaukee area, the bill would not specify the location of the center.

The amount provided for the peer-run respite center would be similar to the amount that DHS provides to each of three centers supported under an existing peer-run respite program. Those centers, located in Appleton, Madison, and Menomonie, provide support for persons experiencing a mental health or substance abuse crisis. Staff at peer-run centers have successfully participated in mental health or substance abuse recovery or treatment programs. The administration indicates that the operator of the peer-run respite center for veterans would be selected through a competitive process.

The administration indicates its intent is to fund the peer-run respite center using a portion of an unappropriated program revenue balance in the state mental health institutes institutional operations appropriation, without affecting the budget for the state mental health institutes. However, the bill would not increase the Department's budget authority in the mental health institutes appropriation for making the transfer.

[Bill Sections: 377 and 752]

9. DUAL EMPLOYMENT RESTRICTION EXEMPTION FOR HEALTH CARE PROFESSIONALS

GPR	- $7,200

Governor: Modify a current law provision that places restrictions on dual employment to specify that this restriction does not apply to a health care professional who holds a full-time position with a state agency or authority and works for another agency and authority for less than 1,040 hours in a 12-month period. Under current law, any individual who holds a full-time position with a state agency or authority may not hold any position or be retained in any other capacity by another state agency or authority from which the individual receives, directly or indirectly, more than $12,000 from the agency or authority in the same year. Modify the current law dual employment restriction to specify that the $12,000 limit applies to any 12-month period, rather than in "the same year." For these purposes, define a "health care professional" as a registered nurse, licensed practical nurse, a physician licensed to practice medicine and surgery, or a psychologist.

Reduce funding for the state mental health institutes (MHIs) by $3,600 annually to reflect the administration's estimate of reduced training costs DHS would incur at the MHIs if this provision were enacted. The MHIs currently employs resident physicians, who are employed by the UW Hospitals and Clinics Authority, to serve as limited-term employee (LTE) medical consultants. Once these LTEs reach the $12,000 annual salary limit, they are either terminated or unscheduled for the remaining months in the year, resulting in the need for DHS to train other LTEs to perform consultation services. With this change, it is anticipated that fewer of these resident LTEs would reach the $12,000 annual earnings limit.

[Bill Sections: 137 thru 139]

10. INVOLUNTARY COMMITMENT OF STATE PRISON INMATES TO STATE MENTAL HEALTH INSTITUTES

GPR	- $2,400

Governor: Modify the statutory requirements associated with the involuntary mental health commitment of inmates at a state prison to eliminate a requirement that the commitment petition submitted to the court include a signed statement by a licensed physician or a licensed psychologist of a state treatment facility. The current requirement that the petition also include a signed statement by a licensed physician or a licensed psychologist of a state prison would not be affected by the bill.

Reduce funding by $1,200 annually to reflect anticipated savings associated with a reduction in travel costs of staff at the Mendota Mental Health Institute. Under current practice, Mendota personnel must travel to state prisons to examine inmates who are the subject of a commitment petition.

[Bill Section: 978]

11. DEBT SERVICE REESTIMATE

GPR	- $1,609,600

Governor: Increase funding by $352,000 in 2017-18 and reduce funding by $1,961,600 in 2018-19 to reflect an estimate of debt service payments on bonds issued for DHS facilities. Base debt service funding is $20,614,700.

12. FUEL AND UTILITIES REESTIMATE

GPR	- $1,107,300

Governor: Reduce funding by $581,300 in 2017-18 and $526,000 in 2018-19 to reflect a reestimate of GPR-funded fuel and utilities costs at the Division of Care and Treatment Services (DCTS) residential facilities. With these adjustments, total GPR-funded fuel and utility funding would be $4,770,000 in 2017-18 and $4,825,300 in 2018-19. The bill would not modify funding for fuel and utility costs supported by the Division's program revenue general program operations budget.

13. RENEWABLE ENERGY

Governor: Create a GPR annual appropriation to fund the premium cost incurred for the generation or purchase of electrical energy derived from renewable resources. Transfer $241,000 GPR annually in base funding from the Department's current appropriation that supports energy costs for the DHS residential care facilities to the new appropriation. Modify the current DHS utilities appropriation to prohibit DHS from expending funding from that appropriation for costs that would instead be funded from the new appropriation.

This item is part of the administration's initiative to create separate appropriations in the Department of Administration, the Department of Corrections, DHS, the Department of Public Instruction, the Department of Veterans Affairs, and the University of Wisconsin System to support premium costs incurred for the generation or purchase of electrical energy derived from renewable resources.

[Bill Sections: 375 and 376]

14. ACCOUNTING FOR CAPITAL EXPENDITURES

Governor: Authorize DHS, notwithstanding current law provisions that prevent agencies from creating any debt or liability against the state that exceed authorized appropriations, to create liabilities and expend moneys in three PR appropriations for the state centers for individuals with intellectual disabilities and the state mental health institutes in an additional amount, not exceeding the value of the equipment and buildings used for the operations supported from those appropriations.

The three appropriations affected by this provision fund institutional operations and charges, alternative services provided by the mental health institutes and centers, and interagency and intra-agency programs.

Medicaid, which is the primary funding source for the state centers, reimburses for capital expenditures over a multi-year period in accordance with depreciation schedules that vary by the type of asset. Under current accounting practices, the Department is unable to count future payments for capital assets as a receivable. With the change under this item, the Department would count those future payments as a receivable, thereby reducing the unsupported overdrafts in the state centers appropriations.

The additional spending authority that would be provided to DHS under this item is similar to the authority currently granted for PR appropriations in other agencies where capital expenditures are financed with payments received over the course of several years, such as the Department of Corrections' appropriations for Prison Industries, and fleet service appropriations in various agencies.

[Bill Sections: 497 and 498]

15. TRANSFER FUNDING FROM MA BENEFITS TO MENTAL HEALTH INSTITUTES

Governor: Decrease MA benefits funding by $320,300 GPR annually and provide corresponding annual funding increases for the operations of the state mental health institutes. The funding transfer is intended to reverse an error that was made with a gubernatorial veto contained in the 2015-17 budget act.

As passed by the Legislature, the 2015-17 budget bill included a provision that would have exempted certain nursing homes from the nursing home bed assessment. Because this change would have reduced SEG revenue to the MA trust fund by an estimated $320,300 annually, the enrolled bill would have increased GPR MA benefits funding to offset the SEG decrease. The Governor vetoed the nursing home bed assessment exemption, but instead of reducing the MA GPR benefits appropriation, the partial veto reduced the GPR funding for the state mental health institutes by $320,300 annually. By making an offsetting adjustment for the 2017-19 biennium, this item would have the effect of underfunding estimated MA benefit costs by $320,300 annually in the 2017-19 biennium and of providing a $320,300 annual increase over the 2016-17 adjusted base for the state mental health institutes.

16. MENDOTA JUVENILE TREATMENT CENTER -- FUNDING TRANSFER FROM DOC

Governor: Modify a statutory provision that identifies the amount of funding that the Department of Corrections (DOC) is required to transfer to DHS to support the costs of the Mendota Juvenile Treatment Center (MJTC), to require transfers of $2,768,100 in 2017-18 and $2,834,800 from the DOC PR appropriation for juvenile correctional services. In 2016-17, DOC is required to transfer $2,997,600 from this PR appropriation.

DOC is also required to transfer $1,365,500 GPR annually to support the cost of the MJTC, an amount that would not be changed by the bill. Consequently, the total amount transferred from both fund sources would be $4,363,100 in 2016-17, $4,133,600 in 2017-18, and $4,200,300 in 2018-19. The administration indicates that the reduction in the total funding from the 2016-17 statutory transfer amount ($229,500 in 2017-18 and $162,800 in 2018-19) is primarily due to a decrease in the fringe benefit rate used in the estimate calculation. MJTC provides mental health treatment in a secured setting for males transferred from the juvenile correctional institution. The MJTC, which is on the grounds of the Mendota Mental Health Institute, has space for 29 individuals.

[Bill Section: 745]

Mental Health, Public Health, and Other Programs

1. CHILD PSYCHIATRY CONSULTATION PROGRAM

GPR	$1,000,000

Governor: Provide $500,000 annually for the child psychiatry consultation program, to increase total funding for the program to $1,000,000 annually. Under the program, which was established in 2014, DHS contracts with the Medical College of Wisconsin (MCW) to provide child psychiatry consultation services for clinicians in Milwaukee County and in several northern

Wisconsin counties. Primary care providers contact the consultation service, staffed by child psychiatrists and other mental health professionals, for guidance on their pediatric patients who have mental health needs. In 2016, the consultation service had 384 enrolled providers, and provided 860 consultations. The administration indicates that the additional funds are intended to allow the Department to contract for consultation services in additional counties.

2. TRANSFER PATH PROGRAM FROM DOA TO DHS

	Funding	Positions
GPR	$111,600	0.20
FED	1,753,600	0.60
Total	$1,865,200	0.80

Governor: Transfer the projects for assistance in the transition from homelessness program (PATH) from the Department of Administration (DOA) to DHS on the effective date of the bill.

Provide $55,800 GPR and $876,800 FED annually and 0.8 position (0.2 GPR position and 0.6 FED position), beginning in 2017-18, to reflect this program transfer. [Corresponding funding and position reductions are summarized under "Administration -- Transfers."]

Program funding is summarized in the following table.

PATH Annual Funding and Position Summary, By Source and Purpose

	GPR	FED	Total
Funding			
Grants	$41,900	$835,100	$877,000
Administration	13,900	41,700	55,600
Total	$55,800	$876,800	$932,600
Positions	0.2	0.6	0.8

Specify that the assets and liabilities, tangible personal property, contracts, rules and orders, and any pending matters associated with the PATH program, as determined by the DOA Secretary, would become the assets and liabilities, tangible personal property, contracts, rules and orders, and pending matters of the program in DHS, as of the date of the transfer. Repeal and renumber current statutory references to the program.

The U.S. Department of Health and Human Services, Substance Abuse and Health Services Administration distributes formula grants to states to support services for homeless individuals who have serious mental illness or serious mental illness and substance abuse. Eligible programs and activities include outreach services, screening and diagnostic treatment services, habilitation and rehabilitation services, community mental health services, alcohol and drug treatment services, staff training, case management services, supportive and supervisory services in residential settings, referrals for primary health services, job training, educational services, and certain housing services. DOA currently provides these federal funds, together with GPR funding, to local human services agencies and nonprofit organizations to provide these services

[Bill Sections: 130 thru 132, 451, and 9101(3)]

3. OFFICE OF CHILDREN'S MENTAL HEALTH TRAVEL REIMBURSEMENT

GPR	$20,000

Governor: Provide $10,000 annually for the Office of Children's Mental Health for reimbursement of travel expenses for individuals who have first-hand experience with mental health systems who participate in meetings arranged by the Office.

4. SSI AND CARETAKER SUPPLEMENT REESTIMATE

GPR	$4,772,000
PR	- 6,188,600
Total	- $1,416,600

Governor: Delete $1,981,800 ($1,112,500 GPR and -$3,094,300 PR) in 2017-18 and provide $565,200 ($3,659,500 GPR and -$3,094,300 PR) in 2018-19 to fund the projected supplemental security income (SSI) state supplement and caretaker supplement payments in the 2017-19 biennium. SSI provides federal and GPR-funded benefits to low-income residents who are elderly, blind, or disabled. Recipients with dependent children may also receive a caretaker supplement payment supported by federal temporary assistance to needy families (TANF) funds transferred as program revenue from the Department of Children and Families (DCF).

Basic State Supplement. Provide $1,112,500 GPR in 2017-18 and $3,659,500 GPR in 2018-19 to fully fund projected costs of state supplemental SSI benefits. In June, 2016, approximately 121,400 individuals received state supplemental payments, including the basic supplement ($83.78 per month for single individuals) and the exceptional expense benefit ($95.99 per month for single individuals). Base funding for these payments is $159,455,400 GPR, which is budgeted in a sum sufficient appropriation. The administration projects payments totaling $160,567,900 GPR in 2017-18 and $163,114,900 GPR in 2018-19.

Caretaker Supplement. Reduce funding by $3,094,300 PR annually to reflect estimates of the amounts needed to fully fund projected SSI caretaker supplement benefit payments. DHS provides SSI recipients with a monthly payment of $250 for the first dependent child and $150 for each additional dependent child. Base TANF funding for the caretaker supplement is $30,433,400. The administration projects caretaker supplement benefit payments will total $27,339,100 PR in each year of the 2017-19 biennium, which is the amount DHS expended for these payments in 2015-16.

5. DISEASE AIDS REESTIMATE

GPR	- $2,446,100
PR	- 371,400
Total	- $2,817,500

Governor: Reduce funding by $1,509,500 (-$1,301,400 GPR and -$208,100 PR) in 2017-18 and by $1,308,000 (-$1,144,700 GPR and -$163,300 PR) in 2018-19 to reflect the administration's estimates of benefit costs provided under the Wisconsin chronic disease program (WCDP) in the 2017-19 biennium.

The WCDP provides coverage of services for enrolled individuals with chronic renal disease, hemophilia, and adult cystic fibrosis. WCDP serves as a payer of last resort for enrollees, and covers costs not already covered by other public or private health insurance plans. Enrollees in WCDP are responsible for deductibles and coinsurance based on their household income and size, as well as for copayments on prescription medications. The Department receives rebates from drug manufactures for medications dispensed through WCDP, which DHS uses to offset the program's benefit costs.

The following table summarizes the administration's estimates and the funding changes in the bill.

Summary of Disease Aids Cost Estimates

	2017-18			2018-19		
	GPR	PR	Total	GPR	PR	Total
Benefits Costs						
Chronic Renal Disease Program	$2,561,200	$0	$2,561,200	$2,700,800	$0	$2,700,800
Hemophilia Home Care	1,708,400	0	1,708,400	1,759,600	0	1,759,600
Adult Cystic Fibrosis Program	193,900	0	193,900	204,600	0	204,600
Subtotal	$4,463,500	$0	$4,463,500	$4,665,000	$0	$4,665,000
Less Est. Rebate Revenue (PR)	-$991,900	$991,900	$0	-$1,036,700	$1,036,700	$0
Contingency	500,000	0	500,000	500,000	0	500,000
Total	$3,971,600	$991,900	$4,963,500	$4,128,300	$1,036,700	$5,165,000
Base Funding	$5,273,000	$1,200,000	$6,473,000	$5,273,000	$1,200,000	$6,473,000
Change to Base	**-$1,301,400**	**-$208,100**	**-$1,509,500**	**-$1,144,700**	**-$163,300**	**-$1,308,000**

6. EMERGENCY MEDICAL SERVICES

Governor: Modify current law provisions relating to training and licensure for emergency medical service (EMS) providers as follows.

Emergency Medical Services Grants. Expand the purposes for which ambulance service providers may use grants to include training and examinations required for the certification and renewal certification of first responders. Currently, ambulance service providers may use grant funds to pay for training and examinations required for individuals applying for licensure as an emergency medical technician - basic, and to purchase ambulance service vehicles, vehicle equipment, EMS supplies or equipment or emergency medical training. The bill would not modify base funding for these grants ($1,960,200 GPR annually).

Authorize grant recipients to escrow any grant funds provided for emergency medical technician and first responder training that are not used within a calendar year. Specify that these funds would be available for use in subsequent years to pay for first responder training and examinations, as well as training and examinations for emergency medical technicians of any level.

Certification Renewal for EMTs and First Responders. Require licensed emergency medical technicians and certified first responders to renew their credentials every four years. Under current law, EMTs must renew their licenses every two years.

Endorsement for Intravenous Technician. Require DHS to develop an intravenous technician endorsement available to licensed emergency medical technicians (EMTs), and approve a training program for EMTs to obtain such an endorsement. EMTs with an endorsement as an intravenous technician would have training in successfully administering intravenous and intraosseous infusions of medicated and nonmedicated fluids.

[Bill Sections: 371 and 1794 thru 1799]

7. PAYMENTS TO DONATE LIFE WISCONSIN AND THE WISCONSIN WOMEN'S HEALTH FOUNDATION

Governor: Transfer the responsibility for making payments to Donate Life Wisconsin and the Wisconsin Women's Health Foundation, which are supported by voluntary donations collected by the Department of Transportation (DOT), from DHS to DOT. Renumber current appropriations and statutory sections to reflect this transfer. Make minor clarifying changes to: (a) delete current references to agreements between the state and the Donate Life Wisconsin and the Wisconsin Women's Health Foundation, but retain all current conditions these organizations must meet to receive funding from these revenues; (b) require DOT to consult with DHS in designating a new agency to receive funding if Donate Life Wisconsin dissolves or no longer retains its tax exempt status, and add statutory references to a possible successor organization if that occurs.

Under current law, DOT collects revenue from the issuance of special license plates for people wishing to support Donate Life Wisconsin and the Wisconsin Women's Health Foundation, as well as revenue from voluntary $2 donations to Donate Life Wisconsin when applying for a driver's license. This revenue is deposited into the general fund and credited to two DHS appropriations. DHS is then responsible for distributing these funds to the two organizations.

[Bill Sections: 372, 373, 535, 536, 1784, 1785, and 1894 thru 1897]

8. ACCREDITATION FOR HOME HEALTH AGENCIES AND HOSPICES

	Funding	Positions
GPR	- $52,600	- 0.30
FED	52,600	0.30
Total	$0	0.00

Governor: In lieu of performing its own inspection or investigation of a home health agency prior to licensure, authorize the Division of Quality Assurance (DQA) to recognize accreditation by an organization that is approved by the federal Centers for Medicare and Medicaid Services (CMS) and that meets any requirements established by DHS. Require a home health agency to provide DHS with a copy of the report by the accreditation organization of each period review the organization conducts of the home health agency for DHS' use in tracking compliance, investigating complaints, and conducting further surveys.

Under current law, DQA may accept evidence that a hospice applying for licensure has been inspected and is currently in compliance with the hospice requirements of the Joint Commission (a not-for-profit organization that accredits several types of health providers, including hospitals, home care agencies and laboratories). For this purpose, the bill would replace current references to the Joint Commission with a reference to an organization approved by CMS that meets any requirements established by DHS.

Reduce funding by $26,300 GPR annually, and delete 0.3 GPR position, beginning in 2017-18, and provide corresponding increases in FED funding and position authority to reflect that less DQA staff time would be billed to (GPR funded) state licensing activities, and more DQA staff time would be billed to federally-funded projects.

[Bill Sections: 973, 974, and 976]

9. EXTEND DCTS FEDERAL PROJECT POSITIONS

Governor: Extend 4.5 FED project positions in the Division of Care and Treatment Services (DCTS) so that each of these positions would be authorized for the four-year statutory maximum duration. All of these positions are funded from grants from the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA).

The positions include: (a) 2.5 positions that provide program coordination and communication services for a project to improve access to treatment and support services for youth and young adults that have, or are at risk of developing a mental illness or substance use disorder, and are at high risk of suicide in Jefferson and Outagamie Counties (Project YES!); (b) 1.0 position that coordinates an expansion of medication assisted treatment services to individuals in Sauk and Columbia Counties with opioid addiction; and (c) 1.0 position that serves as a clinical coordinator for the veterans outreach and recovery program (VORP), which assists veterans in accessing housing and treatment services for veterans and all former service members, regardless of discharge status, experiencing homelessness and mental and substance use disorders. The following table summarizes this item.

FTEs	Position Title	End Dates Current	Bill	Approx. No. of Months Extended
	Project YES!			
1.0	Human Services Program Coordinator	3/11/2019	9/29/2019	6.5
1.0	Human Services Program Coordinator	3/11/2019	6/29/2019	3.5
0.5	Communication Specialist	3/11/2019	5/23/2020	14.0
	Prescription Drug and Opiate Treatment			
1.0	Human Services Program Coordinator	5/11/2018	9/29/2018	4.5
	Veterans Outreach and Recovery			
1.0	Human Services Program Coordinator	5/11/2018	7/31/2019	14.5

Expiring project positions are removed under a standard budget adjustment unless the Governor recommends that the positions be extended, in which case they are considered as a separate item. The funding DHS would use to support the positions that would be extended under this item remains in the agency's base budget.

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $17,766,400	0.00
FED	- 2,122,000	- 1.60
PR	- 2,148,400	0.00
SEG	- 31,000	0.00
Total	- $22,067,800	- 1.60

Governor: Reduce funding by $10,996,200 (-$8,883,200 GPR, -$1,023,300 FED, -$1,074,200 PR and -$15,500 SEG) in 2017-18 and by $11,071,600 (-$8,883,200 GPR, -$1,098,700 FED, -$1,074,200 PR, and -$15,500 SEG) in 2018-19, and delete 1.60 FED positions, beginning in 2018-19, to reflect the following standard budget adjustments: (a) turnover reduction (-$2,958,800 GPR, -$1,643,700 FED, and -$2,288,900 PR annually); (b) removal of noncontinuing elements (-$3,525,000 GPR and -$174,500 FED in 2017-18, -$3,525,000 GPR and -$249,900 FED in 2018-19, and -1.60 FED positions, beginning in 2018-19); (c) full funding of continuing salaries and fringe benefits (-$6,258,700 GPR, $693,500 FED, -$5,336,100 PR, and -$15,500 SEG annually); (d) overtime ($1,944,200 GPR and $4,121,800 PR annually); (e) night and weekend salary funding ($1,915,100 GPR, $101,400 FED, and $2,429,000 PR annually); and (f) minor transfers within appropriations.

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Funding	Positions
GPR	$0	- 26.12
FED	0	- 4.63
PR	- 289,600	- 53.11
Total	- $289,600	- 83.86

Governor: Delete $144,800 PR annually and 2.0 vacant PR positions, beginning in 2017-18, associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. This funding and these positions would be deleted from the Department's general administrative and support services appropriation, which is supported by cost-based charges to DHS programs.

Delete 81.86 additional positions (for a total of 83.86 positions) in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to DOA for a human resources shared agency services program. These positions would be deleted from the following appropriations: (a) mental health and developmental disabilities facilities -- general program operations (-10.37 GPR positions), secure mental health units or facilities (-11.0 GPR positions), alternative services of the mental health institutes and centers (-2.04 PR positions), and the state centers and mental health institutes general program operations (-16.15 PR positions); (b) Medicaid services -- general program operations (-0.75 GPR positions) and federal program operations (-1.25 FED positions); and (c) general administration -- general program operations (-4.0 GPR positions), administrative support services (-32.92 PR positions), federal program operations (-1.75 FED positions), and federal block grant operations (-1.63 FED positions).

Funding associated with the positions that would be deleted in 2018-19 ($2,083,400 GPR, $360,500 FED, and $4,145,000 PR) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

With regards to the positions transferred to DOA in 2018-19, the administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DHS but would become DOA employees rather than employees of DHS.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

3. AGENCY REORGANIZATION AND POSITION FUNDING

	Funding	Positions
GPR	$0	4.90
FED	- 370,800	- 2.45
PR	- 402,000	- 2.45
Total	- $772,800	0.00

Governor: Delete 4.90 positions (-2.45 FED positions and -2.45 PR positions) and provide a corresponding increase of 4.90 GPR positions, beginning in 2017-18, and make annual funding adjustments associated with these positions ($386,400 GPR, -$185,400 FED, and -$201,000 PR) to reflect the net effect of: (a) transferring base funding and positions between appropriations to align the agency's budget with a recent reorganization of the Department; and (b) transferring funding for current positions in the Bureau of Aging and Disability Resources (BADR) to new funding sources, due primarily to the discontinuation of the availability of federal income augmentation revenue to support these positions.

Transfer BADR to the Division of Public Health. 2015 Wisconsin Act 55 included funding and position transfers that anticipated the elimination of the Division of Long-Term Care (DLTC), beginning in 2015-16, and the transfer of all DLTC functions to the Division of Medicaid Services (DMS). In spring, 2016, DHS finalized a reorganization plan that included transferring the staff and programs administered by the Bureau of Aging and Disability Resources (which includes the Office for the Blind and Visually Impaired, the Office for the Deaf and Hard of Hearing, and the Office on Aging) to the Division of Public Health (DPH), rather than to DMS. The bill would renumber and modify current DHS appropriations and references to DHS appropriations to reflect the reorganization.

Reassign Funding for Current DHS Positions. This item would modify funding sources for several positions in BADR and the Office of Electronic Health Records System Management.

ADRC Contracts. This item would reduce funding budgeted for ADRC contracts by $772,800 GPR in 2017-18 to reflect the availability of funding DHS expects to carry forward from the 2015-17 biennium to fund contracts in the 2017-19 biennium. This one-time reduction is intended to offset, in the 2017-19 biennium, the increased (ongoing) costs of GPR-support for positions in BADR.

[Bill Sections: 369, 370, 374, 378, 379, 381 thru 383, 385 thru 392, 405, 458, 747 thru 751, 753 thru 760, and 762 thru 765]

4. STATE OPERATIONS FUNDING AND POSITION TRANSFERS

	Funding	Positions
FED	$137,200	0.60
PR	- 137,200	- 0.60
Total	$0	0.00

Governor: Provide $68,600 FED and reduce funding by $68,600 PR annually, and convert the funding sources for current positions to create a net increase of 0.60 FED position and a net decrease of 0.60 PR position, beginning in 2017-18. These transfers are intended to budget current base positions from appropriations that better reflect the current activities of these positions, and to reflect internal transfers of positions that occurred in the 2015-17 biennium due to intra-agency reorganizations. The following table identifies the funding and position changes for each affected program and appropriation.

Funding and Position Transfers

	Source	Annual Change Funding	Positions
Public Health			
Medical Assistance Administration	FED	$0	-1.00
Women, Infants and Children -- Operations	FED	0	1.00
Federal Projects Operations	FED	53,000	1.25
Federal Preventive Health Services Block Grant -- Operations	FED	0	-0.65
Medicaid Services			
General Program Operations	GPR	-21,000	-0.40
MA -- State Administration	FED	-101,000	-1.25
Interagency and Intra-agency Programs	PR	533,000	4.60
Care and Treatment Services			
Federal Substance Abuse Block Grant -- Operations	FED	-53,000	-0.60
General Administration			
General Program Operations	GPR	21,000	0.40
Administration and Support -- General	PR	51,200	0.75
Administration and Support -- Fiscal Services	PR	-51,200	-0.75
Administration and Support -- Personnel	PR	-68,600	-0.60
Bureau of Information Technology Services	PR	-533,000	-4.60
Federal Program Operations	FED	101,000	1.25
Legal Services	FED	68,600	0.60
Total		$0	0.00

5. FEDERAL REVENUE REESTIMATES

FED	- $45,635,600

Governor: Reduce funding by $22,713,700 in 2017-18 and by $22,921,900 in 2018-19 to reflect the net effect of funding adjustments to federal appropriations that are not included in the Governor's other budget recommendations.

The following table shows the base funding amount for each appropriation affected by this item, the funding change under this item, the funding changes under other items in the bill, and the total amount that would be budgeted in each appropriation.

Summary of Adjustments to Selected Federal Appropriations

Appropriation, by Division	2016-17 Base Funding	2017-18 Reestimate	2017-18 Other Items	2017-18 Total	2018-19 Reestimate	2018-19 Other Items	2018-19 Total
Public Health							
Program Aids	$93,000,000	-$5,586,400	$5,321,700	$92,735,300	-$5,586,400	$5,321,700	$92,735,300
Project Aids	56,365,500	-16,300,000	5,800,000	45,865,500	-16,300,000	5,800,000	45,865,500
Preventive Health Block Grant -- Operations	1,599,900	40,000	484,100	2,124,000	40,000	484,100	2,124,000
Maternal and Child Health Block Grant -- Operations	4,532,900	191,500	-414,600	4,309,800	191,500	-333,600	4,390,800
Preventive Health Block Grant -- Aids and Local Assistance	843,600	63,600	0	907,200	63,600	0	907,200
Care and Treatment Services							
Project Aids	334,600	4,304,800	0	4,639,400	4,304,800	0	4,639,400
Substance Abuse Block Grant -- Local Assistance	7,503,300	29,700	0	7,533,000	29,700	0	7,533,000
Projects -- Operations	1,015,600	-385,200	64,600	695,000	-509,300	-10,800	495,500
Block Grants -- Local Assistance	2,109,500	-283,000	0	1,826,500	-283,000	0	1,826,500
Community Mental Health Block Grant -- Aids	2,246,300	971,000	0	3,217,300	971,000	0	3,217,300
Substance Abuse Block Grant -- Aids	8,376,200	-666,500	0	7,709,700	-666,500	0	7,709,700
Disability and Elder Services							
Social Services Block Grant -- Local Assistance	21,080,900	-21,600	0	21,059,300	-102,200	0	20,978,700
Social Services Block Grant -- Aids -Family Care	62,000	-62,000	0	0	-62,000	0	0
General Administration							
Income Augmentation Services -- Title IV-E Receipts	6,634,900	-5,216,800	0	1,418,100	-5,216,800	0	1,418,100
Medicaid State Administration	5,510,800	290,400	-43,700	5,757,500	290,400	-43,700	5,757,500
FoodShare Administration	555,800	269,400	-5,000	820,200	269,400	-5,000	820,200
Office of the Inspector General -- Program Aids	814,200	-31,000	0	783,200	-31,000	0	783,200
Social Services Block Grant-- Operations	1,219,600	-321,600	27,900	925,900	-325,100	27,900	922,400
Total	**$213,805,600**	**-$22,713,700**	**$11,235,000**	**$202,326,900**	**-$22,921,900**	**$11,240,600**	**$202,124,300**

6. PROGRAM REVENUE FUNDING ADJUSTMENTS

PR	- $39,105,900

Governor: Reduce funding by of $19,535,700 in 2017-18 and by $19,570,200 in 2018-19 to reflect the net effect of funding adjustments to program revenue appropriations. The following table shows the base funding amount for each appropriation, the funding change under this item, the net funding changes to these appropriations under other items in the bill, and the total amount that would be budgeted in each appropriation in the bill.

Summary of Adjustments to Selected Program Revenue Appropriations

Appropriation, by Division	2016-17 Base Funding	2017-18 Reestimate	2017-18 Other Items	2017-18 Total	2018-19 Reestimate	2018-19 Other Items	2018-19 Total
Public Health							
Licensing, Review and Certifying Activities	$3,900	-$4,400	$500	$0	-$4,400	$500	$0
Congenital Disorders -- Diagnosis, Treatment and Counseling	3,179,500	2,170,500	0	5,350,000	2,170,500	0	5,350,000
Gifts and Grants	21,157,500	-7,880,000	-400	13,277,100	-7,880,000	-400	13,277,100
Congenital Disorders -- Operations	502,000	98,000	0	600,000	63,500	0	565,500
Treatment Facilities							
Repair and Maintenance of Institutions	865,100	100,000	0	965,100	100,000	0	965,100
Gifts and Grants	187,600	-93,800	0	93,800	-93,800	0	93,800
Interagency and Intra-agency Programs	8,708,200	-1,228,400	-24,000	7,455,800	-1,228,400	-24,000	7,455,800
Medicaid Services							
Provider Assessments to Support Audits and Investigations	247,600	96,300	-168,900	175,000	96,300	-168,900	175,000
Third Party Administrator for Children's Long-Term Care	12,165,500	-11,655,500	0	510,000	-11,655,500	0	510,000
Interagency and Intra-agency Local Assistance	1,145,300	-300,000	0	845,300	-300,000	0	845,300
Care and Treatment Services							
Alcohol and Drug Abuse Initiatives	659,900	-209,900	18,000	468,000	-209,900	18,000	468,000
Gifts and Grants	133,700	-58,900	-900	73,900	-58,900	-900	73,900
Interagency and Intra-agency Programs	3,541,400	-608,700	-41,200	2,891,500	-608,700	-41,200	2,891,500
General Administration							
Office of the Inspector General -- Interagency and Intra-agency operations	878,200	39,100	-139,200	778,100	39,100	-39,100	878,200
Total		**-$19,535,700**			**-$19,570,200**		

7. IT PURCHASING CONSOLIDATION

	Funding	Positions
PR	- $145,400	- 1.00

Governor: Reduce funding by $72,700 annually and delete 1.0 vacant position, beginning in 2017-18, associated with IT administrative and support services. [See "Administration -- Transfers."]

8. STUDY ON PUBLIC BENEFITS AND ABSENTEEISM

Governor: Direct DHS, the Department of Children and Families, the Department of Public Instruction, and the Department of Workforce Development, together with any other relevant programs or agencies these Departments identify as appropriate, to collaborate to prepare a report on the population overlap for families that receive public benefits and children who are absent from school for 10 percent of more of the school year. Direct the agencies to submit the report to the Governor and the Legislature on or before December 30, 2018.

[Bill Section: 9152(1)]

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$137,782,700	$139,018,500	$139,022,000	$2,475,100	0.9%	10.00	10.00	10.00	0.00	0.0%
FED	1,567,700	150,000	150,000	- 2,835,400	- 90.4	0.00	0.00	0.00	0.00	0.0
PR	1,639,800	1,639,800	1,639,800	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$140,990,200	$140,808,300	$140,811,800	- $360,300	- 0.1%	10.00	10.00	10.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$11,900

Governor: Provide $4,200 in 2017-18 and $7,700 in 2018-19 for: (a) full funding of continuing position salaries and fringe benefits ($2,000 annually); and (b) full funding of lease and directed moves costs ($2,200 in 2017-18 and $5,700 in 2018-19).

2. WISCONSIN GRANTS -- UW SYSTEM STUDENTS

GPR	$5,690,800

Governor: Increase funding for Wisconsin Grants for UW System students by $2,142,100 in 2017-18 and by $3,548,700 in 2018-19, which would increase program funding by 3.7% in 2017-18 and by an additional 2.3% in 2018-19. Base level funding for this program is $58,345,400.

3. WISCONSIN GRANTS -- PRIVATE, NONPROFIT COLLEGE STUDENTS

GPR	$2,620,800

Governor: Increase funding for Wisconsin Grants for private, nonprofit college students by $986,500 in 2017-18 and $1,634,300 in 2018-19, which would increase funding by 3.7% in 2017-18 and by an additional 2.3% in 2018-19. Base level funding for this program is $26,870,300.

4. WISCONSIN GRANTS -- TECHNICAL COLLEGE STUDENTS

GPR	$1,882,300

Governor: Increase funding for Wisconsin Grants for technical college students by

$708,500 in 2017-18 and $1,173,800 in 2018-19, which would increase program funding by 3.7% in 2017-18 and by an additional 2.3% in 2018-19. Base level funding for this program is $19,297,900.

5. WISCONSIN COVENANT SCHOLARS GRANTS

GPR	- $7,730,700

Governor: Reduce funding for the Wisconsin covenant scholars grant program by $2,605,500 in 2017-18 and by $5,125,200 in 2018-19. Program funding would be $5,604,500 in 2017-18 and $3,084,800 in 2018-19 under the bill.

From spring, 2007, through fall, 2011, Wisconsin resident students enrolled in the eighth grade were invited to sign the Wisconsin covenant pledge. Students who successfully complete the pledge are eligible to receive Wisconsin covenant scholars grants while enrolled in UW institutions, technical colleges, private, nonprofit colleges and universities, and tribal colleges located in this state. Grants range from $125 to $1,500 annually based on student need and enrollment status.

The last class of students who were eligible to sign the Wisconsin covenant pledge would have enrolled in post-secondary education during the 2015-16 year. The grant program is scheduled to end in 2020-21 when no students will be eligible for grants through the program.

6. REESTIMATE FEDERAL REVENUES

FED	- $2,835,400

Governor: Reduce the federal aid appropriation by $1,417,700 annually to reflect the elimination of the federal Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) programs. Prior to 2011-12, HEAB received funds through these programs which were used to provide grants through the talent incentive grant program.

7. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

HISTORICAL SOCIETY

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$15,190,200	$18,559,700	$20,220,900	$8,400,200	27.7%	93.65	100.15	96.15	2.50	2.7%
FED	1,313,200	1,386,500	1,338,700	98,800	3.8	7.86	8.86	6.86	- 1.00	- 12.7
PR	3,288,000	4,598,200	5,364,000	3,386,200	51.5	16.25	18.25	18.25	2.00	12.3
SEG	3,788,500	4,678,000	4,678,000	1,779,000	23.5	11.28	12.78	12.78	1.50	13.3
TOTAL	$23,579,900	$29,222,400	$31,601,600	$13,664,200	29.0%	129.04	140.04	134.04	5.00	3.9%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$4,620,700
FED	19,100
PR	1,844,600
SEG	- 71,000
Total	$6,413,400

Governor: Provide adjustments to the base budget totaling $1,685,400 GPR, $9,500 FED, $714,000 PR, and -$35,500 SEG in 2017-18 and $2,935,300 GPR, $9,600 FED, $1,130,600 PR, and -$35,500 SEG in 2018-19 for the following: (a) turnover reduction (-$174,400 GPR annually); (b) full funding of continuing salaries and fringe benefits (-$497,800 GPR, $10,200 FED, -$65,300 PR, and -$35,500 SEG annually); (c) reclassifications and semiautomatic pay progression ($5,200 FED annually); (d) overtime ($7,300 GPR annually); (e) night and weekend differential pay ($12,400 GPR annually); and (f) full funding of lease and directed moves costs ($2,337,900 GPR, -$5,900 FED, and $779,300 PR in 2017-18 and $3,587,800 GPR, -$5,800 FED, and $1,195,900 PR in 2018-19).

2. DEBT SERVICE REESTIMATE

GPR	$3,108,200
PR	1,041,600
Total	$4,149,800

Governor: Provide $1,454,400 GPR and $346,200 PR in 2017-18 and $1,653,800 GPR and $695,400 PR in 2018-19 as a reestimate of debt service payments. Base level funding is $3,299,900 GPR and $421,400 PR annually.

3. CIRCUS WORLD MUSEUM

	Funding	Positions
GPR	$1,200,000	6.50
PR	500,000	2.00
SEG	1,850,000	1.50
Total	$3,550,000	10.00

Governor: Provide $500,000 GPR in 2017-18 and $700,000 GPR in 2018-19 and 6.5 GPR positions beginning in 2017-18, $250,000 PR annually and 2.0 PR positions beginning in

2017-18, and $925,000 SEG annually and 1.5 SEG positions beginning in 2017-18 to provide funding for the Circus World Museum to operate as a historic site within the Historical Society.

Provide that the Historical Society would operate and maintain Circus World Museum as a historic site, if there was not a lease agreement in effect with the Circus World Museum Foundation for the purpose of operating the museum on the effective date of the bill. If a lease agreement is in effect on the effective date of the bill, the lease agreement would be required to terminate on January 1, 2018, or on the date that termination occurs according to the lease agreement, whichever is earlier, after which the Historical Society would operate and maintain the museum.

Specify that if a lease agreement is in effect on the effective date of the bill, the Historical Society would be required to offer employment to each individual employed by the Foundation on the lease termination date, but only if vacant authorized or limited-term positions were available and the Historical Society had funding for the positions. Additionally, all contracts entered into by the Foundation that were in effect on the lease termination date would remain in effect and would be transferred to the Historical Society on the lease termination date. The Historical Society would be required to carry out any contractual obligations under such a contract until the contract is modified or rescinded by the Historical Society to the extent allowed under the contract.

Currently, the Circus World Museum facilities and site are state-owned, but operations are funded privately through the Circus World Museum Foundation. The Circus World Museum is located in Baraboo, Wisconsin.

[Bill Sections: 728 thru 732 and 9122(1)]

4. FUEL AND UTILITIES REESTIMATE

GPR	- $528,700

Governor: Delete $270,300 GPR in 2017-18 and $258,400 GPR in 2018-19 to reflect estimated costs for fuel and utilities at Historical Society facilities. Base level funding is equal to $999,000 GPR annually.

5. FEDERAL FUNDS REESTIMATE

FED	$79,700

Governor: Reestimate federal revenues by $63,800 and 1.0 one-year project position in 2017-18 and $15,900 in 2018-19. Base level funding in the federal general program operations appropriation is $1,211,400 FED annually.

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
GPR	- 4.00
FED	- 1.00
Total	- 5.00

Governor: Delete 5.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) general program operations (-4.0 GPR positions); and (b) indirect cost reimbursements (-1.0 FED position). Funding associated with the positions ($355,700 GPR and $58,200 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the Historical Society, but would become DOA employees rather than employees of the Historical Society.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

INSURANCE

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
FED	$0	$601,000	$601,000	$1,202,000	0.0%	7.10	5.10	5.10	- 2.00	- 28.2%
PR	18,887,400	18,499,700	18,679,500	- 595,600	- 1.6	131.65	120.15	120.15	- 11.50	- 8.7
SEG	91,779,300	91,741,800	91,743,000	- 73,800	< 0.1	12.75	11.75	11.75	- 1.00	- 7.8
TOTAL	$110,666,700	$110,842,500	$111,023,500	$532,600	0.2%	151.50	137.00	137.00	- 14.50	- 9.6%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

FED	$1,202,000
PR	- 646,500
SEG	- 73,800
Total	$481,700

Governor: Provide $149,100 ($601,000 FED, -$414,400 PR, and -$37,500 SEG) in 2017-18 and $332,600 ($601,000 FED, -$232,100 PR, and -$36,300 SEG) in 2018-19 to reflect the following standard budget adjustments: (a) -$260,800 PR annually for turnover reduction; (b) $601,000 FED, -$222,700 PR, and -$31,800 SEG and annually for full funding of continuing position salaries and fringe benefits; and (c) $69,100 PR and -$5,700 SEG in 2017-18 and $251,400 PR and -$4,500 SEG in 2018-19 for full funding of lease and directed move costs.

2. CEASE OPERATIONS OF THE LOCAL GOVERNMENT PROPERTY INSURANCE FUND

Governor: Specify that no insurance coverage may be issued under the local government property insurance fund program on or after July 1, 2017, no existing coverage may be renewed after December 31, 2017, and no coverage may terminate later than December 31, 2018. Specify that all claims under the program must be filed by no later than July 1, 2019, and that no claim filed after that date will be covered by the fund. Require the manager of the fund to distribute any moneys remaining in the fund among the local governmental units that were insured under the fund on July 1, 2017. Repeal an obsolete provision related to a loan made by the local government property insurance fund to the general fund in 1992. The local government property insurance fund makes property insurance available for tax-supported local government property, such as government buildings, schools, libraries, and motor vehicles.

There are currently 157 policies issued through the fund, with a total insured value of $1.6 billion, which is a reduction from nearly 1,000 policies and total coverage of $52.3 billion at the end of 2014.

[Bill Sections: 2213 thru 2218]

3. BOALTC HELPLINE FUNDING TRANSFER

PR	$50,900

Governor: Provide $26,700 in 2017-18 and $24,200 in 2018-19 to reflect a reestimate of the amount of insurance fee revenue that will be needed to fund telephone counseling services provided by the Board on Aging and Long-Term Care (BOALTC) for individuals seeking information on Medicare supplemental insurance policies ("Medigap" policies), Medicare Part D policies (policies that cover prescription drugs), and SeniorCare.

The BOALTC Helpline provides free one-on-one insurance counseling services to state residents over the age of 60. The Helpline is supported from two sources -- federal funds the state receives under the state health insurance assistance program (SHIP) and state insurance fee revenue budgeted as part of OCI's general program operations appropriation that OCI transfers to BOALTC.

4. TRANSFER INFORMATION TECHNOLOGY POSITIONS TO DOA

	Positions
FED	- 2.00
PR	- 11.50
SEG	- 1.00
Total	- 14.50

Governor: Transfer 14.5 information technology positions (2.0 FED positions, 11.5 PR positions, and 1.0 SEG position), beginning in 2017-18, to the Division of Enterprise Technology (DET) in the Department of Administration (DOA). Transfer the base salary and fringe benefit funding associated with these positions ($155,800 FED, $1,076,300 PR, and $77,100 SEG) to supplies and services budget lines, to provide OCI with the budget authority to purchase information technology support services from DOA.

Specify that, on October 1, 2017, the following is transferred from OCI to DET: (a) OCI's assets and liabilities that are primarily related to information technology functions, as determined by the DOA Secretary; (b) the 14.5 positions and incumbent employees holding those positions in OCI who are performing information technology functions, as determined by the DOA Secretary; and (c) all tangible personal property, including records, that is primarily related to information technology functions, as determined by the DOA Secretary.

Provide that the transferred employees have all the rights and the same status in DET as they enjoyed in OCI immediately before the transfer, no transferred employee who has attained permanent status is required to serve a probationary period following the transfer, and that all contracts entered into by OCI and in effect on the date of the transfer that are primarily related to information technology functions remain in effect and are transferred to DET. Require DET to carry out any obligations under those contracts unless modified or rescinded by DET to the extent allowed under the contract.

Specify that all rules promulgated by OCI and in effect on the date of the transfer that are primarily related to information technology functions remain in effect until their specified expiration dates or until amended or repealed by DET. Specify that all orders issued by OCI that are primarily related to information technology functions remain in effect until their specified expiration dates or until modified or rescinded by DET. Specify that any matter pending with OCI on the date of the transfer that is primarily related to information technology is transferred to DET and that all materials submitted to or actions taken by OCI with respect to the pending matter are considered as having been submitted to or taken by DET.

A separate item, summarized under DOA, provides a corresponding increase in positions in DOA and provides $1,344,500 PR annually to reflect the purchase of IT services by OCI. The funding provided in DET is equal to the amount of base funding in OCI (salaries, fringe benefits, and supplies and services) associated with the transferred positions and functions. [See "Administration -- Transfers."]

[Bill Sections: 9124(1) and 9424(1)]

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

INVESTMENT BOARD

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
PR	$53,499,600	$53,499,600	$53,499,600	$0	0.0%	173.35	173.35	173.35	0.00	0.0%

Under current law, the State of Wisconsin Investment Board (SWIB) is authorized to independently establish its operating budget each year and monitor the fiscal management of the budget. Further, SWIB's Executive Director is also authorized to independently create or abolish staff positions for the agency. The Investment Board is required to provide quarterly reports to the Department of Administration, the Co-Chairpersons of the Joint Committee on Finance, and the Co-Chairpersons of the Joint Committee on Audit, identifying all operating expenditures and the number of full-time equivalent positions created or abolished during that quarter. Finally, SWIB officials are required to appear each fiscal year at the first quarterly meeting of the Joint Committee on Finance under s. 13.10 of the statutes, to provide an update of SWIB's budget changes, position authorization changes, assessment of the funds under management, and performance of the funds under management for the current and next fiscal year.

Total expenditures in 2015-16 for the Board were $42,797,400 with 173.35 authorized positions. In June, 2016, the Board approved an operating budget for 2016-17 of $53,499,600. In the table above, this amount is indicated for the adjusted base in 2016-17. The SWIB budget recommendation also utilizes this amount for 2017-18 and 2018-19. The actual 2017-18 budget is expected to be finalized by the Board in June, 2017, and the 2018-19 budget one year later.

Budget Change Item

1. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

JUDICIAL COMMISSION

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$301,900	$0	$0	- $603,800	- 100.0%	2.00	0.00	0.00	- 2.00	- 100.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$3,800

Governor: Provide $1,600 in 2017-18 and $2,200 in 2018-19 for standard budget adjustments, including: (a) $1,500 annually for salary and fringe benefits; and (b) $100 in 2017-18 and $700 in 2018-19 for full funding of lease and directed moves costs.

2. TRANSFER JUDICIAL COMMISSION TO THE SUPREME COURT

	Funding	Positions
GPR	- $607,600	- 2.00

Governor: Delete funding and position authority for the Judicial Commission. Transfer administration of the Judicial Commission to the Supreme Court. Under current law, the Judicial Commission is an independent agency which investigates and prosecutes any possible misconduct or permanent disability of Wisconsin judges or court commissioners. [See "Supreme Court."]

[Bill Sections: 470 thru 474]

JUDICIAL COUNCIL

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
PR	$111,400	$0	$0	- $222,800	- 100.0%	1.00	0.00	0.00	- 1.00	-100.0%

Budget Change Item

1. ELIMINATE JUDICIAL COUNCIL

	Funding	Positions
PR	- $222,800	- 1.00

Governor: Delete statutory language, funding of $111,400 annually, and position authority of 1.0 position for the Judicial Council. Under a separate provision, create 1.0 PR position under the Supreme Court.

Under current law, the Judicial Council includes 21 members, including: one Supreme Court justice designated by the Supreme Court, one Court of Appeals judge designated by the Court of Appeals, the Director of State Courts or his or her designee, four Circuit Court judges designated by the judicial conference, the Chairpersons of the Senate and Assembly committees dealing with judicial affairs or a member of each committee designated by the Chairpersons, the Attorney General or his or her designee, the Chief of the Legislative Reference Bureau or his or her designee, the Deans of the University of Wisconsin and Marquette University law schools or a member of the law schools' faculty designated by the Deans, the State Public Defender or his or her designee, the president-elect of the State Bar of Wisconsin or a member of the State Bar Board of Governors, three additional members of the State Bar selected by the State Bar to serve three-year terms, one District Attorney appointed by the Governor, and two citizens at large appointed by the Governor to serve three-year terms.

The Judicial Council is authorized to observe, survey, and study the operation and administration of all the courts in Wisconsin, and make recommendations to the Supreme Court, Governor, and Legislature on "any changes in the organization, operation and methods of conducting the business of the courts that will improve the efficiency and effectiveness of the court system and result in cost savings."

According to the Governor's Executive Budget, the "Supreme Court has the authority to create and support such an advisory council if it so chooses." The Judicial Council position is currently supported by funding from the Supreme Court's Director of State Courts and State Law Library programs. [See "Supreme Court."]

[Bill Sections: 154, 475, 478, 508, 1759, and 2222 thru 2224]

JUSTICE

	Budget Summary					FTE Position Summary				
				2017-19 Change Over Base Year Doubled					2018-19 Over 2016-17	
	2016-17	Governor					Governor			
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$52,143,100	$56,004,500	$56,077,000	$7,795,300	7.5%	394.18	394.18	394.18	0.00	0.0%
FED	22,727,600	23,339,700	23,190,500	1,075,000	2.4	43.78	42.93	38.93	- 4.85	- 11.1
PR	52,799,600	57,620,400	57,489,400	9,510,600	9.0	258.63	250.48	250.48	- 8.15	- 3.2
SEG	388,200	351,900	352,300	- 72,200	- 9.3	2.75	2.75	2.75	0.00	0.0
TOTAL	$128,058,500	$137,316,500	$137,109,200	$18,308,700	7.1%	699.34	690.34	686.34	- 13.00	- 1.9%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	$1,488,800	0.00
PR	4,534,600	- 8.00
FED	1,044,800	-5.00
SEG	- 72,200	0.00
Total	$6,996,000	- 13.00

Governor: Provide adjustments to the base totaling $707,800 GPR, $2,382,800 PR and -8.0 PR positions, $597,000 FED and -1.0 FED position, and -$36,300 SEG in 2017-18; and $781,000 GPR, $2,151,800 PR and -8.0 PR positions, $447,800 FED and -5.0 FED positions, and -$35,900 SEG in 2018-19. Adjustments are for: (a) turnover reduction (-$648,700 GPR and -$144,000 PR annually); (b) removal of noncontinuing elements from the base (-$80,000 GPR, -$59,900 PR and -8.0 PR positions, and -$15,900 FED and -1.0 FED position in 2017-18; and -$80,000 GPR, -$358,800 PR and -8.0 PR positions, and -$170,200 FED and -5.0 FED positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits ($1,343,300 GPR, $1,435,700 PR, $699,100 FED, and -$32,300 SEG annually); (d) overtime ($151,100 GPR, $533,400 PR, and $11,000 SEG annually); (e) night and weekend pay differential ($9,600 GPR and $2,200 PR annually); and (f) full funding of lease and directed move costs (-$67,500 GPR, $615,400 PR, -$86,200 FED, and -$15,000 SEG in 2017-18; and $5,700 GPR, $683,300 PR, -$81,100 FED, and -$14,600 SEG in 2018-19).

2. STANDARD BUDGET ADJUSTMENTS -- MINOR TRANSFERS WITHIN APPROPRIATIONS

Governor: Transfer positions annually within appropriations in DOJ between different subprograms, as identified in the table below, in order to more accurately align budgeted position authorization with assigned programmatic duties.

Fund Source/Program/ Appropriation	Subprogram	Change in Permanent Positions	Change in Project Positions	Total Change in Positions
GPR				
Law enforcement services				
General program operations	Crime laboratories	3.00	0.00	3.00
	Crime information bureau	1.00	0.00	1.00
	Criminal investigation	7.50	0.00	7.50
	Administrative services	0.90	0.00	0.90
	Narcotics enforcement	-4.50	0.00	-4.50
	Internet crimes against children task force	-4.00	0.00	-4.00
	DNA analysis resources	-4.00	0.00	-4.00
	Criminal justice programs	0.10	0.00	0.10
	Subtotal	0.00	0.00	0.00
Administrative services				
General program operations	Administrative services	6.00	0.00	6.00
	Computing services	-6.00	0.00	-6.00
	Subtotal	0.00	0.00	0.00
PR				
Law enforcement services				
Criminal history searches; fingerprint identification	Crime laboratories	3.00	0.00	3.00
	Crime information bureau	-10.00	0.00	-10.00
	Computing services	7.00	0.00	7.00
	Subtotal	0.00	0.00	0.00
Interagency and intra-agency assistance	Legal services	1.00	0.00	1.00
	Criminal investigation	-1.00	0.00	-1.00
	Subtotal	0.00	0.00	0.00
Drug law enforcement; crime laboratories, and genetic evidence activities	Crime laboratories	2.00	0.00	2.00
	Criminal investigation	2.00	0.00	2.00
	Administrative services	1.00	0.00	1.00
	Narcotics enforcement	-5.00	0.00	-5.00
	Internet crimes against children task force	3.00	0.00	3.00
	DNA analysis resources	-3.00	0.00	-3.00
	Subtotal	0.00	0.00	0.00
Drug enforcement intelligence operations	Criminal investigation	6.00	0.00	6.00
	Narcotics enforcement	-6.00	0.00	-6.00
	Subtotal	0.00	0.00	0.00
Wisconsin justice information sharing program	Crime information bureau	-4.00	0.00	-4.00
	Administrative services	-0.10	0.00	-0.10
	Computing services	2.10	0.00	2.10
	Criminal justice programs	2.00	0.00	2.00
	Subtotal	0.00	0.00	0.00
Crime laboratories; DNA analysis	Crime laboratories	-4.00	0.00	-4.00
	Crime information bureau	2.00	0.00	2.00
	Computing services	2.00	0.00	2.00
	Subtotal	0.00	0.00	0.00

Fund Source/Program/ Appropriation	Subprogram	Change in Permanent Positions	Change in Project Positions	Total Change in Positions
FED				
Law enforcement services				
Federal aid, state operations	Legal services	0.00	-1.00	-1.00
	Crime laboratories	-0.80	0.00	-0.80
	Crime information bureau	-1.20	1.00	-0.20
	Training and standards bureau	-1.00	0.00	-1.00
	Criminal investigation	0.00	-1.00	-1.00
	Administrative services	-1.75	0.00	-1.75
	Computing services	0.10	0.00	0.10
	Office of victim services	1.00	0.00	1.00
	Criminal justice programs	3.65	1.00	4.65
	Subtotal	0.00	0.00	0.00
Administrative services				
Indirect cost reimbursements	Administrative services	1.00	0.00	1.00
	Computing services	-1.00	0.00	-1.00
	Subtotal	0.00	0.00	0.00

3. HOLIDAY PAY FOR SPECIAL AGENTS

GPR	$7,200
PR	2,800
Total	$10,000

Governor: Provide $3,600 GPR and $1,400 PR annually to support anticipated holiday premium payments for special agent positions within the Division of Criminal Investigation. Under current law, classified employees must generally be paid at a time and one-half rate for work performed on holidays. Funding under the bill is be provided to the following appropriations: (a) law enforcement services general program operations ($3,600 GPR annually); (b) drug enforcement intelligence operations ($800 PR annually); and (c) drug law enforcement, crime laboratories, and genetic evidence activities ($600 PR annually).

4. POSITION REALIGNMENT

	Funding	Positions
PR	- $30,200	- 0.15
FED	30,200	0.15
Total	$0	0.00

Governor: Provide -$15,100 PR, $15,100 FED, -0.15 PR position, and 0.15 FED position annually, as well as transfers between appropriations, in order to align the funding sources of certain positions with their current duties within DOJ. The following table identifies the changes to base funding for the affected appropriations.

Fund/Program	Base		Appropriations		Positions	
Affected Appropriation	Funding	Positions	2017-18	2018-19	2017-18	2018-19
PR						
Law Enforcement Services						
Interagency and intra-agency assistance	$1,477,200	6.80	-$10,100	-$10,100	-0.05	-0.05
Wisconsin justice information sharing program	714,800	4.15	-5,000	-5,000	-0.10	-0.10
PR Total	$2,192,000	10.95	-$15,100	-$15,100	-0.15	-0.15
FED						
Administrative Services						
Indirect cost reimbursements	$522,600	5.10	$15,100	$15,100	0.15	0.15

5. PROGRAM REVENUE REESTIMATES

PR	$3,400

Governor: Provide $1,700 annually to reflect current revenue projections and program needs for the following program revenue appropriations:

a. $1,800 annually for the grants for substance abuse treatment programs for criminal offenders continuing PR appropriation. In addition, move all funding in the appropriation from the budget line for rent to the budget line for local assistance. The appropriation is utilized to provide minor support for the Department's treatment alternatives and diversion (TAD) grant program. Funding for the appropriation is supported by revenue generated from the drug offender diversion surcharge (DODS) and a portion of the revenue generated from the drug abuse program improvement surcharge (DAPIS). The DODS is a $10 surcharge imposed for each conviction of a crime against property (Chapter 943 of the statutes). The DAPIS is assessed with certain violations for the Uniform Controlled Substances Act and totals 75% of the fine and penalty surcharge imposed. Base funding for the appropriation is $5,700. In 2015-16, the appropriation received $44,700 in revenue.

b. -$100 annually for the child advocacy center grant program appropriation. The child advocacy center grant program provides annual grants of $17,000 each to 14 child advocacy centers across Wisconsin (for a total of $238,000 in grant awards). Funding for the program is supported by revenue generated from the justice information system (JIS) surcharge. The JIS surcharge totals $21.50 and is assessed with a court fee for filing certain court proceedings. Base funding for the grant program is $238,100.

6. CONTINUED FUNDING OF TAD PROGRAM EXPANSION

GPR	$4,000,000

Governor: Provide $2,000,000 annually in 2017-19 only to continue to fund the expansion of the treatment alternatives and diversion (TAD) program enacted under 2015 Act 388. Annual funding provided under the bill would be provided on a one-time basis, and would, therefore, not continue after the 2017-19 biennium.

In addition to providing programmatic changes to the TAD program, 2015 Act 388 provided DOJ $2,000,000 PR on a one-time basis for the TAD program in 2016-17. One-time program revenue amounts were derived from a transfer of unencumbered funds from the Department of Health Services' institutional operations and charges program revenue appropriation. Due to the one-time nature of funding for TAD grants provided under Act 388, base funding for the TAD program during the 2017-19 biennium is $2,000,000 less than the amount appropriated for the TAD program in 2016-17. Funding provided under the bill would increase base funding for the TAD program to maintain the level appropriated in 2016-17.

Under the TAD program, DOJ provides grants to counties to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice, which provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol and other drugs. Projects supported by the TAD program typically follow one of two models: pre-trial diversion or adult drug or treatment court. In 2016-17, funding appropriated for the TAD program totaled $2,500,000 GPR and $3,084,100 PR. Program revenue appropriated for the TAD program in 2016-17 was comprised of: (a) $1,078,400 from the justice information system surcharge; (b) $5,700 from the drug offender diversion surcharge and the drug abuse program improvement surcharge; and (c) $2,000,000 from a one-time transfer of funds from the unencumbered balance of the Department of Health Services' institutional operations and charges PR appropriation.

7. DRUG COURT GRANT PROGRAM

GPR	$300,000

Governor: Provide $150,000 annually during 2017-19 only to expand the drug court grant program. Annual funding provided under the bill would be provided on a one-time basis, and would, therefore, not continue after the 2017-19 biennium. Base funding for the drug court grant program is $500,000.

Under the grant program, DOJ provides grants to counties to establish and operate drug courts. Grants must be provided to counties that have not established a drug court. Under statute, a drug court is defined as a court that diverts a substance-abusing person from prison or jail into treatment by increasing direct supervision of the person, coordinating public resources, providing intensive community-based treatment, and expediting case processing.

8. BEAT PATROL OVERTIME GRANTS

GPR	$2,000,000

Governor: Provide $1,000,000 annually during the 2017-19 biennium only to support grants to cities to reimburse overtime costs for uniformed law enforcement officers whose primary duty is beat patrolling. Provide that grants may be utilized to support salary and fringe benefit costs only, and that DOJ may not award a grant to an individual city in excess of $400,000 for a calendar year. Require that DOJ may only award grants to the 10 eligible cities submitting an application for a grant that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available under the Federal Bureau of Investigation's (FBI) uniform crime reporting (UCR) system. Provide that a city may receive a grant for a calendar year if the city applies before September 1st of the preceding calendar year and provides DOJ all of the following: (a) the reasons why uniformed law enforcement officers assigned to beat patrol need to work overtime; (b) the status of the hiring and training of new uniformed law enforcement officers who will have beat patrol duties; and (c) a proposed plan of expenditures of the grant monies. Create a new annual GPR appropriation within DOJ for the purposes of supporting law enforcement beat patrol overtime grants.

Under the bill, DOJ is required to include information on the beat patrol overtime grant program in an annual report (submitted on January 15th) to the Legislature regarding its administration of various grant programs. The report is required to include the following information: (a) the amount of each grant awarded by DOJ for the previous fiscal year; (b) the grant recipient to whom each grant was awarded; (c) the methodology used by DOJ to choose grant recipients and to determine the level of grant funding for each grant recipient; (d) performance measures created by the Department; and (e) reported results from each grant recipient in each fiscal year as to the attainment of performance measures developed by DOJ.

Annual funding provided under the bill for the beat patrol overtime grant program would be provided on a one-time basis, and would, therefore, not continue after the 2017-19 biennium. However, statutory provisions under the bill creating the beat patrol overtime grant program and the appropriation for the grant program would be ongoing.

Under current law, DOJ administers the law enforcement officer supplement grant program (also known as the beat patrol grant program). Through the law enforcement officer supplement grant program, DOJ provides grants to cities to employ additional uniformed law enforcement officers whose primary duty is beat patrolling. The Department must make grant awards to the 10 eligible cities submitting application that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available from the FBI's UCR system. The Department may not award an annual grant in excess of $150,000 to any one city, and grantees are required to provide a 25% local match to any grant funds received under the program. Cities may generally not utilize grant funding to pay for overtime costs (except in the first year of a city's initial grant under the program). Awards are made on a calendar year basis and a city may receive a grant for three consecutive years without submitting a new application each year. Base funding for the law enforcement officer supplement grant program is $1,224,900 PR. Program revenue for the grant program is derived from amounts received from the $21.50 justice information system surcharge that is assessed with a court fee for commencement or filing of certain court actions.

[Bill Sections: 406 and 1674 thru 1680]

9. CRIME LABORATORY DNA ANALYSIS KITS

PR	$2,000,000

Governor: Provide $1,000,000 annually for DOJ's crime laboratories; deoxyribonucleic acid (DNA) analysis continuing PR appropriation. According to DOJ, the increase in PR would support an increase in the cost of DNA kits utilized by the state crime laboratories to submit DNA data to the national Combined DNA Index System (CODIS). The increase in costs associated with the DNA kits is the result of new federal regulations effective January 1, 2017, that increased the number of core loci that must be included for DNA data to be submitted to CODIS.

The crime laboratories DNA analysis appropriation receives program revenue generated from the crime laboratory and drug law enforcement surcharge ($13, assessed when a court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of most state laws and municipal or county ordinances) and the DNA surcharge ($250 for each felony conviction and $200 for each misdemeanor conviction). In 2015-16, the appropriation received $15,867,700 in revenue. The revenue received by this appropriation is transferred to other appropriations within DOJ and the District Attorney function to support activities related to drug law enforcement, the state's crime laboratories, investigations, and a state DNA evidence prosecutor. In addition, DOJ may utilize this appropriation to support the costs of providing DNA analysis at the state crime laboratories and to reimburse law enforcement agencies for certain costs associated with collecting biological samples and mailing those samples to the state's crime laboratories. Base funding and position authority for the appropriation is $4,321,200 and 30.0 positions.

10. INTERNET CRIMES AGAINST CHILDREN

PR	$1,500,000

Governor: Provide $750,000 annually of one-time funding to support law enforcement activities relating to Internet crime against children (ICAC). Funding under the bill is provided on a one-time basis and, therefore, would not be included in DOJ's base budget for the 2019-21 biennium. Funding is provided to DOJ's Internet crime against children appropriation. This appropriation is authorized to support criminal investigative operations and law enforcement relating to ICAC, prosecution of ICAC cases, and activities of state and local ICAC task forces.

The ICAC appropriation was created under 2015 Act 369. Under Act 369, the ICAC appropriation is supported by a one-time transfer of $1,000,000 PR in 2015-16 from DOJ's drug law enforcement, crime laboratories, and genetic evidence activities appropriation. Therefore, an ongoing program revenue source for the ICAC appropriation does not exist. As a result, the program revenue source for the $750,000 PR provided to the ICAC appropriation under the bill is unclear. [The administration indicates that this is an inadvertent error that will need to be corrected.]

The drug law enforcement appropriation is supported by revenue generated from the crime laboratory and drug law enforcement surcharge and the DNA surcharge. Beyond amounts transferred within DOJ to the ICAC appropriation under Act 369, DOJ's base funding (including standard budget adjustments) for its ICAC operations is $3,491,300 and 35.0 positions in 2017-18 ($2,570,200 GPR and 26.0 GPR positions, $760,600 PR and 8.0 PR positions, and $160,500 FED and 1.0 FED position) and $3,493,700 and 35.0 positions in 2018-19 ($2,571,800 GPR and 26.0 GPR positions, $761,300 PR and 8.0 PR positions, and $160,600 FED and 1.0 FED position).

11. DRUG ENFORCEMENT ACTIVITIES

PR	$1,000,000

Governor: Provide $500,000 annually in one-time funding to support overtime, training, and other supplies and services for Division of Criminal Investigation activities related to drug law enforcement. Funding under the bill is provided on a one-time basis and would, therefore, not be included in DOJ's base budget for the 2019-21 biennium. Funding is provided to DOJ's drug law enforcement, crime laboratories, and genetic evidence activities annual appropriation. Funding for this appropriation is supported by the crime laboratory and drug law enforcement surcharge as well as the DNA surcharge. Base funding for the appropriation is $8,731,500.

According to the administration, funding provided under the bill is intended to offset a decrease in federal funds provided to DOJ from the federal asset forfeiture program. Under this program, state and local law enforcement agencies who directly participate in a law enforcement effort with federal law enforcement that results in the forfeiture of property or cash under federal law may receive a portion of the forfeited property or cash proportional to the state or local agency's participation in the law enforcement effort. The table below identifies the condition of the federal asset forfeiture funds received by the Wisconsin Department of Justice from state fiscal years 2011-12 through 2015-16.

Wisconsin Department of Justice Federal Asset Forfeiture Funds

	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Balance	$1,841,300	$1,828,400	$2,140,800	$2,987,800	$1,821,300
Revenue	$455,700	$704,800	$1,798,700	$432,000	$337,700
Expenditures	468,600	392,400	951,700	1,598,500	1,794,800
Ending Balance	$1,828,400	$2,140,800	$2,987,800	$1,821,300	$364,200

12. CRIME LABORATORY EQUIPMENT AND SUPPLIES

PR	$500,000

Governor: Provide $200,000 in 2017-18 and $300,000 in 2018-19 to increase funding for equipment and supplies at the state's there crime laboratories. The state currently has three regional crime laboratories that service law enforcement agencies across the state, located in Madison, Milwaukee, and Wausau. According to DOJ, the increase in expenditure authority would support the following: (a) the costs of disposing ammunition that is shipped to the state crime labs after it is seized during investigations; (b) the purchase of enhanced equipment utilized for forensic toxicology; and (c) the purchase of a new online case management system for managing the analysis of certain evidence in investigations. Base funding is $558,100. This is supported by revenue generated from the crime laboratory and drug law enforcement surcharge and the DNA surcharge.

13. ATTORNEY GENERAL AND DEPUTY ATTORNEY GENERAL BOND REQUIREMENT

GPR	- $700

Governor: Delete the current law requirement that the Attorney General and the Deputy Attorney General furnish a bond to the state at the time each takes office. Reduce funding for DOJ's administrative services general program operations appropriation by $700 in 2018-19 associated with the elimination of the bond requirement.

Under s. 19.11 of the statutes, the Attorney General, Secretary of State, and State Treasurer must each furnish a bond to the state at the time each takes and subscribes the oath of office, conditioned for the faithful discharge of the duties of that office, the officer's duties as a member of the Board of Commissioners of Public Lands, and the investment of funds arising therefrom. Each bond is subject to approval by the Governor. The amount required of each bond is as follows: (a) for the Attorney General, $10,000; (b) for the Secretary of State, $25,000; and (c) for the Treasure, $100,000. When required by the Governor, the Attorney General must renew the required bond in a larger amount. Under s. 165.055 of the statutes, the Deputy Attorney General must give a bond to the state in the sum of $5,000 to be approved by the Governor, conditioned for the faithful performance of the deputy attorney general's duties.

Section 19.12 of the statutes permits the purchase of these bonds to be paid using funds appropriated for the expense of the Department. In December, 2015, DOJ purchased two $10,000 bonds effective from January 5, 2015, through January 5, 2019, for $710 from its administrative services general program operations appropriation.

[Bill Sections: 177 and 1672]

14. CONVERT ANNUAL PROGRAM REVENUE APPROPRIATIONS TO CONTINUING

Governor: Convert the following three PR annual appropriations to PR continuing, all monies received, appropriations. As annual appropriations, the Department may not spend more than what is appropriated by the Legislature from each appropriation in a given fiscal year. As continuing appropriations, the Department would be authorized to spend any available cash balances credited to each appropriation regardless of appropriated levels authorized by the Legislature.

a. *Administrative Services Interagency and Intra-agency Assistance*. Under current law, this appropriation may be utilized to provide administrative services to state agencies. The appropriation may collect monies received from within DOJ as well as payments from other state agencies for providing administrative services. The appropriation does not have any expenditure authority. The Department indicates that if this appropriation were made continuing, it would utilize the appropriation to collect amounts from other appropriations within DOJ, as well as charges to other state agencies, for certain administrative services, such as information technology projects. Currently, DOJ supports costs for such administrative services by directly charging those expenditures to individual program accounts within DOJ that utilize the services.

b. *Law Enforcement Services Sobriety Program.* This appropriation may be utilized to support DOJ's costs associated with analyzing data and preparing reports on 24/7 sobriety projects established under the 24/7 sobriety pilot program. The pilot program was created under 2015 Act 55. Under the pilot program, DOJ is authorized to designate up to five counties to participate in a 24/7 sobriety program that is intended to provide a high level of monitoring to participants convicted of multiple operating while intoxicated (OWI) offenses to ensure that the participants are not consuming alcohol or controlled substances, with immediate sanctions if a violation occurs. Revenue for the appropriation may be generated from agreements between DOJ and participating counties that require the county to provide DOJ a portion of the fees the county collects from participants to operate the 24/7 sobriety project. Under current law, the sobriety program appropriation does not have any expenditure authority and no revenue was received by the appropriation in 2015-16. [Revenue is anticipated in future fiscal years as counties designated to establish a 24/7 sobriety project will implement their projects and collect fees from participants.] The 24/7 sobriety pilot program sunsets after June 30, 2021.

c. *Law Enforcement Services Terminal Charges.* The terminal charges appropriation is utilized to support the Wisconsin transaction information for the management of enforcement (TIME) system. The TIME system provides law enforcement agencies across the state access to a variety of law enforcement-related databases. Current law authorizes DOJ to charge law enforcement agencies for rentals, use of terminals, and related costs and services associated with the TIME system. These charges are credited to the terminal charges appropriation.

[Bill Sections: 407 thru 409]

15. RESTITUTION REPORT

Governor: Modify the information DOJ is required to furnish in its semiannual report on amounts received from court orders or settlement agreements for providing restitution to victims. Specifically, rather than require that the report include the persons to whom restitution was paid in a given reporting period and the amount that DOJ paid each recipient, require DOJ to report the number of persons to whom DOJ paid restitution during a given reporting period and the total amount that DOJ paid restitution recipients during the reporting period.

Under current law, semiannually, DOJ is required to report the following information to the Department of Administration and the Joint Committee on Finance regarding the amounts DOJ receives from court orders or settlement agreements for providing restitution to victims: (a) the amount of restitution received by DOJ during the reporting period; (b) the persons to whom DOJ paid restitution and the amount DOJ paid each recipient during the reporting period; and (c) DOJ's methodology for selecting recipients for restitution and determining the amount paid to each recipient. The bill would modify requirement "b," above.

[Bill Section: 1673]

KICKAPOO RESERVE MANAGEMENT BOARD

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
PR	$223,500	$235,400	$235,400	$23,800	5.3%	1.25	1.25	1.25	0.00	0.0%
SEG	695,200	733,000	733,000	75,600	5.4	2.75	2.75	2.75	0.00	0.0
TOTAL	$918,700	$968,400	$968,400	$99,400	5.4%	4.00	4.00	4.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	$23,800
SEG	75,600
Total	$99,400

Governor: Provide adjustments to the agency base budget for the following: (a) full funding of salaries and fringe benefits for continuing positions ($11,200 PR and $35,400 SEG annually); (b) overtime costs ($700 PR and $2,300 SEG annually); and (c) night and weekend differential pay ($100 SEG annually).

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

Although the bill does not transfer any positions from the Kickapoo Reserve Management Board to DOA, the bill allows that on July 1, 2018, all positions under the Board relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employees holding those positions, may be transferred to

DOA. If positions were transferred to DOA, DOA indicates that the employees would remain housed at the Kickapoo Valley Reserve, even though the positions would be employees of DOA. [See "Administration – Transfers."]

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

LABOR AND INDUSTRY REVIEW COMMISSION

Budget Summary						FTE Position Summary				
				2017-19 Change Over Base Year Doubled					2018-19 Over 2016-17	
	2016-17	Governor					Governor			
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$265,500	$121,300	$0	- $409,700	- 77.2%	1.30	1.30	0.00	- 1.30	-100.0%
PR	2,134,500	1,216,100	0	- 3,052,900	- 71.5	20.50	20.50	0.00	- 20.50	-100.0
SEG	777,100	382,000	0	- 1,172,200	- 75.4	4.70	4.70	0.00	- 4.70	-100.0
TOTAL	$3,177,100	$1,719,400	$0	- $4,634,800	- 72.9%	26.50	26.50	0.00	- 26.50	-100.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $45,300
PR	602,800
SEG	- 26,200
Total	$531,300

Governor: Adjust the agency's base budget by -$22,900 GPR, $299,600 PR, and -$13,100 SEG in 2017-18, and -$22,400 GPR, $303,200 PR, and -$13,100 SEG in 2018-19. The adjustments are for: (a) full funding of continuing position salaries and fringe benefits (-$23,800 GPR, $292,600 PR, and -$13,100 SEG annually); and (b) full funding of lease and directed moves costs ($900 GPR and $7,000 PR in 2017-18, and $1,400 GPR and $10,600 PR in 2018-19).

2. ELIMINATE THE LABOR AND INDUSTRY REVIEW COMMISSION

	Funding	Positions
GPR	- $364,400	- 1.30
PR	- 3,655,700	- 20.50
SEG	- 1,146,000	- 4.70
Total	- $5,166,100	- 26.50

Governor: Delete $121,300 GPR, $1,218,000 PR, and $382,000 SEG in 2017-18 and delete $243,100 GPR, $2,437,700 PR, and $764,000 SEG and 26.5 positions (1.3 GPR, 20.5 PR, and 4.7 SEG) in 2018-19. Eliminate the Labor and Industry Review Commission (LIRC) and transfer the responsibility for administrative review of administrative decisions to the Department of Administration's Division of Hearings and Appeals (DHA) for worker's compensation decisions and to the Department of Workforce Development (DWD) for unemployment insurance and equal rights decisions. Specify that the elimination of LIRC take effect on January 1, 2018, or on the first day of the sixth month beginning after publication, whichever is later.

No position authority is granted to DWD or to DHA to support additional administrative review responsibilities acquired by these agencies. The bill would not provide for the transfer of incumbent employees from LIRC to DWD or DHA.

Provide the Administrator of DWD's Division of Unemployment Insurance with the authority to review administrative decisions relating to unemployment insurance issued by the Division of Unemployment Insurance's administrative law judges.

Provide the Administrator of DWD's Division of Equal Rights with the authority to review administrative decisions relating to fair employment and discrimination ("equal rights") issued by the Division of Equal Right's administrative law judges.

Provide the Administrator of DOA's Division of Hearings and Appeals with the authority to review administrative decisions relating to worker's compensation issued by DHA hearing examiners.

LIRC is an independent, quasi-judicial agency responsible for resolving appeals of disputed unemployment insurance, worker's compensation, and equal rights cases. LIRC is composed of three commissioners who are appointed by the Governor, subject to confirmation by the Senate. Currently, LIRC reviews administrative decisions of DWD relating to unemployment insurance and equal rights, and reviews administrative decisions of DHA relating to worker's compensation. In 2015, there were 2,085 decisions appealed to LIRC, of which 1,794 were unemployment insurance decisions, 214 were worker's compensation decisions, and 77 were equal rights decisions.

Appropriation changes

Delete all LIRC appropriations on the effective date of the elimination of LIRC. Modify the following DWD appropriations to remove language which authorizes the Department to transfer funding to the appropriation accounts under LIRC: (a) FED unemployment insurance administration; (b) FED equal rights administration; and (c) SEG worker's compensation operations fund administration.

Under current law, unemployment insurance and equal rights monies are received from the federal government by DWD as FED and are transferred, according to the amounts in the schedule of appropriations, to LIRC as PR. Worker's compensation operations funds are received by DWD as segregated revenue and are: (a) retained by DWD to support the administration of the worker's compensation program; (b) reimbursed to DHA for charges assessed to DWD for hearing costs; and (c) transferred to LIRC according to the amounts in the schedule of appropriations to support LIRC's review of administrative decisions. The only funding that LIRC receives directly, without first passing through DWD, is GPR funding to support LIRC's general program operations. On the effective date of the elimination of LIRC, DWD would retain all SEG and FED monies that would have otherwise transferred to LIRC.

Effective Dates for Matters Subject to Review

A review that is before LIRC on the effective date of the bill would remain with LIRC for disposition until the date on which LIRC is eliminated.

A person could file a petition for LIRC review within 21 days after the effective date of the bill if: (a) the allowable time period for filing a review has not expired; and (b) no petition for review has been filed with LIRC prior to the effective date of the bill. Otherwise the person could not file a petition for review by LIRC. Instead, the person could file a petition for review by the DWD Division Administrator (unemployment insurance and equal rights) or the DHA Administrator (worker's compensation).

A person could file an action for judicial review of a LIRC decision under the procedures in effect before LIRC's elimination if: (a) no action for judicial review of the decision has commenced as of the effective date of the bill; and (b) the allowable time period for commencing an action for judicial review has not expired.

Rule Making Powers

Authorize DWD to promulgate any rules necessary to provide for review of unemployment insurance decisions. Under current law, DWD is authorized to promulgate rules necessary to provide for review of equal rights decisions.

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

Emergency Rules

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

Transfer of Functions

On the effective date of the elimination of LIRC, provide that any of LIRC's assets and liabilities, tangible personal property, records, contracts, orders, and pending matters would be transferred to DHA for matters related to worker's compensation, and to DWD for matters related to unemployment insurance and equal rights.

All contracts entered into by LIRC that are primarily related to worker's compensation would remain in effect and be transferred to DOA. All contracts entered into by LIRC that are primarily related to unemployment insurance and equal rights would remain in effect and be transferred to DWD. DOA and DWD would be required to carry out the obligations of the contract until the contract is modified or rescinded by DOA or DWD to the extent allowed under the contract.

All orders issued by LIRC would remain in effect until their specified expiration date or until modified or rescinded by DOA or DWD.

All pending matters related to worker's compensation submitted to, or actions taken by, LIRC with respect to the pending matter would be considered as having been submitted to or taken by the Administrator of DHA. All pending matters related to unemployment insurance and equal rights submitted to or actions taken by LIRC with respect to the pending matter would be considered as having been submitted to or taken by DWD.

Other provisions

Require DWD to maintain a searchable, electronic database of significant unemployment insurance decisions made by administrative law judges and the administrator. Authorize (but do not require) DWD to include in the database decisions of LIRC that were required to be maintained in the database under current law. Currently, LIRC is required to maintain a searchable, electronic database of significant unemployment insurance decisions made by LIRC.

[Bill Sections: 13, 33, 368, 402 thru 404, 507, 713 thru 718, 1330, 1331, 1333, 1335 thru 1378, 1392, 1408 thru 1443, 1449 thru 1451, 1455, 1458, 1460, 1753, 1756, 1760, 9101(6)& (7), and 9401(3)]

3. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

Governor: Transfer the following functions to the Division of Personnel Management within the Department of Administration (DOA) as part of a shared agency services program: (a) human resources; and (b) payroll and benefit services. Provide that the DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. This provision would only apply if the Governor's recommendation to eliminate LIRC is not adopted.

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

LEGISLATURE

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$75,110,100	$74,237,700	$74,292,000	- $1,690,500	- 1.1%	758.17	758.17	758.17	0.00	0.0%
PR	2,091,000	2,223,200	2,228,300	269,500	6.4	19.80	19.80	19.80	0.00	0.0
TOTAL	$77,201,100	$76,460,900	$76,520,300	- $1,421,000	- 0.9%	777.97	777.97	777.97	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $1,726,200
PR	189,500
Total	- $1,536,700

Governor: Provide adjustments to the base totaling -$896,200 GPR and $92,200 PR in 2017-18, and -$830,000 GPR and $97,300 PR in 2018-19. Adjustments are for: (a) turnover reduction (-$1,074,500 GPR annually); (b) removal of noncontinuing elements from the base (-$35,000 PR annually); (c) full funding on continuing position salaries and fringe benefits ($245,800 GPR and $112,900 PR annually); (d) reclassifications and semi-automatic pay progression ($22,900 GPR and $4,100 PR in 2017-18 and $22,900 GPR and $6,500 PR in 2018-19); and (e) full funding of lease and directed moves costs (-$90,400 GPR and $10,200 PR in 2017-18 and -$24,200 GPR and $12,900 PR in 2018-19). In addition, transfer $20,000 annually within the biennial GPR appropriation for the Legislative Technology Services Bureau from permanent position salaries to limited-term employee and miscellaneous salaries.

2. ACTUARIAL AUDIT SERVICES FOR BENEFIT PROGRAMS

PR	$80,000

Governor: Provide the Legislative Audit Bureau $40,000 annually of one-time funding to contract for actuarial audit services related to the annual audit of benefit programs administered by the Department of Employee Trust Funds. Under current law, the Legislative Audit Bureau is required to annually conduct a financial audit of the Department of Employee Trust Funds (ETF). Program revenue provided under the bill is supported by an assessment to ETF. Funding is provided under the bill on a one-time basis, and would, therefore, not be included in the Legislature's base budget for the 2019-21 biennium.

3. MEMBERSHIP DUES IN NATIONAL ORGANIZATIONS

GPR	$20,700

Governor: Provide $8,800 in 2017-18 and $11,900 in 2018-19 for legislative organization membership dues including the National Conference of State Legislatures (NCSL) and the National Conference of Commissioners on Uniform State Laws (NCCUSL). Funding for membership dues is supported by a sum sufficient appropriation with base funding totaling $257,100 annually. Membership dues to NCSL total $207,000 in 2017-18 and $210,100 in 2018-19, while membership dues to NCCUSL are estimated to total $58,900 annually.

4. ACTUARIAL STUDIES

GPR	$15,000

Governor: Provide $15,000 in 2017-18 for the Joint Legislative Council contractual studies biennial appropriation to conduct actuarial studies approved by the Joint Survey Committee on Retirement Systems. The appropriation has no base funding in 2016-17.

5. BIENNIAL BUDGET REQUEST REQUIREMENT

Governor: Require the Legislature to submit to the Department of Administration, no later than September 15th of each even-numbered year, proposals with respect to the Legislature's budget that: (a) maintain the Legislature's base level for its state operations budget for the current fiscal year during each fiscal year of the succeeding biennium; and (b) reduce the Legislature's state operations budget for each fiscal year of the succeeding fiscal biennium by an amount equal to 5% of the Legislature's base level for its state operations budget for the current fiscal year. Require the Secretary of the Department of Administration and the Director of the Legislative Fiscal Bureau to agree to the Legislature's base level for the purpose of making the proposals identified above. Under the bill, the Legislature's state operations budget would exclude standard budget adjustments, as agreed to by the Secretary of the Department of Administration and the Director of the Legislative Fiscal Bureau.

Under 2015 Act 201, executive branch agencies are required to submit two proposals in addition to their biennial budget request. The first proposal would be to maintain state operations appropriations for the two years of the next biennium at the base level and the second proposal would be to reduce state operations appropriations by 5% for each year of the biennium. Under current law, the legislative and judicial branches of government are excluded from this requirement. The bill would extend this requirement to the Legislature.

[Bill Section: 140]

6. ADMINISTRATIVE RULES MODIFICATIONS

Governor: The bill would make several changes to various aspects of the process for promulgating administrative rules. Changes to the administrative rules process under the bill, as well as relevant current law, are categorized below.

Scope Statements. Provide that when an agency prepares a statement of scope for any rule that it plans to promulgate, the scope statement must be approved by the individual or body with policy-making powers over the subject matter of the proposed rule (agency head) prior to the scope statement being sent to the Governor for approval. Eliminate the process under current law through which an agency head approves a scope statement. Under current law, after an agency prepares a scope statement for a proposed rule, the scope statement must be sent to the Governor and the agency head for approval. Further, current law provides that the agency head may not approve the scope statement until at least 10 days after publication of the scope statement in the Wisconsin Administrative Register (Register), which occurs after the Governor approves the scope statement.

Provide that, on the same day that the agency sends the scope statement to the Legislative Reference Bureau (LRB) for publication in the Register after the scope statement has been approved by the Governor, the agency must send a copy of the scope statement to the Chief Clerks of each house of the Legislature, who must distribute the statement to the Co-chairs of the Joint Committee for Review of Administrative Rules (JCRAR).

Authorize either Co-chair of JCRAR, within 10 days after a scope statement is published by LRB in the Register, to submit a written directive to the agency to hold a preliminary public hearing and comment period on the scope statement. Provide that if the agency is directed to hold a preliminary public hearing and comment period on a scope statement, or if the agency opts to do so on its own initiative, the agency is prohibited from taking further action with respect to the proposed rule other than for preparing the preliminary public hearing and comment period, until such a hearing and comment period conclude. Require the agency to submit a notice of a preliminary public hearing and comment period to the LRB for publication in the Register, in a format approved by the LRB. Require agency heads to approve the notice, and require that the notice include all of the following: (a) a statement of the date, time, and place of the preliminary public hearing; and (b) the place where comments on the scope statement should be submitted and the deadline for submitting those comments. Provide that requirements related to preliminary public hearings and comment periods on scope statements would apply to scope statements prepared for emergency rules.

Provide that agencies must hold the preliminary public hearing and comment period in accordance with the notice of the hearing discussed above. In addition, prohibit an agency from holding the hearing sooner than the 3rd day after the notice is published in the Register. Provide that preliminary public hearings on scope statements must be conducted in accordance the requirements for conducting public hearings on proposed rules. Require an agency to report all public comments and feedback on the scope statement from the preliminary public hearing and comment period to the agency head. In addition, require an agency to include a summary of any public comments and feedback on the scope statement that the agency received during a preliminary public hearing and comment period, as well as a description of how the agency took those comments and feedback into account in drafting the proposed rule, in the agency's plain language analysis that is included with a proposed rule.

Provide that, when agencies submit a notice to the Legislature with regards to a proposed rule that has been approved by the Governor and is referred to the Legislature for review, the notice must also include a list of the persons who appeared or registered for or against the proposed rule at a preliminary public hearing for the scope statement.

Provide that failure of any person to receive notice of a preliminary public hearing on a scope statement is not grounds for invalidating any resulting rule if notice of the hearing was published in the Register.

Modify current law with respect to when an agency may hold a hearing on the general subject matter of possible or anticipated rules for the purpose of soliciting public comment. Provide that an agency may hold such a hearing on a general subject matter prior to preparing a scope statement. Clarify that holding such a hearing prior to preparing the scope statement does not relieve the agency of its obligation to hold either a preliminary public hearing and comment period on a scope statement, if directed to do so by JCRAR, or a public hearing on a proposed rule after the rule is proposed. Under current law, an agency may hold such a hearing prior to preparing a proposed rule in draft form, as opposed to prior to preparing the scope statement.

Under current law, an agency must prepare a scope statement for any rule that it plans to promulgate, prior to drafting the proposed rule. The scope statement must include the following: (a) a description of the objective of the rule; (b) a description of existing policies relevant to the rule and of new proposed policies that will be included in the rule, as well as an analysis of policy alternatives; (c) the statutory authority for the rule; (d) estimates of the amount of time that state employees will spend to develop the rule and of other resources necessary to develop the rule; (e) a description of all of the entities that may be affected by the rule; and (f) a summary and preliminary comparison of any existing or proposed federal regulation that addresses the activities to be regulated by the rule. After the agency prepares the scope statement, the statement is sent to the Governor and agency head for approval. After the Governor approves a scope statement, the agency must submit a notice to the LRB regarding the Governor's approval of the scope statement, for inclusion in the Register.

Subject to certain exceptions, current law requires that a public hearing on a proposed rule be held after preparation of a scope statement but before the final draft rule is approved by the Governor. In addition to this current law requirement for public hearings on proposed rules, the bill would create an avenue through which JCRAR may require an agency to hold a preliminary public hearing and comment period on a scope statement for a proposed rule.

Economic Impact Analyses -- Passage of Bill Required for Certain Rules. Provide that an agency may not begin soliciting information and advice to prepare an economic impact analysis (EIA) for a proposed rule until after the completion of the following (whichever occurs later): (a) the 10-day period for JCRAR's review of the scope statement on a proposed rule has been completed; or (b) the preliminary hearing and public comment period for a scope statement on the proposed rule has been complete (discussed above).

Specify that an EIA for a proposed rule must contain information on the economic effect of the proposed rule on specific regulated individuals and entities, in addition to information on the economic effect of the proposed rule on other entities identified under current law. Under current law, an EIA must contain information on the economic effect of a proposed rule on specific businesses, business sectors, public utility ratepayers, local governmental units, and the state's economy as a whole.

Provide that in addition to other current law requirements, an EIA for a proposed rule must include an estimate of the total implementation and compliance costs, expressed as a single dollar figure, which are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, as a result of the proposed rule. [While current law requires an EIA to include an analysis and detailed quantification of the implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, current law does not require that this quantification be expressed as a single dollar figure.] In addition, specify that the EIA include a determination as to whether $10,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals, over any two-year period, as a result of the proposed rule.

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

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

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

Provide that if an agency is prohibited from promulgating a rule due to its implementation and compliance costs, the agency may modify the proposed rule to address such costs, if the modification is germane to the subject matter of the proposed rule. Provide that if an agency modifies a proposed rule to address the implementation and compliance costs, the agency must prepare a revised EIA, which would be subject to DOA approval. Authorize an agency to continue with the rule-making process after the modification, if the revised EIA prepared by the agency, and any independent EIA prepared by a vendor subsequent to the modification, indicate that $10,000,000 or more in implementation and compliance costs are not reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals over any two-year period.

Repeal current law procedures related to DOA reviewing a proposed rule of an agency as a result of the findings of an agency's EIA. [These current law procedures are replaced with the provisions identified above.] Under current law, if an EIA for a proposed rule indicates that a total of $20,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to business, local governmental units, and individuals, DOA must review the proposed rule and issue a report. The agency may not submit a proposed rule to the Legislature for review until the agency receives a copy of DOA's report and the approval of the Secretary of DOA. The report prepared by DOA must include all of the following findings: (a) that the EIA is supported by related documentation contained or referenced in the EIA; (b) that the agency has statutory authority to promulgate the proposed rule; (c) that the proposed rule, including any administrative requirements, is consistent with and not duplicative of other state rules or federal regulations; and (d) that the agency has adequately documented the factual data and analytical methodologies that the agency used in support of: (1) the proposed rule; and (2) the related findings that support the regulatory approach that the agency chose for the proposed rule. Before issuing such a report, DOA may return a proposed rule to the agency for further consideration and revision with a written explanation as to why the proposed rule is being returned. If the agency head disagrees with DOA's reasons for returning the proposed rule, the agency head must notify DOA in writing. The Secretary of DOA must approve the proposed rule when the agency has adequately addressed the issues raised during DOA's review of the rule.

Under current law, an agency must generally prepare an EIA for a proposed rule before submitting the proposed rule to the Legislative Council staff for review. The EIA must contain information on the economic effect of the proposed rule on specific entities (identified above). When preparing the analysis, the agency must solicit information and advice from businesses, associations representing businesses, local governments, and individuals that may be affected by the proposed rule. The agency must prepare the EIA in coordination with local governmental units that may be affected by the rule. Generally, the EIA must include all of the following: (a) an analysis and quantification of the policy problem that the proposed rule is intending to address, including comparisons with the approaches used by the federal government and by Illinois, Iowa, Michigan, and Minnesota to address that policy problem; (b) an analysis and detailed quantification of the economic impact of the proposed rule, including implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governments, and individuals; (c) an analysis of the actual and quantifiable benefits of the proposed rule; (d) an analysis of alternatives to the proposed rule, including the alternative of not promulgating the proposed rule; (e) a determination made in consultation with businesses, local governments, and individuals that may be affected by the proposed rule, as to whether the proposed rule would adversely affect in a material way the economy, a sector of the economy, productivity, jobs, or the overall economic competitiveness of the state; (f) if the EIA relates to a proposed rule of the Department of Safety and Professional Services establishing standards for the construction of a dwelling, an analysis of whether the proposed rule would increase the cost of constructing or remodeling a dwelling by more than $1,000; and (g) an analysis of the ways and extent to which the proposed rule would place any limitations on the free use of private property.

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

Require a vendor preparing an independent EIA to do all of the following: (a) include in the independent EIA all of the information that is required in an EIA prepared by state agencies; (b) provide a detailed explanation of any variance from agency's dollar estimate of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governmental units, and individuals as a result of the proposed rule; (c) upon completion of the analysis, submit the analysis to the agency, DOA, the Governor, and the Chief Clerks of each house of the Legislature, who must distribute the independent EIA to the presiding officers of their respective houses, the chairs of the appropriate standing committee, and the Co-chairs of JCRAR; and (d) complete the independent EIA within 60 days after contracting to prepare the analysis.

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

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

In contrast, provide that if an independent EIA is requested by a Co-chair of JCRAR, payment to the vendor is supported in one of the two following manners: (a) if the estimate in the independent EIA of the total implementation and compliance costs of a proposed rule varies from the agency's EIA by 15% or more (or varies from the agency's finding that there would be no implementation or compliance costs), JCRAR must assess the agency that proposed the rule to support the vendor costs and receive the funding in the Legislature's new appropriation for reimbursing independent EIA vendors; or (b) if the estimate in the independent EIA of the total implementation and compliance costs of a proposed rule does not vary from the agency's EIA by 15% or more (or if the independent EIA is in accord with the agency's determination that there are no compliance costs), then JCRAR must reimburse the vendor through the equal utilization of the Legislature's sum sufficient appropriations for the operations of the Senate and the Assembly.

Provide that any independent EIAs related to a proposed rule be included: (a) on the Legislative Council's website on proposed rules; (b) with a notice for a public hearing on a proposed rule; and (c) with a notice to the Legislature that a proposed rule has been approved by the Governor and is in final draft form.

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

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

Notification to JCRAR of Submission of Proposed Rule to Governor. Require agencies to notify JCRAR whenever the agencies submit a proposed rule in final draft form for approval by the Governor. Under current law, rules proposed by agencies that are in final draft form must be approved by the Governor prior to being submitted to the Legislature for committee review.

Gubernatorial Approval of Germane Modifications. Provide that, if an agency makes a germane modification to a proposed rule while the proposed rule is being reviewed by a standing committee of the Legislature, or if the germane modification is made subsequent to the review period of a standing committee, such a germane modification is subject to the approval of the Governor. Provide that if, within 10 working days after the date the agency submits the modification to the Governor, the Governor does not notify the agency that the Governor rejects the modification or that the Governor requires additional time to review the modification, the modification is considered approved and may be made as proposed by the agency. Require the Governor to provide the agency with a written notice of approval if the Governor approves of a modification prior to the 10-day review period or after notifying the agency that the Governor requires additional time to review the modification. Provide that if the Governor does not approve the modification, the Governor must provide the agency with a written notice of nonapproval and the agency may not promulgate that proposed rule, except that the agency may resubmit the proposed rule to the Legislature without the germane modification. Provide that these provisions related to gubernatorial approval of germane modifications do not apply to proposed rules from the Department of Safety and Professional Services that have been objected to by JCRAR because the proposed rule increases the cost of constructing or remodeling a dwelling by more than $1,000.

Under current law, an agency may submit a germane modification to a proposed rule while the rule is being reviewed by a standing committee of the Legislature. An agency may also modify a proposed rule following standing committee review, if the modification is germane to the subject matter of the proposed rule. If the germane modification is made subsequent to the review period of the standing committee, then the proposed rule must be resubmitted to the Legislature for referral to the relevant standing committees. Current law does not require gubernatorial approval of these germane modifications to proposed rules.

Repeal of Unauthorized Rules. Define an "unauthorized rule" as a rule that an agency lacks the authority to promulgate due to the repeal or amendment of the law that previously authorized its promulgation. Create a special process through which an agency may petition JCRAR for authorization to repeal an unauthorized rule. Provide that the special process is as follows:

- First, require the agency to submit a petition with a proposed rule that repeals the unauthorized rule to the Legislative Council staff for review. Require the proposed rule to be in the standard form required of administrative rules. In addition, require the agency to submit the following materials: (a) a reference to each statute that the proposed rule interprets, each statute that authorizes its promulgation, each related statute or related rule, and an explanation of the agency's authority to promulgate the proposed rule; (b) a brief summary of the proposed rule; (c) the electronic mail address and telephone number of an agency contact person for the proposed rule; and (d) a statement that the agency is petitioning JCRAR to use the special process for repealing unauthorized rules.

- Second, require Legislative Council staff to review the agency's petition to JCRAR, as well as the proposed rule, in a similar manner through which Legislative Council staff review proposed rules that are promulgated through standard procedures. Require Legislative Council staff to submit a report on its review of the proposed rule to JCRAR, as well as a statement of its determination as to whether the proposed rule proposes to repeal an unauthorized rule. Under the bill, Legislative Council staff would have 20 working days to perform its review of the rule (subject to a 20 working day extension), and its review would generally include the following: (a) a review of the statutory authority under which the agency intends to promulgate the proposed rule; (b) a review to ensure that the correct procedures and requirements of the administrative rules process have been followed; and (c) a review to ensure that the proposed rule is drafted with correct style and form, and that the rule is not in conflict with existing rules or federal statutes and regulations.

- Third, require JCRAR to review the petition and proposed rule, as well as the report from Legislative Council. Specify that JCRAR may do any of the following: (a) approve the agency's petition if JCRAR determines that the proposed rule would repeal an unauthorized rule; (b) deny the agency's petition; and (c) request that the agency make changes to the proposed rule and resubmit the petition and proposed rule.

- Fourth and finally, require JCRAR to inform the agency in writing of its decision.

Provide that if JCRAR approves the agency's petition and proposed rule to repeal an unauthorized rule, the agency may promulgate the proposed rule by filing a certified copy of the rule with the LRB, along with a copy of JCRAR's decision.

Extension of Emergency Rules. Delete the current law provision that prohibits JCRAR from extending an emergency rule for a period that exceeds 60 days. Under current law, emergency rules remain in effect for only 150 days. However, JCRAR may extend an emergency rule for a period not to exceed 60 days, and may grant any number of extensions for the emergency rule, but the total period for all extensions may not exceed 120 days. Under the bill, JCRAR would still generally be prohibited from extending an emergency rule for a total period that exceeds 120 days (subject to the exception identified below).

Authorize JCRAR to extend an emergency rule for a period that does not extend beyond March 31 of the following year, provided that the extension is granted within 30 days of the last day of the Legislature's final general-business floor period in the biennial session. Provide that such an extension may be in addition to, and may overlap with, a standard extension of an emergency rule (identified above).

Provide that a request by an agency to JCRAR to extend the effective period of an emergency rule must be made in writing to JCRAR no later than 30 days before the current expiration date of the emergency rule. Current law provides that an agency's request for emergency rule extension must be submitted no later than 30 days before the initial expiration date of the emergency rule.

Agencies Restricted from Promulgating Rules. Prohibit a "restricted agency" from taking any action with respect to the promulgation of a rule unless subsequent legislation specifically authorizes such an action. Define a restricted agency as a board, commission, examining board, or affiliated credentialing board that has not promulgated a rule in 10 years or more. Provide that this provision first apply on the effective date of the budget bill.

Guidance Documents. Define guidance document to mean any formal or official document or communication issued by an agency, including a manual, handbook, directive, or informational bulletin, that does any of the following: (a) explains the agency's implementation of a statute or rule enforced or administered by the agency, including the current or proposed operating procedure of the agency; or (b) provides guidance or advice with respect to how the agency is likely to apply a statute or rule enforced or administered by the agency, if that guidance or advice is likely to apply to a class of persons similarly affected.

Specify that a guidance document does not include any of the following: (a) a rule or any document or communication that imposes any binding or enforceable legal requirement; (b) an adopted standard or a statement of policy or interpretation, whether preliminary or final, made in the decision of a contested case, a private letter ruling from the Department of Revenue, or in an agency decision or disposition of a particular matter as applied to a specific set of facts; (c) any document or activity that is expressly excluded from being considered a "rule" under current law, except that a pamphlet or other explanatory material that is informational in nature would generally be considered a guidance document; (d) any document that any statute specifically provides is not required to be promulgated as a rule; (e) a declaratory ruling issued by an agency with respect to the applicability of any rule or statute enforced by the agency on a particular matter; (f) a formal or informal opinion of the Attorney General; (g) a formal or informal advisory opinion issued by the Elections Commission or the Ethics Commission; (h) any document or communication for which a procedure for public input is provided by law, other than the required procedure created for public comments on guidance documents (discussed above); and (i) any document or communication that is not subject to the right of inspection or copying under the state's open records law.

Provide that, no less than 21 days before adopting a guidance document, an agency must post the proposed guidance document on the agency's Internet site and, on the same date, submit a notice of a public comment period on the proposed guidance document to the LRB for publication in the Register. In addition, provide that the agency must submit a copy of the proposed guidance document and the Internet address of the agency's Internet site at which comments may be submitted to the LRB for publication in the Register. Provide that the notice does not need to be published in the Register on the same day the agency posts the proposed guidance document on its Internet site. Require agencies to provide for a period for public comment on a proposed guidance document, during which period any person may submit written comments to the agency with respect to the proposed guidance document. Provide that, unless otherwise authorized by the Governor, the period for public comment must end no sooner than the 21st day after the date on which the proposed guidance document is posted on the agency's Internet site. Require agencies to retain all written comments submitted during the public comment period and must consider those comments in determining whether to adopt or modify the guidance document as originally proposed, or take any other action.

Require agencies to post each guidance document that the agency has adopted on the agency's Internet site and to permit continuing public comment on those guidance documents. Require agencies to ensure that each adopted guidance document remains on the agency's Internet site until the guidance document is no longer in effect, is no longer valid, is superseded, or is rescinded by the agency.

Provide that a guidance document does not have the force of law and does not provide the authority for implementing or enforcing a standard, requirement, or threshold, including a term or condition of any license. Provide that a guidance document that imposes a regulatory obligation or consequence is invalid, and the regulatory obligation or consequence may not be administered or enforced unless the agency promulgates it as a rule. Provide that an agency that proposes to rely on a guidance document to the detriment of an individual in any administrative proceeding must afford the individual an adequate opportunity to contest the legality or wisdom of a position taken in the guidance document. Provide that an agency may not use a guidance document to foreclose consideration of any issue raised in the guidance document.

Provide that if an agency proposes to act in an administrative proceeding at variance with a position expressed in a guidance document, the agency must provide a reasonable explanation for the variance. Provide that if an affected person in an administrative proceeding may have reasonably relied on the guidance document for determining the agency's position, the agency's explanation for the variance must include a reasonable justification for the agency's conclusion that the need for variance outweighs the affected person's reliance interest.

Authorize persons who qualify to petition an agency to promulgate an administrative rule under current law may petition an agency to promulgate a rule in place of a guidance document.

Specify that the provisions relating to the adoption of guidance documents do not apply to guidance documents adopted before July 1, 2018.

Effective Date. Unless otherwise noted, provide that the provisions related to administrative rules reform take effect on July 1, 2018.

[Bill Sections: 423, 480, 592, 593, 1168, 1707, 1708, 1710 thru 1744, 1747 thru 1752, 9352(2), and 9452(1)]

7. EMERGENCY RULE PUBLICATION

Governor: Provide that an emergency rule takes effect on the date the rule is published in the Wisconsin Administrative Register, or on the later date specified in the rule. Delete the current law provision that an emergency rule takes effect on the date the rule is published in the official state newspaper (currently, the Wisconsin State Journal), or on the later date specified in the rule. Provide that this provision would first apply to an emergency rule filed with the Legislative Reference Bureau on July 1, 2017, or on the day after publication of the budget bill, whichever is later.

Generally, an agency may promulgate a rule as an emergency rule without complying with the notice, hearing, and publication requirements for administrative rules if preservation of the public peace, health, safety, or welfare necessitates putting the rule into effect prior to the time it would take effect if the agency complied with the standard requirements for administrative rules. Unless extended by the Joint Committee for Review of Administrative Rules, emergency rules remain in effect for only 150 days. The Wisconsin Administrative Register is electronically published by the Legislative Reference Bureau on the Monday of each week and generally contains information on proposed administrative rules and emergency rules.

[Bill Sections: 1745, 1746, 2107, 2211, and 9352(1)]

8. JUDICIAL COMPENSATION

Governor: Create a new continuing PR appropriation under the Supreme Court for judicial wage adjustments. Authorize the appropriation to receive money from the Supreme Court or from the Director of State Courts from transfers from other judicial appropriations, as approved in the new process for determining judicial compensation (discussed below). Provide that no moneys may be transferred to this appropriation from sum sufficient appropriations utilized to support: (a) salaries and expenses of the judges, reporters, and assistant reporters of the circuit courts; (b) the functions of the court of appeals; and (c) the functions of the Supreme Court.

Establish a new procedure under which salaries for state justices and judges are recommended to the Joint Committee on Employment Relations (JCOER) and established. Require the Director of State Courts to submit to JCOER recommendations and a proposal for adjusting the compensation and employee benefits for circuit and appeals court judges and justices of the Supreme Court. Require the Director to include all of the following in the proposal to JCOER: (a) a plan for the transfer of moneys from one or more appropriation accounts under subchapter VII of Chapter 20 of the statutes (judicial appropriations) to the new judicial wage adjustments appropriation created under the bill, except that the proposal may not include a plan to transfer funds from the sum sufficient appropriations utilized to support the circuit courts, Court of Appeals, and Supreme Court; (b) an identification of the appropriation from which the transfers under "a" are proposed to be made; (c) a projection of the amounts that will be transferred in each fiscal year; and (d) a projection of the amount the Director will receive in the judicial wage adjustments appropriation created under the bill during the biennium. Require JCOER to review the Director's proposal.

Provide that if JCOER approves one or more of the recommendations in the Director's proposal to transfer funds from judicial appropriations to the judicial wage adjustments appropriation, the Director may make the corresponding transfers between appropriations. Under the bill, separate legislation or approval of the Joint Committee on Finance (JFC) would not be required to authorize the transfer of funds between appropriations if such a transfer is approved by JCOER. Provide that in reviewing the Director's proposal, JCOER must apply certain procedures required of the review of the state employee compensation plan for general state employees. These procedures include:

- *Legislative Action*. If JCOER approves a provision of the Director's proposal that requires legislative action for implementation, JCOER would be required to introduce a bill or companion bills to be put on the legislative calendar to effectuate such a provision. [Notwithstanding, as identified above, separate legislation or JFC approval would not be required to authorize the Director of State Courts to transfer funds between judicial appropriations if such a transfer is approved by JCOER.] The bill or companion bills introduced by JCOER: (a) would not be required to be referred to the Joint Committee on Finance even if the bill appropriated money, provided for revenue or related to taxation; (b) would not be required to be referred to the Joint Survey Committee on Retirement Systems even if the bill related to retirement or pension payments for public officers or employees; and (c) could be passed by either house of the Legislature prior to the budget bill being passed by both houses even if the bill introduced by JCOER increased or decrease state revenues or costs by an annual amount exceeding $10,000. The Joint Committee on Employment Relations would be required to accompany the introduction of such proposed legislation with a message that informs the Legislature of JCOER's concurrence with the matters under consideration and which recommends the passage of such legislation without change.

- *Public Hearing of Proposal*. In reviewing the Director of State Court's plan, JCOER would be required to hold a public hearing on the proposal.

- *Adoption of Plan, Governor's Veto*. The recommendations from the Director of State Court's proposal that are approved by JCOER could be vetoed by the Governor within 10 calendar days of JCOER approval. A vote of six members of JCOER would be required to override such a gubernatorial veto.

Under current law, annual salaries for Supreme Court justices and circuit court and appeals court judges, along with other elected executive and legislative officials, are included in the state employee compensation plan. The state employee compensation plan is established by the administrator of the Division of Personnel Management within the Department of Administration and submitted to JCOER for review and approval. Generally, the compensation plan is established on a biennial basis to coincide with each biennial budget. [See "Supreme Court."]

[Bill Sections: 479, 503, 504, and 2225]

9. OCCUPATIONAL REGULATION REPORT

Governor: Provide that if any bill is introduced into either house of the Legislature that creates a requirement that an individual obtain a license in order to engage in a particular profession or occupation, or if the bill creates a requirement that a license be obtained in order for a particular type of business to be owned or operated, the Department of Administration (DOA) must prepare and issue an occupational license report on the bill within 30 business days after it is introduced. Provide that a bill that requires an occupational license report by DOA must have that requirement noted on its jacket when the jacket is prepared. Require the Legislative Reference Bureau to submit a copy of any bill that requires an occupational license report to DOA. Provide that DOA's occupational license report must be printed as an appendix to the applicable bill and must be distributed in the same manner as amendments. Require that the report be distributed before any vote is taken on the bill by either house of the Legislature if the bill is not referred to a standing committee, or, if the bill is referred to a standing committee, before any public hearing is held on the bill or before any vote is taken on the bill. Require DOA to publish the report on its Internet site.

For the purposes of DOA's occupational license report, define a "license" to include any permit, certificate, approval, registration, charter, or similar form of permission.

Provide that in preparing the occupational license report, DOA must request information from any individual or business that DOA considers likely to be affected by the proposed licensure requirement and must request a statement or analysis from the agency that would be required to administer the licensure requirement. Require individuals, businesses, and agencies to comply with requests from DOA for information that is reasonably necessary for DOA to prepare its report. Provide that to the greatest extent possible, DOA's report must be based on the information obtained by the Department from individuals, businesses, and agencies.

Specify that DOA's occupational license report include all of the following: (a) an evaluation of whether the unregulated practice or profession, occupation, or business can clearly harm or endanger the health, safety, or welfare of the public, and whether the potential for the harm is recognizable and not remote or speculative; (b) an evaluation of whether the public can reasonably be expected to benefit from the requirement for the license; (c) an evaluation of whether the public can be effectively protected by any means other than requiring a license; (d) an analysis of whether licensure requirements for that profession, occupation, or business exist in other states; (e) an estimate of the number of individuals or businesses that would be affected by the requirement; (f) an estimate of the total additional financial burden that will be imposed on an individual or business as a result of the licensure requirement, including education or training costs, examination fees, private credential fees, credential fees imposed by the agency, and other costs that the individual or business will have to incur in order to obtain the license; and (g) any statement or analysis from the agency that would administer the licensure requirement.

Provide that the requirement of an occupational license report would first apply to bills introduced 14 days after the publication of the 2017-19 biennial budget bill.

[Bill Sections: 1, 9329(1), and 9429(1)]

10. AUDIT BUREAU REVIEW OF FELONY AND MISDEMEANOR REVOCATION PROCESSES

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

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

[Bill Section: 9129(1)]

LIEUTENANT GOVERNOR

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$287,100	$382,100	$382,100	$190,000	33.1%	4.00	5.00	5.00	1.00	25.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$18,200

Governor: Provide $9,100 annually in the 2017-19 biennium associated with full funding of continuing positions salaries and fringe benefits.

2. FUNDING AND POSITION AUTHORITY

	Funding	Positions
GPR	$171,800	1.00

Governor: Provide $85,900 and 1.0 position annually for a new position under the Lieutenant Governor to provide logistical support.

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
SEG	$227,400	$224,300	$224,300	- $6,200	- 1.4%	2.00	2.00	2.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	- $6,200

Governor: Delete $3,100 annually from the conservation fund (75% water resources and 25% forestry account) for full funding of continuing salaries and fringe benefits.

Additionally, convert 1.0 position from the classified service to the unclassified service. The provision would reconcile the state budget system with statutory provisions specifying all employees of the Lower Wisconsin State Riverway Board (LWSRB) are to be in the unclassified service.

2. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

Although the bill does not transfer any position from the Lower Wisconsin State Riverway Board to DOA, the bill allows that on July 1, 2018, any position in LWSRB relating to human resources services and payroll and benefit services, as determined by the Secretary of Administration, and the incumbent employee holding that position, may be transferred to DOA. If a position were transferred to DOA, DOA indicates that the employee would remain housed at LWSRB, even though the position would be an employee of DOA. [See "Administration -- Transfers."]

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

MEDICAL COLLEGE OF WISCONSIN

Budget Summary						FTE Position Summary
		Governor		2017-19 Change Over Base Year Doubled		
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	
GPR	$10,175,500	$9,932,600	$9,764,300	- $654,100	- 3.2%	The state does not budget nonstate revenues or authorize positions of the Medical College of Wisconsin, which is a private, state-aided institution governed by a Board of Trustees.
PR	247,500	247,500	247,500	0	0.0	
TOTAL	$10,423,000	$10,180,100	$10,011,800	- $654,100	- 3.1%	

Budget Change Item

1. DEBT SERVICE REESTIMATE

GPR	- $654,100

Governor: Reduce funding by $242,900 in 2017-18 and by $411,200 in 2018-19 to reestimate debt service costs related to general fund supported borrowing issued for the benefit of the Medical College in previous biennia. Annual base level funding for GPR debt service is $3,637,500.

MILITARY AFFAIRS

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$26,789,900	$27,759,200	$26,880,900	$1,060,300	2.0%	81.08	81.08	77.28	- 3.80	- 4.7%
FED	71,580,800	72,692,200	72,696,800	2,227,400	1.6	352.65	362.15	358.35	5.70	1.6
PR	7,185,600	7,677,400	7,364,900	671,100	4.7	37.37	40.87	40.87	3.50	9.4
SEG	1,180,900	1,180,900	1,180,900	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$106,737,200	$109,309,700	$108,123,500	$3,958,800	1.9%	471.10	484.10	476.50	5.40	1.1%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$1,174,000
PR	312,000
FED	1,902,300
Total	$3,388,300

Governor: Provide adjustments to the base totaling $587,000 GPR, $155,600 PR, and $949,600 FED in 2017-18; and $587,000 GPR, $156,400 PR, and $952,700 FED in 2018-19. Adjustments are for: (a) turnover reduction (-$111,800 GPR and -$319,500 FED annually); (b) full funding of continuing position salaries and fringe benefits ($662,600 GPR, $110,200 PR, and $703,100 FED annually); (c) reclassifications and semiautomatic pay progression ($4,000 GPR, $3,800 PR, and $2,300 FED annually); (d) overtime ($35,300 GPR, $9,800 PR, and $411,100 FED annually); and (e) full funding of lease and directed moves costs (-$3,100 GPR, $31,800 PR, and $152,600 FED in 2017-18; and -$3,100 GPR, $32,600 PR, and $155,700 FED in 2018-19).

2. MOBILE FIELD FORCE GRANTS

GPR	$500,000

Governor: Authorize the Department to award mobile field force grants to Wisconsin law enforcement agencies to fund crowd-control training and equipment used for crowd control. Under the bill, a Wisconsin law enforcement agency would include a governmental unit of one or more persons employed full-time by the state or a political subdivision of the state for the purpose of preventing and detecting crime and enforcing state law or local ordinances. Employees of such a unit must be authorized to make arrests for crimes while acting within the scope of their authority.

Provide $500,000 in 2017-18 to DMA for the purpose of awarding these grants to local law enforcement agencies. Create a new continuing GPR appropriation in DMA's emergency management services program for providing mobile field force grants. Since the appropriation is continuing, even though all of the GPR funding for mobile field force grants is appropriated in 2017-18, the Department would be authorized to expend unspent amounts from the appropriation in subsequent fiscal years until fully expended. Under the bill, DMA would be prohibited from requesting an increase in the mobile field force grant appropriation in its biennial budget request for the 2019-21 biennium.

[Note that a discrepancy exists under the bill between the appropriation created for mobile field force grants and the statutory language created under the Emergency Management chapter of the statutes (Chapter 323) for these grants. More specifically, under the appropriation language created under the bill, mobile field force grants would be limited for local law enforcement agencies. In contrast, the statutory language created under Chapter 323 under the bill provides that mobile field force grants are for all Wisconsin law enforcement agencies, which would include state law enforcement agencies.]

[Bill Sections: 411, 1893, and 9132(1)]

3. NATIONAL GUARD AIRBASE MAINTENANCE

GPR	$66,000
FED	264,000
Total	$330,000

Governor: Provide $33,000 GPR and $132,000 FED annually to increase funding for maintenance at the Mitchell Field Airbase and the Truax Field Airbase. Under the state's National Guard Cooperative Agreement with the federal National Guard Bureau, funding for certain maintenance contracts and services for Mitchell Field Airbase and Truax Field Airbase are supported by federal funds and a state match requirement. Maintenance costs at the Mitchell Field Airbase are split 25% state funding and 75% federal funding, while maintenance costs at Truax Field Airbase are split 20% state funding and 80% federal funding. [Maintenance costs at Truax Field have a greater federal component due to the Aerospace Control Alert Homeland Defense Mission carried out by the 115th Fighter Wing, which is located at Truax Field.] Current funding for maintenance at these two airbases totals $425,300, comprised of $347,000 FED and $78,300 GPR. Funding for maintenance supplies and contract services is currently split between these two airbases as follows: $44,500 GPR and $178,000 FED for Mitchell Field and $33,800 GPR and $169,000 FED for Truax Field. According to DMA, maintenance costs at the airbases have increased in recent years due to inflation and an increased square footage at the facilities.

Under the bill, general purpose revenue funding provided to DMA for airbase maintenance is provided to the Department's National Guard operations repair and maintenance appropriation. Base funding for the repair and maintenance appropriation is $806,900 GPR annually. Federal funding provided under the bill is provided to DMA's National Guard operations federal aid continuing appropriation. Base funding for this appropriation is $31,326,300 FED annually.

4. LARGE-SCALE EMERGENCY RESPONSE EXERCISE

PR	$325,000

Governor: Provide $325,000 of one-time funding in 2017-18 to support an emergency response exercise known as Operation Dark Sky. Operation Dark Sky is a large-scale, multi-state, multi-disciplinary domestic operations exercise that DMA is intending to execute in May,

2018. The exercise will focus on responding to a wide-scale disruption of electrical power and conventional communication systems caused by a cyberattack. According to DMA, the majority of the funding provided under the bill will be utilized to reimburse local emergency responders participating in the exercise for food, transportation, and lodging costs.

Funding for DMA under the bill for Operation Dark Sky is supported by a transfer of funding from the Public Service Commission's (PSC) utility regulation annual PR appropriation to DMA's program services continuing PR appropriation. Program revenue funding transferred from the PSC is generated by assessments made by the PSC on public utilities, power districts, and sewerage systems. [See "Public Service Commission."]

5. STATE EMERGENCY OPERATIONS CENTER

Governor: Create statutory language authorizing the Adjutant General to operate a state emergency operations center (SEOC) during a state of emergency declared by the Governor. Require the Adjutant General to notify the Joint Committee on Finance in writing of the specific costs incurred as a result of an activation of the SEOC for more than 36 hours. Require the Adjutant General to include in that notification information concerning the following: (a) all costs incurred for equipment and supplies obtained to assist local units of government and local law enforcement in responding to a disaster; (b) overtime costs for the Division of Emergency Management (known as WEM -- Wisconsin Emergency Management) personnel; and (c) meals for personnel staffing the SEOC. Provide that the requested costs must be paid from a new appropriation created under DMA for the SEOC if the Co-chairs of the Joint Committee on Finance fail to notify the Adjutant General within 14 working days after the date of the Adjutant General's notification that the Committee has scheduled a meeting to review the Adjutant General's request (a 14-day passive review process). If, within 14 working days after the date of the Adjutant General's notification, the Co-chairs of the Committee notify the Adjutant General that the Committee has scheduled a meeting to review the request, the requested costs may be paid only as approved by the Committee.

Create a new annual SEG appropriation within DMA's emergency management services program to support the operation of the SEOC. Under the bill, no funding is appropriated to the appropriation during the 2017-19 biennium. The SEG fund utilized to support the new appropriation is the petroleum inspection fund.

Under current practice, DMA operates an SEOC in order to facilitate the coordination of various state and local agencies and volunteer organizations when an emergency occur. A WEM duty officer and senior duty officer are on-call 24 hours a day for the SEOC to receive information related to emergency situations. Depending on the gravity of the emergency, the SEOC may be activated, at which time various WEM staff and representatives from pertinent agencies coordinate a response in the SEOC. Currently, WEM costs related to activations of the SEOC are supported by DMA's emergency management services general program operations GPR appropriation. Base funding for this appropriation is $1,065,100. Since 2011, the SEOC has been activated for more than 36 hours between and zero and two times per year, at a cost of approximately $11,200 to WEM per activation.

[Bill Sections: 412, 1891, and 1892]

6. REACT CENTER PERMANENT POSITIONS

	Funding	Positions
PR	- $21,300	2.00

Governor: Provide 2.0 permanent positions for the Regional All Climate Training (REACT) Center, located at Camp Williams/Volk Field in Camp Douglas, Wisconsin. The 2.0 positions provided under the bill include two 0.5 training officers and 1.0 heavy equipment operator/facilities repair worker. In addition, reduce funding for the continuing PR appropriation utilized to support the REACT Center by -$15,600 in 2017-18 and -$5,700 in 2018-19. Funding for the REACT Center is reduced under the bill due to an anticipated decrease in overall expenditures associated with utilizing the 2.0 permanent positions provided under the bill to replace limited-term employees who currently perform responsibilities to operate the REACT Center. More specifically, funding under the bill is provided as follows: (a) $129,600 in 2017-18 and $139,500 in 2018-19 to support the salaries, fringe benefits, supplies and services, and one-time funding of the 2.0 new permanent positions for the REACT Center; and (b) -$145,200 annually associated with the reduction in funding for limited-term employees' salaries and fringe benefits.

The REACT Center is a facility where agencies and individuals may receive training in various emergency management subjects including, but not limited to, urban search and rescue, hazardous material response, and vehicle and machinery extrication. Base funding for the REACT Center is $727,100. Position authority is not currently appropriated for the REACT Center. Funding for the Center is generated from training course fees.

7. MILITARY PROPERTY PROGRAM

	Funding	Positions
PR	$160,400	1.00

Governor: Provide $80,200 and 1.0 position annually to convert 1.0 existing program and policy analyst project position to a permanent position. The position currently manages the excess military property program (also known as the 1033 program), and has position authority through June 30, 2017. [Since the project position has position authority through June 30, 2017, the position was removed from DMA's base budget in preparation for deliberation for the 2017-19 biennial budget.] Section 1033 of the National Defense Authorization Act of 1997 permits the federal Department of Defense to transfer excess military property to eligible state and local law enforcement agencies for use in counter-drug, counter-terrorism, and other law enforcement activities. State operations related to the 1033 program are supported by a combination of GPR and program revenue received from law enforcement participation fees, repayments of shipping and other costs, and sales of surplus equipment and supplies. Program revenue is received by DMA's program services continuing PR appropriation.

On February 25, 2016, under s. 16.505 of the statutes, the Department requested the creation of 1.0 permanent position to assist in the management of WEM's operations related to the excess military property program. On March 16, 2016, the Joint Committee on Finance approved DMA's request, subject to the condition that the requested position be created as a project position with position authority through June 30, 2017, as opposed to a permanent position. [According to the approval letter from the Committee dated March 16, 2017, the position was approved as a project position, rather than a permanent position, because, "it [was] uncertain whether future program revenue [would] be sufficient to support the requested position beyond June 30, 2017."]

8. TRAINING AND EXERCISE OFFICER

	Funding	Positions
PR	$61,000	0.50
FED	61,100	0.50
Total	$122,100	1.00

Governor: Provide $29,600 PR and $29,800 FED in 2017-18, and $31,400 PR and $31,300 FED in 2018-19, as well as 0.5 PR position and 0.5 FED position annually, to support 1.0 training and exercise officer position. The position would assist 3.0 existing training and exercise officers provide support and direction to state and local agencies conducting emergency preparedness exercises.

The position provided under the bill is split funded between program revenue and federal funds. Program revenue funding for the position is further split between the following two appropriations: (a) DMA's emergency planning and reporting - administration annual PR appropriation; and (b) DMA's program services continuing PR appropriation. The emergency planning and reporting - administration appropriation is utilized to support emergency planning, notification, response and reporting, as well as to administer grants to local emergency planning committees. Program revenue for the appropriation is generated from fees paid by facilities that are subject to federal regulations for hazardous chemicals under the federal emergency planning and community right to know (EPCRA) program. Base funding and position authority for the appropriation is $1,165,900 PR and 11.62 PR positions. Revenue and expenditures associated with DMA's program services appropriation derive from conferences, training, and other services provided by WEM, as well as the administration of the excess military property program and WEM's radiological emergency preparedness program. Base funding and position authority for the program services appropriation is $2,568,900 PR and 11.25 PR positions. Federal funding and position authority is provided to DMA's emergency management services federal aid - state operations appropriation. Base funding for this FED appropriation is $4,474,800 FED and 22.65 FED positions. Federal funding for the requested position would be derived from the federal emergency management performance grant program.

9. ELIMINATE ARMORY STORE OPERATIONS APPROPRIATION

PR	- $166,000

Governor: Delete the Department's National Guard operations armory store operations annual PR appropriation. Associated with the elimination of the appropriation, eliminate expenditure authority totaling $83,000 annually. Further, transfer 1.0 position from the armory store operations appropriation to the National Guard operations annual PR appropriation for billeting services. According to DMA, the transferred position has been supported by the billeting services appropriation for several biennia, and the position transfer would address this discrepancy.

Under current law, the armory store operations appropriation supports the operation of an armory store at Camp Williams. The Department indicates that the armory store at Camp Williams ceased operations in May, 2014.

[Bill Section: 410]

10. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
GPR	- 3.80
FED	- 3.80
Total	- 7.60

Governor: Delete 7.6 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) National Guard operations general program operations (-3.8 GPR positions); and (b) National Guard operations indirect cost reimbursements (-3.8 FED positions). Funding associated with the positions ($390,000 GPR and $308,600 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the Department of Military Affairs but would become DOA employees rather than employees of DMA.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

11. FUEL AND UTILITIES

GPR	- $870,000

Governor: Reduce funding by $447,600 in 2017-18 and $422,400 in 2018-19 associated with fuel and utility cost estimates at Army and Air National Guard facilities. Base funding for agency energy costs is $2,453,600.

12. DEBT SERVICE

GPR	$190,300

Governor: Provide $296,900 in 2017-18 and -$106,600 in 2018-19 to reflect the reestimate of GPR debt service costs on state general obligation bonds and commercial debt issued for National Guard facilities by DMA. Base funding for debt service costs for National Guard facilities totals $6,529,700 annually.

13. REESTIMATE OF PERMANENT FEDERAL POSITIONS

	Positions
FED	9.00

Governor: Provide 9.0 positions annually to more accurately align the number of FED positions authorized for the Department and the number of positions for which the federal government provides support. The 9.0 positions would be provided to the following FED appropriations in DMA: (a) 7.0 positions to the National Guard operations federal aid; state operations appropriation [base funding totals $31,326,300 and 280.48 positions annually]; (b) 1.0 position to the National Guard operations indirect cost reimbursements appropriation [base funding totals $774,500 and 7.52 positions]; and (c) 1.0 position to the emergency management services federal aid, homeland security appropriation [base funding totals $16,835,400 and 6.0 positions].

MISCELLANEOUS APPROPRIATIONS

Budget Summary						FTE Position Summary
	2016-17	Governor		2017-19 Change Over Base Year Doubled		
Fund	Adjusted Base	2017-18	2018-19	Amount	%	
GPR	$93,726,300	$92,323,700	$97,192,400	$2,063,500	1.1%	There are no authorized positions for Miscellaneous Appropriations.
PR	0	21,000,000	21,000,000	42,000,000	N.A.	
SEG	31,446,300	31,488,300	31,531,000	126,700	0.2	
TOTAL	$125,172,600	$144,812,000	$149,723,400	$44,190,200	17.7%	

Budget Change Items

1. OIL PIPELINE TERMINAL TAX DISTRIBUTION

GPR	$1,693,800

Governor: Increase estimated payments by $841,700 in 2017-18 and $852,100 in 2018-19. With these increases, oil pipeline terminal tax payments would equal $4,341,700 in 2017-18 and $4,352,100 in 2018-19, relative to base level funding of $3,500,000. The oil pipeline terminal tax distribution provides payments to municipalities where oil pipeline terminal facilities are located. The payment equals a proportionate share of the pipeline company's state tax payment based on the terminal facility's cost as a percentage of the gross book value of the pipeline company in Wisconsin.

2. MARQUETTE DENTAL SCHOOL DEBT SERVICE REESTIMATE

GPR	$323,500

Governor: Increase funding by $162,200 in 2017-18 and $161,300 in 2018-19 to reflect the reestimate of debt service costs on state general obligation bonds and commercial paper debt issued to fund a portion of the dental and educational facility for the Marquette Dental School. Total debt service cost associated with bonds issued for the school would be $2,319,700 in 2017-18 and $2,318,800 in 2018-19.

3. DISASTER DAMAGE AIDS TRANSFER TO TRANSPORTATION FUND

GPR	- $1,661,800

Governor: Make the following changes to the disaster damage aids transfer appropriation: (a) a decrease of $2,450,000 in 2017-18 to reflect the removal of first year funding from the base; and (b) an increase of $788,200 in 2018-19 to reflect an increase in the estimated amount needed to fund disaster claims in the 2017-19 biennium. 2013 Wisconsin Act 20 established a sum sufficient appropriation from the general fund to fund a transfer to the transportation fund in the second year of each biennium equal to the amount of disaster aid payments made in that biennium in excess of $1,000,000 for any single disaster event. The transfer was estimated at $6,500,000 in 2016-17 under 2015 Act 55. However, this amount was subsequently reestimated to the current base level of $2,450,000 to reflect slower than expected reimbursement claims for damage related to a 2011 storm in northwest Wisconsin. The Governor's recommendation would remove the 2017-18 base funding amount and fund the estimated transfer at $3,238,200 ($2,450,000 base funding plus the $788,200 increase) in 2018-19.

4. NONPOINT ACCOUNT TRANSFER REDUCTION

GPR	- $6,305,000

Governor: Reduce by $3,152,500 annually the sum-certain GPR transfer to the nonpoint account of the segregated environmental fund. The bill would reduce the annual GPR transfer from $11,143,600 to $7,991,100. However, the GPR reduction would be offset by a transfer of $3,152,500 each year of the 2017-19 biennium from the environmental management account of the environmental fund. [See the entry under "Natural Resources -- Environmental Quality" for additional information.]

[Bill Section: 9133(1)]

5. VOLKSWAGEN SETTLEMENT

PR	$42,000,000

Governor: Provide $21,000,000 annually to a new appropriation from revenue received from the environmental mitigation trust established under a settlement agreement with Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations, LLC, Audi AG, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc. (collectively referred to as Volkswagen). Create a continuing PR appropriation to receive settlement revenue from the trustee for the environmental mitigation trust. Provide that the appropriation may be utilized for the following, in accordance with the settlement guidelines: (a) to replace vehicles in the state fleet; and (b) to distribute funds to a county with a population of 750,000 or more (Milwaukee County) for the payment of all costs incurred by the county to replace vehicles owned by the county. Provide that no more than $21,000,000 may be expended from the appropriation in 2017-18. In addition, provide that no money may be expended from the appropriation after June 30, 2027. Funding under the bill is allocated as follows: (a) in 2017-18, $16,000,000 for the replacement of vehicles in the state fleet and $5,000,000 for distribution to Milwaukee County; and (b) in 2018-19, $21,000,000 for distribution to Milwaukee County.

Authorize the Department of Administration (DOA) to utilize Volkswagen settlement funds received from the environmental mitigation trust to replace vehicles in the state fleet, in accordance with settlement guidelines, and to distribute funds to Milwaukee County. With regards to the funding for the replacement of vehicles in the state fleet, provide that DOA may not expend more than $16,000,000 during the 2017-19 biennium for such a purpose. In addition, provide that the use of settlement funds for the replacement of vehicles in the state fleet must take precedence over the use of settlement funds to make distributions to Milwaukee County.

Authorize DOA to calculate the general purpose revenue or program revenue savings for a state agency that had a vehicle replaced through the utilization of Volkswagen settlement funds. Authorize DOA to lapse the savings to the state agency calculated by DOA to the general fund. Under the bill, there is no estimated lapse amount associated with this provision. Provide that these provisions do not apply after June 30, 2027.

Require DOA to distribute $26,000,000 in settlement funds from the environmental mitigation trust to Milwaukee County. Provide that Milwaukee County may utilize Volkswagen settlement funds it receives from DOA for the payment of all costs incurred by the County, in accordance with the settlement guidelines, to replace vehicles owned by the county. Require that any distribution to Milwaukee County is subject to approval from the trustee of the environmental mitigation trust and is subject to receipt of sufficient settlement funds by DOA to make the distribution. Provide that these provisions do not apply after June 30, 2027.

Provide that DOA must reduce county and municipal aid payments to Milwaukee County by $1,950,000 annually from 2018 through 2027 if Milwaukee County receives a distribution from the Volkswagen settlement funds, except that if in any year between 2018 through 2027 the county and municipal aid payment to Milwaukee County is less than $1,950,000, DOA must reduce Milwaukee County's county and municipal aid payments and public utility distribution so that the total amount of the reduction is $1,950,000. Provide that these provisions do not apply after December 31, 2027.

On October 25, 2016, a consent decree was reached resolving consumer protection claims raised against Volkswagen by a multistate coalition of state attorneys general, as well as actions brought by the US Environmental Protection Agency, the US Department of Justice, the Federal Trade Commission, California, and car owners in private class action suits. Generally, the actions alleged that Volkswagen sold 2.0- and 3.0- liter diesel vehicles in the United States equipped with "defeat devise" software intended to circumvent applicable emissions standards for certain air pollutants, and concealed the existence of the defeat devise from regulators and the public. In addition, the actions alleged that Volkswagen made false statements to consumers in their marketing and advertising, misrepresenting that the cars were environmentally friendly or "green" and that the cars were compliant with federal and state emissions standards, when, in fact, Volkswagen knew that the vehicles emitted harmful oxides of nitrogen (NO_x) at rates higher than the law permitted.

In addition to other remediation provided under the consent decree, the decree establishes an environmental mitigation trust, which will be managed by a trustee approved by the court. Volkswagen is required to pay $2,700,000,000 to the environmental mitigation trust, of which $63,554,019 (or 2.35%) is allocated to Wisconsin (not including amounts that may be allocated to Wisconsin for administration costs). The consent decree prohibits the state from requesting payout of more than one-third of its allocation from the environmental mitigation trust during the first year after Volkswagen makes its initial deposit into the trust, and prohibits the state from requesting payout of more two-thirds of its allocation from the trust during the first two years after the initial deposit. The purpose of the trust is to achieve reductions in NO_x emissions in the United States. Generally, the consent decree authorizes environmental mitigation trust funding to be utilized to scrap, replace, or improve certain types of vehicles and equipment to achieve reductions in NO_x emissions, including: large trucks; buses; freight switchers; ferries and tugs; ocean going vessels; medium trucks; airport ground support equipment; forklifts and port cargo handling equipment; and light duty zero emission vehicle supply equipment. The consent decree establishes eligibility requirements associated with each category of vehicle and equipment.

In accordance with the terms of the consent decree requiring that no more than two-thirds of environmental mitigation trust funding be spent in the first two years, the bill appropriates $42,000,000 during the 2017-19 biennium (66% of $63,554,019). The administration indicates that it has not yet determined how the remaining funds from the trust will be utilized in subsequent years.

In addition to amounts received from the environmental mitigation trust, under the consent decree with Volkswagen, the Wisconsin Department of Justice (DOJ) received $11,428,800 in discretionary settlement money. Of this amount, $2,000,000 was transferred to the Department of Financial Institutions to support the demolition, deconstruction, and rehabilitation of foreclosed and blighted properties in the City of Milwaukee. The remaining $9,428,800 was retained by DOJ to be utilized as discretionary settlement money that may be utilized at the discretion of the Attorney General. [See "Shared Revenue and Tax Relief -- Direct Aid Payments" and "Transportation -- Local Transportation Aid"]

[Bill Sections: 111, 484, and 1210]

6. TRANSFERS TO THE CONSERVATION FUND

SEG	$126,700

Governor: Reestimate the revenue transferred from the transportation fund to the all-terrain vehicle (ATVs and utility terrain vehicles) and water resources (motorboats) accounts of the segregated conservation fund under the recreational vehicle fuel tax formulas. The following table shows budgeted base amounts for the ATV and motorboat formula transfers, and annual reestimates for each under the bill.

	2017-18			2018-19		
	Base	Change	Total	Base	Change	Total
ATVs	$2,085,000	$38,600	$2,123,600	$2,085,000	$78,000	$2,163,000
Motorboats	13,240,000	3,400	13,243,400	13,240,000	6,700	13,246,700
Total	$15,325,000	$42,000	$15,367,000	$15,325,000	$84,700	$15,409,700

Transfers are based on the current fuel tax rate and the annual number of registered recreational vehicles. ATV and motorboat reestimates assume increases in registrations of each vehicle type in the 2017-19 biennium. Similar transfers for the snowmobile and utility terrain vehicle fuel tax formulas are budgeted under the bill at $5,270,000 and $232,000, respectively.

Other Miscellaneous Appropriation Changes

The description and fiscal effect of miscellaneous appropriation changes relating to Illinois-Wisconsin income tax reciprocity and interest on overpayment of taxes are summarized under "General Fund Taxes."

NATURAL RESOURCES

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$110,721,900	$107,831,000	$111,029,600	- $2,583,200	- 1.2%	230.02	226.52	223.52	- 6.50	- 2.8%
FED	81,645,400	81,485,000	81,150,000	- 655,800	- 0.4	479.84	475.84	466.84	- 13.00	- 2.7
PR	35,896,600	31,514,200	31,514,200	- 8,764,800	- 12.2	243.89	242.89	242.89	- 1.00	- 0.4
SEG	333,950,100	326,778,800	325,346,600	- 15,774,800	- 2.4	1,595.35	1,595.85	1,572.35	- 23.00	- 1.4
TOTAL	$562,214,000	$547,609,000	$549,040,400	- $27,778,600	- 2.5%	2,549.10	2,541.10	2,505.60	- 43.50	- 1.7%
BR		$12,900,000								

Budget Change Items

Reorganization

1. DEPARTMENT REORGANIZATION

Governor: Make numerous changes, primarily to appropriations, related to the reorganization of the Department of Natural Resources (DNR).

The provision would not have any net effect on overall appropriation levels in the 2017-19 biennium. Rather, the following sections describe: (a) statutory changes the bill would make to budgetary programs and appropriations created in Chapter 20 of the statutes; and (b) changes to budgetary subprograms, which the agency uses to further delineate expenditures in specific departmental program areas.

Fish, Wildlife and Lands Programs

Change the title under section 20.370(1) of the statutes from "Land and Forestry" to "Fish, Wildlife, and Parks" and change the title under section 20.370(2) of the statutes from "Air and Waste" to "Forestry." Renumber forestry-related appropriations from subsection (1) to subsection (2) of section 20.370 to reflect this change. Amend various appropriations to clarify that forestry appropriations are from the conservation fund and update cross-references to these forestry-related appropriations in other sections of the statutes. In addition, remove references to forestry facilities and rental fees from three general program operations appropriations under subsection (1), and create a new appropriation under subsection (2) for forestry rental and facility services. Specify that campground reservation fees applicable to southern state forests or state parks are deposited in the campground reservation fee appropriation under section 20.370(1)(er) of the statutes. Remove the reference to forestry purposes under the subsection (1) general program operations federal funds appropriation and create a new continuing conservation fund appropriation for federal aid for forestry management.

Renumber the Karner blue butterfly habitat conservation plan fee appropriation from subsection (1) to subsection (2). Change the endangered resources gifts and grants appropriation from 20.370(1)(gr) to 20.370(1)(fu).

Renumber the sum sufficient general fund appropriation for off-highway motorcycle registration grants and law enforcement from subsection (1) to subsection (9).

Make changes to reflect the movement of fisheries management from the former Division of Water to the new Division of Fish, Wildlife, and Parks. Specify that the general fund and conservation fund general program operations appropriations under subsection (1) may be used for general program operations relating to management of the state's fishery resources. Remove the reference to state fishery resources under the subsection (4) general program operations appropriation and create a new continuing appropriation for the deposit of federal aid for state fishery resources. Renumber appropriations related to fisheries management from subsection (4) to subsection (1) related to the movement of fisheries management to the Division of Fish, Wildlife, and Parks from the former Division of Water. Update cross references to these appropriations in other sections of the statutes. Renumber the subsection (4) environmental fund appropriation for the deposit of federal aid for water resources to subsection (2). The administration indicates this was done in error and this appropriation should be repealed; a modification is necessary to achieve this intent.

Air and Waste Programs

Change the title under section 20.370(4) of the statutes from "Water" to "Environmental Management." Renumber appropriations from subsection (2) associated with air management and solid waste management to subsection (4). Repeal the subsection (2) GPR program operations appropriation for the management and regulation of solid waste disposal and other related services. (The administration indicates the bill was intended to amend the subsection (4) general operations appropriation to specify that it may be used for environmental quality purposes; a modification is needed to meet this intent.) Repeal the subsection (2) appropriation for receipt of federal aid, for environmental quality purposes, but specify that the subsection (4) federal aid appropriation may be used for environmental quality purposes. Repeal the subsection (2) environmental fund general program operations appropriation, and specify that the subsection (4) environmental fund general program operations appropriation may be used for administration of environmental activities under Chapters 285, and 289 to 299 of the statutes.

Amend two subsection (2) general operations PR appropriations to include forestry facilities, and delete references to air and waste functions. Amend two subsection (4) general operations PR appropriations to specify use for environmental management functions and delete references to fishery resources.

Business Support and External Services

Change the title under section 20.370(3) of the statutes from "Public Safety and Business Support" to "Public Safety," and change the title under section 20.370(9) of the statutes from "Customer Assistance and External Relations" to "External Services." Renumber appropriations in subsection (3) related to business support and the Bureau of Environmental Analysis and Sustainability to subsection (9). Remove the reference to review of environmental impact requirements from the subsection (3) general fund and conservation fund general program operations appropriations.

Repeal the subsection (3) annual environmental fund general program operations nonpoint source water pollution research, evaluation and monitoring appropriation, and create a new annual environmental fund appropriation in subsection (9) for performing the duties under section 281.65 of the statutes, related to nonpoint source water pollution abatement programs and related financial assistance. Renumber the subsection (3) conservation fund appropriation for public health activities relating to surface water quality to subsection (4). Renumber appropriations related to watershed management from subsection (4) to subsection (9) to reflect the movement of watershed management from the former Division of Water to the new Division of External Services.

Renumber two appropriations under subsection (9) related to education fees at the MacKenzie environmental center and Horicon Marsh education and visitor center to subsection (1). Amend the language of the subsection (9) general program operations appropriations, including from the general fund, from stationary sources, from private and public sources, from service funds, from federal funds, from mobile sources, from the conservation fund, and from the environmental fund by deleting all references to "customer service, communications, licensing, registration, or aids administration," and replacing this language with "external relations." The bill does not define "external relations."

Internal Services and Administration

Change the title under 20.370(8) of the statutes from "Administration and Technology" to "Internal Services." In addition, create a federal all moneys received continuing appropriation in subsection (8) for the deposit of all moneys received from the federal government for land and property management.

Repeal Obsolete Appropriations

Further, repeal obsolete appropriations and corresponding statutory language, including appropriations for: (a) environmental impact statement fees, consultant services, printing and postage costs; (b) general fund-supported dam inspections and safety; (c) a grant to the Milwaukee Public Museum for an exhibit on biological diversity (no funds were allowed to be encumbered from the appropriation after June 30, 1999); (d) a one-time grant for the study of Lake Kohskonong under 2009 Act 28; (e) waste reduction and recycling gifts and grants; (f) a tribal gaming PR wastewater/drinking water grant to the Town of Swiss (Burnett County) that sunset in 2005; (g) GPR grants for scenic urban waterways; (h) general fund repayment and interest on recreational boating bonds; and (i) general fund gifts and grants for environmental management systems.

Summary and Tables

The table entitled "Former and New Budgetary Programs and Subprograms" shows the former budgetary programs and subprograms, as compared to the DNR's budgetary structure under the reorganization. Under the bill, the budgetary programs for conservation aids, environmental aids, and debt service and development remain the same. It should also be noted that in some cases, the budgetary subprogram may not reflect the organizational location of the staff. For example, the Office of Communications is, for budgetary purposes, housed under program 9 (External Services,) but organizationally housed under program 8 (Internal Services) attached to the Secretary's office. In addition, the administration notes that the "External Services Leaders" subprogram was inadvertently not included.

The table entitled "DNR Reorganization -- Transfers Between Programs and Subprograms" shows funding and position transfers under the Department reorganization item in the budget system. The provision would transfer among DNR's appropriations approximately $199.8 million in 2017-18 and $199.7 million in 2018-19, with 1,613.00 positions. For instances in which the funding and positions transferred in 2017-19 differ from amounts shown in the adjusted base, differences are attributable to other budget items listed separately for the agency, as the reorganization provision would not have any net effect on DNR authorized funding or positions. [In addition, the administration indicates that the changes made under this item do not fully incorporate all of the changes DNR and DOA intended to make as part of the reorganization.]

[Bill Sections: 2, 142, 143, 229 thru 241, 243 thru 329, 331 thru 342, 344 thru 348, 350 thru 356, 358, 359, 440, 456, 457, 469, 485, 516 thru 526, 548 thru 550, 554, 567, 570, 571, 573 thru 576, 578, 582 thru 585, 1169, 1199 thru 1207, 1805, 1806, and 1819 thru 1848]

Former and New Budgetary Programs and Subprograms

Former Programs and Subprograms	New Programs and Subprograms
Land and Forestry	**Fish, Wildlife, and Parks**
Land Program Management	Land Leaders
Wildlife Management	Wildlife Management
Forestry	Fisheries Management
Southern Forests	Southern Forests
Parks and Recreation	Parks and Recreation
Endangered Resources	Natural Heritage Conservation (Endangered
Resources)	
Facilities and Lands	Property and Recreation Management
Air and Waste	**Forestry**
Air Management	Forestry
Waste Management	
Remediation and Redevelopment	
Air, Waste and Remediation and Redevelopment (AWARE) Program Management	
Public Safety and Business Support	**Public Safety**
Law Enforcement	Law Enforcement
Office of Business Support and Sustainability	Enforcement Leaders
Science Services	
Enforcement and Science Program Management	
Water	**Environmental Management**
Watershed Management	Drinking and Groundwater
Fisheries Management	Water Quality
Drinking and Groundwater	Air Management
Water Quality	Waste and Materials Management
Water Program Management	Remediation and Redevelopment
	Environmental Leaders
Conservation Aids	**Conservation Aids**
Environmental Aids	**Environmental Aids**
Debt Service and Development	**Debt Service and Development**
Administration and Technology	**Internal Services**
Administration	Administration
Legal Services	Legal Services
Finance	Finance
Management and Budget	Management and Budget
Information Technology	Facility and Property Services
Human Resources	Information Technology
Rent	Human Resources
	Internal Services
	Rent
Customer Assistance and External Relations (Services) (CAES)	**External Services**
Customer Service and Licensing	Watershed Management
Communication and Education	Office of Communications
Community Financial Assistance	Community Financial Assistance
CAES Program Management	Environmental Analysis and Sustainability
	External Services Leaders
	Customer Service

DNR Reorganization -- Transfers Between Programs and Subprograms

Adjusted Base	Positions	Fund Source	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	Fund Source
Former Program							**New Program**				
Former Subprogram							**New Subprogram**				
Land							**Forestry**				
Forestry							**Forestry**				
$1,438,200	3.50	FED	-$1,461,900	-$1,461,900	-3.50	-3.50	$1,461,900	$1,461,900	3.50	3.50	FED
585,800	0.00	PR	-585,800	-585,800	0.00	0.00	585,800	585,800	0.00	0.00	PR
53,895,800	449.08	SEG (CF)	-52,347,800	-52,320,300	-449.08	-449.08	52,183,000	52,155,500	449.08	449.08	SEG (CF)
							Internal Services				
							Facility and Property Services				
							164,800	164,800	0.00	0.00	SEG (CF)
Facilities and Lands							**Facility and Property Services**				
2,478,200	12.80	FED	-2,406,500	-2,406,500	-12.80	-12.80	2,406,500	2,406,500	12.80	12.80	FED
284,800	3.00	PR	-281,600	-281,600	-3.00	-3.00	281,600	281,600	3.00	3.00	PR
8,353,000	74.50	SEG (CF)	-7,596,600	-7,596,600	-74.50	-74.50	7,596,600	7,596,600	74.50	74.50	SEG (CF)
Air and Waste							**Environmental Management**				
Air Management							**Air Management**				
65,000	0.50	GPR	0	0	0.00	0.00	0	0	0.00	0.00	GPR
3,255,000	34.00	FED	-3,178,700	-3,178,700	-34.00	-34.00	3,178,700	3,178,700	34.00	34.00	FED
10,770,700	92.00	PR	-9,696,300	-9,696,300	-92.00	-92.00	9,696,300	9,696,300	92.00	92.00	PR
158,600	2.00	SEG (EF)	-143,300	-143,300	-2.00	-2.00	143,300	143,300	2.00	2.00	SEG (EF)
1,522,200	5.50	SEG (PIF)	-1,424,600	-1,424,600	-4.50	-4.50	1,424,600	1,424,600	4.50	4.50	SEG (PIF)
Waste and Materials Management							**Waste and Materials Management**				
421,500	3.75	GPR	-407,700	-407,700	-3.75	-3.75	407,700	407,700	3.75	3.75	GPR
1,829,600	21.50	FED	-1,834,100	-1,834,100	-21.50	-21.50	1,834,100	1,834,100	21.50	21.50	FED
2,510,200	24.00	PR	-2,423,900	-2,423,900	-24.00	-24.00	2,423,900	2,423,900	24.00	24.00	PR
2,943,700	26.00	SEG (EF)	-2,927,500	-2,927,500	-26.00	-26.00	2,927,500	2,927,500	26.00	26.00	SEG (EF)
Remediation and Redevelopment							**Remediation and Redevelopment**				
558,500	6.00	GPR	-527,300	-527,300	-6.00	-6.00	527,300	527,300	6.00	6.00	GPR
3,361,400	35.00	FED	-3,504,300	-3,504,300	-35.00	-35.00	3,504,300	3,504,300	35.00	35.00	FED
1,074,200	11.50	PR	-1,017,900	-1,017,900	-11.50	-11.50	1,017,900	1,017,900	11.50	11.50	PR
4,551,800	22.50	SEG (EF)	-4,469,700	-4,469,700	-22.50	-22.50	4,469,700	4,469,700	22.50	22.50	SEG (EF)
3,669,200	31.95	SEG (PIF)	-3,550,800	-3,550,800	-31.95	-31.95	3,550,800	3,550,800	31.95	31.95	SEG (PIF)
224,900	2.00	SEG (DC)	-221,000	-221,000	-2.00	-2.00	221,000	221,000	2.00	2.00	SEG (DC)

Former Program Former Subprogram	Adjusted Base	Positions	Fund Source	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	New Program New Subprogram	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	Fund Source
AWARE Program Management								**Environmental Leaders**					
	$435,700	3.00	GPR	-$387,200	-$387,200	-3.00	-3.00		$387,200	$387,200	3.00	3.00	GPR
	516,400	3.50	PR	-456,300	-456,300	-3.50	-3.50		456,300	456,300	3.50	3.50	PR
	268,700	0.50	SEG (EF)	-267,600	-267,600	-0.50	-0.50		267,600	267,600	0.50	0.50	SEG (EF)
Law Enforcement								**Public Safety**					
Law Enforcement								**Law Enforcement**					
	1,486,500	13.77	GPR	-1,469,300	-1,469,300	-13.77	-13.77		1,469,300	1,469,300	13.77	13.77	GPR
	3,829,300	23.50	FED	-3,729,000	-3,729,000	-23.50	-23.50		3,729,000	3,729,000	23.50	23.50	FED
	1,255,200	10.00	PR	-1,211,500	-1,211,500	-10.00	-10.00		1,211,500	1,211,500	10.00	10.00	PR
	22,638,700	160.08	SEG (CF)	-20,986,500	-20,986,500	-160.08	-160.08		20,986,500	20,986,500	160.08	160.08	SEG (CF)
	1,773,900	13.48	SEG (EF)	-1,724,900	-1,724,900	-13.48	-13.48		1,724,900	1,724,900	13.48	13.48	SEG (EF)
								External Services					
Office of Business Support and Sustainability								**Bureau of Environmental Analysis and Sustainability**					
	1,490,200	15.00	GPR	-1,347,500	-1,347,500	-14.00	-14.00		1,347,500	1,347,500	14.00	14.00	GPR
	1,657,800	15.50	PR	-1,579,100	-1,579,100	-15.50	-15.50		1,579,100	1,579,100	15.50	15.50	PR
	133,300	1.50	SEG (CF)	-116,000	-116,000	-1.50	-1.50		116,000	116,000	1.50	1.50	SEG (CF)
	383,900	4.00	SEG (EF)	-409,300	-409,300	-4.00	-4.00		409,300	409,300	4.00	4.00	SEG (EF)
	150,300	2.00	SEG (PIF)	-160,800	-160,800	-2.00	-2.00		160,800	160,800	2.00	2.00	SEG (PIF)
								Environmental Management					
Integrated Science Services								**Drinking and Groundwater**					
	24,700	0.00	SEG (CF)	-24,700	-24,700	0.00	0.00		24,700	24,700	0.00	0.00	SEG (CF)
								External Services					
Integrated Science Services								**Bureau of Environmental Analysis and Sustainability**					
	457,500	4.61	GPR	-450,000	-450,000	-4.61	-4.61		450,000	450,000	4.61	4.61	GPR
	3,721,900	15.25	FED	-3,725,200	-3,725,200	-15.25	-15.25		3,725,200	3,725,200	15.25	15.25	FED
	1,166,400	7.14	PR	-1,179,100	-1,179,100	-7.14	-7.14		1,179,100	1,179,100	7.14	7.14	PR
	1,681,000	7.50	SEG (CF)	-1,583,600	-1,583,600	-6.50	-6.50		1,583,600	1,583,600	6.50	6.50	SEG (CF)
	592,300	4.50	SEG (EF)	-358,700	-358,700	-2.50	-2.50		358,700	358,700	2.50	2.50	SEG (EF)
	120,800	1.00	SEG (PIF)	-116,700	-116,700	-1.00	-1.00		116,700	116,700	1.00	1.00	SEG (PIF)

Adjusted Base	Positions	Fund Source	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	Fund Source
Former Program							**New Program**				
Former Subprogram							**New Subprogram**				
Water											
Watershed Management							**Watershed Management**				
$5,637,200	58.78	GPR	-$5,464,000	-$5,464,000	-58.78	-58.78	$5,464,000	$5,464,000	58.78	58.78	GPR
3,142,500	20.53	FED	-3,058,900	-3,058,900	-20.53	-20.53	3,058,900	3,058,900	20.53	20.53	FED
3,460,900	34.50	PR	-3,370,200	-3,370,200	-34.50	-34.50	3,370,200	3,370,200	34.50	34.50	PR
1,501,300	13.50	SEG (CF)	-1,527,300	-1,527,300	-13.50	-13.50	1,527,300	1,527,300	13.50	13.50	SEG (CF)
2,320,400	10.00	SEG (EF)	-2,242,800	-2,242,800	-12.00	-12.00	2,242,800	2,242,800	12.00	12.00	SEG (EF)
							Fish, Wildlife, and Recreation				
Fisheries Management							**Fisheries Management**				
1,815,000	0.00	GPR	-1,815,000	-1,815,000	0.00	0.00	1,815,000	1,815,000	0.00	0.00	GPR
5,892,700	32.66	FED	-5,814,500	-5,814,500	-32.66	-32.66	5,814,500	5,814,500	32.66	32.66	FED
306,200	2.00	PR	-308,300	-308,300	-2.00	-2.00	308,300	308,300	2.00	2.00	PR
19,149,000	172.98	SEG (CF)	-18,561,900	-18,561,900	-172.98	-172.98	18,561,900	18,561,900	172.98	172.98	SEG (CF)
Water Program Management							**Land Program Management**				
1,269,700	10.00	GPR	0	0	0.00	0.00	0	0	0.00	0.00	GPR
0	0.00	PR	0	0	0.00	0.00	0	0	0.00	0.00	PR
19,300	0.00	SEG (CF)	-19,300	-19,300	0.00	0.00	19,300	19,300	0.00	0.00	SEG (CF)
Administration and Technology							**Internal Services**				
Administration							**Administration**				
256,800	2.00	GPR	-316,300	-316,300	-2.00	-2.00	316,300	316,300	2.00	2.00	GPR
341,600	3.30	FED	-278,200	-278,200	-3.30	-3.30	278,200	278,200	3.30	3.30	FED
1,220,200	9.20	SEG (CF)	-1,124,100	-1,124,100	-9.20	-9.20	1,124,100	1,124,100	9.20	9.20	SEG (CF)
5,400	0.00	SEG (EF)	-5,400	-5,400	0.00	0.00	5,400	5,400	0.00	0.00	SEG (EF)
Customer Assistance and External Services							**External Services**				
Customer Service							**Customer Service**				
857,500	14.87	GPR	-826,500	-826,500	-14.37	-14.37	826,500	826,500	14.37	14.37	GPR
587,800	5.27	FED	-682,300	-682,300	-5.27	-5.27	682,300	682,300	5.27	5.27	FED
1,485,500	4.75	PR	-1,479,800	-1,479,800	-4.75	-4.75	1,479,800	1,479,800	4.75	4.75	PR
8,703,600	50.21	SEG (CF)	-8,551,100	-8,551,100	-50.21	-50.21	8,551,100	8,551,100	50.21	50.21	SEG (CF)
117,600	2.00	SEG (EF)	-112,600	-112,600	-2.00	-2.00	112,600	112,600	2.00	2.00	SEG (EF)
29,400	0.50	SEG (PIF)	-42,200	-42,200	-0.50	-0.50	42,200	42,200	0.50	0.50	SEG (PIF)

Former Program / **Former Subprogram** Adjusted Base	Positions	Fund Source	2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	**New Program** / **New Subprogram** 2017-18 Funding	2018-19 Funding	2017-18 FTE	2018-19 FTE	Fund Source
							Fish, Wildlife, and Recreation				
Communication and Education							**Parks**				
$31,500	0.20	GPR	$0	$0	0.00	0.00	$0	$0	0.00	0.00	GPR
278,500	2.50	FED	0	0	0.00	0.00	0	0	0.00	0.00	FED
526,800	1.00	PR	-138,500	-138,500	-1.00	-1.00	138,500	138,500	1.00	1.00	PR
451,700	2.10	SEG (CF)	0	0	0.00	0.00	0	0	0.00	0.00	SEG (CF)
149,500	1.00	SEG (EF)	0	0	0.00	0.00	0	0	0.00	0.00	SEG (EF)
2,500	0.00	SEG (PIF)	0	0	0.00	0.00	0	0	0.00	0.00	SEG (PIF)
							Internal Services				
Customer Assistance and External Services Management							**Internal Services**				
334,400	2.45	GPR	-331,800	-331,800	-2.45	-2.45	331,800	331,800	2.45	2.45	GPR
71,400	1.15	FED	-97,000	-97,000	-1.15	-1.15	97,000	97,000	1.15	1.15	FED
1,751,900	7.45	SEG (CF)	-1,643,800	-1,643,800	-7.45	-7.45	1,643,800	1,643,800	7.45	7.45	SEG (CF)
661,500	0.70	SEG (EF)	-659,600	-659,600	-0.70	-0.70	659,600	659,600	0.70	0.70	SEG (EF)
			-$199,761,700	-$199,734,200	-1,613.00	-1,613.00	$199,761,700	$199,734,200	1,613.00	1,613.00	

Note: Fund sources and program abbreviations used in the table are as follows:
Air, Waste and Remediation and Redevelopment (AWARE)
Environmental Fund SEG (EF)
Petroleum Inspection Fund SEG (PIF)
Conservation Fund SEG (CF)
Dry Cleaner SEG (DC)

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $1,513,700	0.00
FED	- 655,800	- 7.00
PR	- 2,317,400	0.00
SEG	- 21,084,500	- 1.00
Total	- $25,571,400	- 8.00

Governor: Provide adjustments to the base budget totaling -$12,697,900 in 2017-18 and -$12,873,500 in 2018-19 with the deletion of 8.0 positions as follows: (a) -$3,205,100 annually for turnover reduction (-$297,900 GPR, -$587,800 FED, -$118,100 PR, and -$2,201,300 SEG); (b) -$6,142,800 (-$70,500 FED and -$6,072,300 SEG) with a reduction of 4.00 FED and 1.00 SEG project positions beginning in 2017-18, and -$6,518,200 (-$445,900 FED and -$6,072,300 SEG) with a further reduction of 3.00 FED project positions beginning in 2018-19 for removal of non-continuing elements from the base; (c) -$6,739,000 (-$503,600 GPR, -$5,645,400 SEG, -$1,048,600 PR, and $458,600 FED) annually for full funding of continuing salaries and fringe benefits; (d) $3,194,500 ($8,000 PR and $3,186,500 SEG) annually for overtime; and (e) $194,500 ($29,500 GPR, $39,300 FED, and $125,700 SEG) in 2017-18 and $394,300 ($59,800 GPR, $79,700 FED, and $254,800 SEG) in 2018-19 for full funding of lease and directed moves.

2. ELIMINATE NATURAL RESOURCES MAGAZINE

	Funding	Positions
SEG	- $681,000	- 2.00

Governor: Delete $136,200 SEG in 2017-18 and $544,800 SEG in 2018-19 and 2.0 vacant positions (1.0 natural resources program specialist and 1.0 natural resources magazine editor). In addition, delete the natural resources magazine appropriation, effective July 1, 2018. Require the Department to publish the final issue of the Wisconsin Natural Resources Magazine in February, 2018, and eliminate publication of the magazine after that issue. Require DNR to, no later than June 30, 2018, refund to each subscriber of the magazine a prorated amount of the cost of any issues after February, 2018, for which the subscriber paid but will not receive. Remove references to the magazine in the Department's general promotional activities and publications appropriation and relating to conservation fund patron privileges, effective July 1, 2018. In addition, effective April 1, 2018, reduce the fee for a conservation patron license from $161 to $152.05 for residents (including 75¢ issuing fee), and $596 to $587.05 for nonresidents, a reduction of $8.95. This amount is nearly equal to the fee for a current one-year subscription of the magazine ($8.97) to reflect the elimination of the magazine as a patron privilege.

Under current law, the Department may periodically produce, issue, or reprint magazines or other periodicals containing information on resource management and related subjects. The direct costs of the agency's bi-monthly publication, *Wisconsin Natural Resources*, are entirely funded from subscription, single-copy and insert sales. The magazine carries no advertisements. The current subscription rates, including an annual $1 shipping and handling fee, are $8.97 for one year, $15.97 for two years and $21.97 for three years. The retail price of the magazine is $3 per issue. The rates are intended to recover the magazine's production costs. For the December, 2016 issue, approximately 83,800 copies of the magazine were issued, including copies provided to approximately 45,000 conservation patrons.

All magazine subscription revenues are deposited in a single appropriation, referred to as the natural resources magazine account of the conservation fund, which currently supports 2.0 positions within the agency's Office of Communication, as well as the costs of printing and distribution of *Wisconsin Natural Resources*. These positions are currently vacant and would be deleted under the bill. Currently, a limited-term employee (LTE) is responsible for magazine production and operations.

Under the bill, the last issue of the magazine would be the February, 2018, issue, and the Department would be required to, by June 30, 2018, refund to each subscriber with outstanding issues after the February, 2018, issue, a prorated amount of the subscription costs according to each subscriber's number of outstanding issues. Current statutory language allowing the Department to produce, issue, or reprint periodicals containing information on resource management and related subjects would remain, with all revenues from such materials deposited in the Department's general promotional activities and publications appropriation.

[Bill Sections: 343, 349, 515, 577, 580, 581, 9133(5), and 9433(3)]

3. WARREN KNOWLES-GAYLORD NELSON STEWARDSHIP PROGRAM

Governor: Maintain current law. The 2015-17 biennial budget reduced total authorized bonding for the program by $88.25 million and reduced annual allocations to $33.25 million beginning in 2015-16. The following table shows annual allocations under current law.

Stewardship Program Allocations

	2014-15	2015-16 thru 2019-20
Land Acquisition Subprogram		
DNR Acquisition	$15,500,000	$9,000,000
County Forests	4,500,000	5,000,000
Nonprofit Conservation Organizations (NCOs)	12,000,000	7,000,000
Subtotal	$32,000,000	$21,000,000
Property Development and Local Assistance Subprogram		
DNR Property Development	$7,000,000	$3,750,000
Kettle Moraine Springs*	7,000,000	0
Local Assistance	6,000,000	6,000,000
Subtotal	$20,000,000	$9,750,000
Recreational Boating Aids Subprogram	$2,500,000	$2,500,000
Total Bonding Allocation	$54,500,000	$33,250,000

*26.6 million is enumerated for the Kettle Moraine Springs Fish Hatchery project by 2015 Act 55. This includes up to $19.6 million in previously authorized, but unobligated, stewardship funds along with the $7 million set aside in fiscal year 2014-15.

4. PROGRAM REVENUE REESTIMATES

PR	- $5,619,000

Governor: Make the following reestimates of program revenue appropriations:

Appropriation	Annual Reduction
Communications, customer services, licensing, and aids administration services	-$810,400
Geographic information systems facilities, support services, and materials	-259,100
Facilities, materials, or administrative facilities services	-700,000
Resource acquisition and development - Department of Transportation	-990,000
Ferrous metallic mining operations	-50,000
Total	-$2,809,500

The reestimates reflect lower anticipated revenues and expenditures for each purpose in the 2017-19 biennium. However, under the appropriations above, DNR is authorized to expend all monies received for the purposes specified.

5. DEBT SERVICE REESTIMATE

GPR	- $547,100
SEG	- 767,200
Total	- $1,314,300

Governor: Delete $2,709,000 (-$1,857,700 GPR and -$851,300 SEG) in 2017-18 and provide $1,394,700 ($1,310,600 GPR and $84,100 SEG) in 2018-19 to reflect a reestimate of debt service payments on bonds issued for various DNR programs as shown in the following table:

	Adjusted Base	2017-18 Change to Base	2017-18 Estimate	2018-19 Change to Base	2018-19 Estimate	Total Biennial Change	
Stewardship and predecessors, dam safety	$72,461,500	-$1,362,700	$71,098,800	$1,308,000	$73,769,500	-$54,700	GPR
Water pollution abatement	0	0	0	100	100	100	GPR
Administrative facilities	709,400	-13,200	696,200	-15,800	693,600	-29,000	GPR
Combined sewer overflow	1,948,200	-436,600	1,511,600	64,800	2,013,000	-371,800	GPR
Municipal clean drinking water grants	222,700	-45,200	177,500	-46,500	176,200	-91,700	GPR
Water pollution abatement	7,449,200	-1,302,300	6,146,900	-402,200	7,047,000	-1,704,500	SEG (EF)
Rural nonpoint source grants- priority watershed program	6,910,300	-667,700	6,242,600	-1,168,600	5,741,700	-1,836,300	SEG (EF)
Remedial action	3,109,600	-413,800	2,695,800	-469,600	2,640,000	-883,400	SEG (EF)
Urban nonpoint source and municipal flood control grants	3,152,500	263,100	3,415,600	421,000	3,573,500	684,100	SEG (EF)
Contaminated sediment cleanup	2,104,500	-132,700	1,971,800	-93,100	2,011,400	-225,800	SEG (EF)
Rural nonpoint source grants- targeted runoff management	1,722,400	828,600	2,551,000	987,200	2,709,600	1,815,800	SEG (EF)
Administrative facilities	810,500	-4,000	806,500	31,800	842,300	27,800	SEG (EF)
Administrative facilities	5,189,700	625,900	5,815,600	873,200	6,062,900	1,499,100	SEG (CF)
Dam repair and removal	526,200	-3,300	522,900	-50,500	475,700	-53,800	SEG (CF)
Land acquisition	200	-100	100	-100	100	-200	SEG (CF)
Recreation development	45,000	-45,000	0	-45,000	0	-90,000	SEG (CF)
Total	$106,361,900	-$2,709,000	$103,652,900	$1,394,700	$107,756,600	-$1,314,300	

Environmental Fund SEG (EF)
Conservation Fund SEG (CF)

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
GPR	- 3.00
FED	- 6.00
SEG	- 21.50
Total	- 30.50

Governor: Delete 30.5 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) general program operations (-3.0 GPR positions); (b) indirect cost reimbursements (-6.0 FED positions); and (c) general program operations (-21.50 conservation fund SEG). Funding associated with the positions ($2,523,800) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the Department of Natural Resources but employed by DOA.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

7. TRANSFER VACANT POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING

	Funding	Positions
GPR	- $146,800	- 1.00

Governor: Transfer 1.0 vacant senior information and data services position to DOA "to strengthen information technology and services procurement and purchasing." Delete $73,400 annually from the agency's customer service, communications, and aids administration general program operations appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

8. TRANSFER VACANT POSITION FOR STATE CONTROLLER'S OFFICE STAFFING

	Funding	Positions
PR	- $92,600	- 1.00

Governor: Transfer 1.0 vacant financial specialist position to DOA to reflect workload changes resulting from the implementation of the enterprise resource planning system, commonly known as STAR (for State Transforming Agency Resources). Delete $46,300 annually from the agency's air stationary sources, federally-regulated operation permits appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

9. PRINTING, MAILING, AND PUBLISHING ELECTRONIC DISTRIBUTION OPTION

SEG	- $2,800

Governor: Allow the Department to meet its printing, mailing, and publishing requirements by making most materials available electronically as opposed to in hardcopy format, and correspondingly reduce funding by -$1,400 SEG annually. Exclude from this requirement: (a) legal notices; (b) notices of public hearings before a governmental body; (c) documents requiring a certificate of mailing, or mailing by certified or registered mail; and (d) notices of meetings of private and public bodies as required by law. Give the DOA Secretary the authority to waive particular printing, mailing, and publishing requirements in part or in whole or to waive electronic distribution for the Department of Natural Resources, if it is determined that waiving the requirement will reduce spending while keeping the information accessible to the public and protecting the public health and welfare.

[Bill Sections: 74 and 2264]

Forestry, Parks and Recreation

1. SUNSET FORESTRY MILL TAX

SEG-REV	- $180,454,900
GPR-Transfer	$180,454,900

Governor: Specify that, beginning in fiscal year 2017-18, and annually each year thereafter, an amount equal to 0.1697 mills for each dollar of the assessed valuation of the property in the state be transferred from the general fund to the conservation fund for the purpose of acquiring, preserving and developing the forests of the state and for other specified forestry purposes. Create a sum sufficient general purpose revenue (GPR) appropriation for the transfer and specify that the transfer amounts may be paid at intervals during each fiscal year as deemed necessary by the Secretary of the Department of Administration.

Further, require DOR to create a form for the property tax bills prepared under section 74.09 of the statutes for the property tax assessments as of January 1, 2017, that indicates that the state no longer imposes the forestation state tax. Require the form to indicate the amount of the forestation state tax that the taxpayer paid in the previous year. Remove references to the tax under other sections of the statutes including accrued tax receipts, revenues to the conservation fund, Kickapoo Valley Reserve aids in lieu of taxes, and errors in DOR assessment of counties and taxation districts.

Article 8 §10 (3) of the Wisconsin Constitution authorizes a state forestry tax of up to 0.2 mills (or 20¢ per $1,000 of property value) for the purpose of acquiring, preserving, and developing the forests of the state. The forestry mill tax is currently 16.97¢ per $1,000 of value for tax years 2007(08) and thereafter. For a median-valued home of $155,657, the state tax equaled $26.41 in 2016(17). This represents 0.9% of the home's estimated net tax bill, assuming the home is taxed at the statewide advantage tax rate.

The bill would sunset the forestry mill tax, or "forestation state tax," effective with the January 1, 2017, property tax assessments. The tax generated approximately $83 million in fiscal year 2015-16 and provides the majority of revenue to the forestry account of the segregated conservation fund. Instead, the bill would create a sum-sufficient GPR appropriation and specify that an amount of GPR equal to the amount that would have been provided under the forestry mill tax be transferred to the conservation fund annually. The bill estimates this amount at $88,759,300 in fiscal year 2017-18 and $91,695,600 in fiscal year 2018-19. The GPR fiscal effect appears under "Shared Revenue and Tax Relief -- Property Taxation."

[Bill Sections: 162, 180, 482, 483, 530 thru 533, 726, 727, 998 thru 1002, and 9138(1)]

2. FORESTRY RADIOS AND EQUIPMENT FUNDING

SEG	$523,400

Governor: Provide $261,700 forestry SEG annually as ongoing funding for the purchase of forestry radios, dispatch equipment, and maintenance and replacement of forestry radio tower repeater sites. Funding may support annual replacement of 20 portable (hand-held) radios, 12 mobile (vehicle-mounted) radios, two aviation radios, five base station repeaters and one dispatch radio console.

Funding would include $75,000 annually for tower maintenance and Federal Communications Commission (FCC) licensing of tower sites and base stations. The base stations constitute the Department's public safety communications network and include a system of towers and equipment that receives and amplifies radio signals to improve reception over long distances. The base station repeater network is used primarily for forest fire detection and control.

In the past, forestry radios and related equipment replacements were done through a master lease process. Most of this equipment was last purchased in 2009. DNR expects ongoing funding would allow the Division of Forestry to more actively manage the equipment in its inventory and avoid large simultaneous failures, as the equipment would be replaced at regular intervals. While the agency request of $434,200 would have provided funding to replace approximately 100 pieces of equipment per year on a seven-year replacement cycle, the administration indicates that the amount of ongoing funding provided under the bill was based on the amount of ongoing funding provided for the purchase of law enforcement computers under 2015 Act 55 ($261,700 annually).

3. FIREFIGHTER SAFETY EQUIPMENT

SEG	$277,500

Governor: Provide $152,500 in 2017-18 and $125,000 in 2018-19 from forestry SEG, on a one-time basis, for the replacement of firefighter safety equipment. Under the provision, $250,000 over the biennium would support the replacement of 500 fire shelters. The Division of Forestry has been requiring fire shelters for each firefighter since 2008. Fire shelters protect firefighters during emergencies by reflecting radiant heat and trapping breathable air. Fire shelters were last purchased in 2006. If deployed during a fire, the shelters are likely to be removed from service thereafter, but units otherwise have an expected life span of up to 12 years when stored properly. The request also includes $27,500 for the replacement of 250 drip torches, which are tools used in wildfire suppression, controlled burning, and other forestry applications to ignite fires.

4. FORESTRY EQUIPMENT MASTER LEASES

SEG	$213,800

Governor: Provide $106,900 forestry SEG as one-time funding in each of fiscal years 2017-18 and 2018-19 for the third and fourth years of four-year master leases for field data recorders for forestry staff and computers for forestry law enforcement personnel. Funding would support: (a) $76,900 in each year for 165 tablet field data recorders and associated software for forestry staff to gather data electronically and input the data into existing databases; and (b) $30,000 each year for the purchase of 27 computers and associated equipment for forestry law enforcement personnel.

5. FOREST FIRE AERIAL DETECTION SUPPLEMENT

SEG	$68,000

Governor: Provide $34,000 forestry SEG annually for supplemental aerial forest fire detection efforts. In 2016, the Division of Forestry decommissioned its forest fire lookout towers due to concerns regarding their structural integrity. As a result, the Department expects to increase forest fire aerial detection. Funding would cover 200 hours of aerial detection, in addition to 300 hours of aerial detection planned using funds previously dedicated to lookout towers.

6. TIMBER SALES DIRECT SALE THRESHOLD AND ADVERTISING REQUIREMENTS

SEG	- $2,800

Governor: Raise from $3,000 to $10,000 the threshold at which state forest, county forest, and community (city, village, town or school district) forest timber sales require public sale. In addition, specify that DNR, a county, city, village, town, or school district is required to announce such a timber sale through a post on the entity's Internet site or through publication of classified advertisements as required under current law. Further, delete $1,400 forestry SEG annually to reflect anticipated DNR cost savings related to the shifts from classified advertisements to online announcements of state forest timber sales.

Under current law, timber sales from state forests, county forests, and community forests with an estimated stumpage value of $3,000 or more must be sold through a public sale; county forest sales also may be through closed bid. Sales also are required to be announced through classified advertisement in a newspaper with general circulation in the area of the sale, with two advertisements required for state and community forest sales. Approval of the DNR Secretary also is required for sales of at least $3,000 from state and county forests. The bill would increase the threshold to $10,000 and allow DNR, a county, city, village, town, or school district to post the announcement on their website or through the classified advertisements required under current law.

[Bill Sections: 566, 568, and 572]

7. FOREST FIRE LIABILITY PAYMENTS

Governor: Specify that, for the purposes of recovering damages for forest fire suppression expenses from the liable party, the state is considered to have incurred all expenses described under section 26.14(3) of the statutes. In addition, specify that, if the state receives any payment of damages for these forest fire suppression expenses by the liable party, the county's share of certain suppression expenses related to the forest fire is reduced by the amount by which the damages received exceed the state's share of the expenses. In addition require that if, at the time the damages are paid, the county has already paid its share of expenses to the state, the state reimburse the county the amount by which the damages received exceed the state's share of expense.

Under section 26.14(3) of the statutes, the state and the county in which a forest fire occurs are required to pay an equal portion of certain fire suppression costs, including hourly wages for emergency fire wardens and their employees and equipment operators and other specialists, as well as any meals, transportation, and disbursements for emergency equipment that DNR allows. Currently, any person who sets a fire on any land and allows the fire to escape and become a forest fire is liable for all expenses incurred in the suppression of the fire by the state or town in which the fire occurred. Under current law, the state or the town in which the fire occurred may seek damages for expenses related to suppression of the fire. There is currently no mechanism for a county to seek damages for their forest fire suppression expenses. Currently, if the state (DNR) seeks judgment against a responsible party to recover forest fire suppression expenses related to the fire, the state retains the full amount of the judgment (damages).

Under the bill, if the state receives a judgment for forest fire suppression expenses, the county's share of the fire suppression expenses under section 26.14(3) would be reduced, or the county would be reimbursed, by the amount that the judgment exceeded the state's share of the specified forest fire suppression expenses. However, a county would receive payment only if damages received exceeded one-half of the specified suppression costs.

[Bill Sections: 551 thru 553]

8. COUNTY FOREST TIMBER SALE REPORTING REQUIREMENTS

Governor: Require a county to submit to the DNR a report of merchantable wood products cut within 90 days after completion of any county forest cutting operation, including timber trespass, not more than five years after filing the cutting notice.

Current law requires a county to submit the merchantable wood products report within two years of filing the cutting notice.

[Bill Section: 569]

9. RELOCATION OF CHIEF FORESTER AND DIVISION OF FORESTRY EMPLOYEES

Governor: Require DNR to relocate the headquarters for the chief state forester to an existing Department facility north of State Highway 29 no later than January 1, 2018. In addition, specify that the Department may allow Division of Forestry employees located in the Department office at 101 South Webster Street in the City of Madison as of the bill's effective date to relocate to existing state-owned or state-leased facilities north of State Highway 29 designated by the chief state forester. Further, require DNR to pay relocation expenses as described under s. 20.917(1)(a) of the statutes, for each employee who relocates under this provision during the 2017-19 fiscal biennium. Finally, require DNR to report, by February 1, 2019, to the Governor and the Co-chairs of the Joint Committee on Finance on the number of employees who have relocated.

Currently, the chief state forester and some Division of Forestry staff are located at the Natural Resources State Office Building at 101 South Webster Street in Madison. The bill would require DNR to relocate the headquarters for the chief state forester to an existing Department facility north of State Highway 29. The bill does not specify a facility. Additional DNR forestry staff currently located in the Madison office would be allowed to relocate to facilities located north of State Highway 29 as designated by the chief state forester, and the Department would be required to pay certain relocation expenses for these staff. Relocation expenses under section 20.917(1)(a) of the statutes include the employee's actual and necessary expense of transporting: (a) the employee and the immediate members of the employee's family to the new place of residence, and (b) the employee's household effects to the new place of residence.

The provision would not directly affect state appropriations, and the Department would be assumed to support all employee relocation costs using existing budget authority.

[Bill Section: 9133(2)]

10. PARKS FEE INCREASES

SEG-REV	$1,400,000

Governor: Effective January 1, 2018, specify a range of vehicle admission and camping fees for Wisconsin state parks and forests that the DNR may charge, as determined by the DNR Secretary, as shown in the table. In addition, the bill specifies that the camping fee changes first apply to camping reservations made beginning on January 1, 2018. The table shows fees in place prior to 2015 Act 55 (the 2015-17 budget act), current fees under 2015 Act 55, and those under the bill.

State Park and Forest Admission, Trails, and Camping Fees
Under Prior Law, 2015 Act 55, and Governor's Bill

	Prior Law	2015 Act 55 Current Law	Governor's Bill	Bill Change to Current Law
State Park Vehicle Admissions				
Resident				
Annual	$25.00	$28.00	$28 to $38	up to $10
Additional Annual	12.50	15.50	$15.50	---
Daily Auto	7.00	8.00	$8 to $13	up to $5
Daily Bus	10.00	11.00	$11 to $16	up to $5
Daily Nursing Home Bus	3.50	3.50	$3.50 to $8.50	up to $5
Senior Annual	10.00	13.00	13.00	---
Senior Daily	3.00	3.00	3.00	---
Non-Resident				
Annual	$35.00	$38.00	$38 to $48	up to $10
Additional Annual	17.50	20.50	20.50	---
Daily Auto	10.00	11.00	$11 to $16	up to $5
Daily Bus	14.00	15.00	$15 to $20	up to $5
Daily Nursing Home Bus	6.00	6.00	$6 to $11	up to $5
Trail Pass				
Annual	$20.00	$25.00	25.00	---
Daily	4.00	5.00	5.00	---
State Park and Forest Camping Fees				
Resident, Per Night	$12.00 or 15.00*	$15 to $20	$15 to $30	up to $10
Non-Resident, Per Night	14.00 or 17.00*	$19 to $25	$19 to $35	up to $10
Additional Camping Fees				
Electricity	$5.00	$10.00	$10.00	---
Water View**	3.00	3.00	3.00	---
Reservation Fee	9.70	9.70	9.70	---

* The upper end of these ranges prior to 2015 Act 55 reflect $3 higher fees for camping at select properties.
** The Department is currently statutorily authorized to waive camping fees, charge additional camping fees, or charge special fees instead of camping fees for certain classes of persons or groups, certain areas, certain types of camping, or times of the year and for admission to special events. Prior to 2015 Act 55, the Department had utilized this authority for several purposes including charging a $3 fee for water view campsites.

Parks account SEG revenues are generated primarily by motor vehicle admission fees to state parks and camping site fees. 2015 Act 55 removed all GPR support for parks operations beginning in 2015-16, and provided additional expenditure authority from the parks account of the conservation fund to continue base-level funding for state park and trail operations. 2015 Act

55 also increased annual state parks and forests vehicle admission fees effective January 1, 2016, and specified a range of increased camping fees at state parks and forests that the Department may charge, as determined by the DNR Secretary.

The bill would create a range of admission fees DNR may charge for vehicle admission to state parks and forests. These fees would be determined by the Secretary. The bill would also increase the range of fees the Department may charge for camping at state parks and forests. While fees may vary by property, the administration indicates it is intended for the Department to increase fees to a level sufficient to generate approximately $700,000 in annual revenue to the parks account.

[Bill Sections: 556 thru 565, 9333(2), 9433(1), and 9433(2)]

11. PARKS RECREATION PASSPORT STUDY AND REPORT

Governor: Require DNR and the Department of Transportation to jointly develop a plan to authorize the purchase of a recreational passport when an individual initiates or renews his or her annual vehicle registration. Require the plan to include as an option the creation of a recreational passport as a special license plate registration sticker that shows both the vehicle registration expiration year and an indicator that the sticker is also a recreational passport. Additionally, require the plan to include the costs of implementing the plan, a timeline for implementing the plan, and the estimated revenue to be collected when the plan is fully implemented. Further, require the Departments to complete the plan in time for the plan to be included in DNR's 2019-21 budget request.

2015 Act 55 required DNR to study and prepare a report regarding potential additional sources of revenue for parks operations and maintenance. The study was to include, at a minimum, revenue estimates for a program under which a person may voluntarily purchase a state park vehicle admission sticker when the person registers a vehicle with the Department of Transportation, and revenue estimates for increased camping fees at state parks based on local market conditions or seasonal demand, the amenities or facilities offered by a park, or other features or conditions of a park. The Department's report noted that the parks account was expected to have a projected structural imbalance (authorized expenditures exceeding anticipated revenues) of approximately $1.4 million annually. The report included four short-term revenue options as well as four long-term options, including the required option of an admission purchase through annual vehicle registrations. According to the report, a $15 annual admission sticker purchased through annual vehicle registrations could generate approximately $14.1 million if 24% of the approximately 5.1 million noncommercial automobiles and light trucks that could be considered potential subscribers for a state park admission chose to purchase one.

[Bill Section: 9133(3)]

12. PARKS COMPUTERS

SEG	$94,800

Governor: Provide $47,400 parks SEG annually as one-time funding in fiscal years

2017-18 and 2018-19 for the final two years of a four-year master lease to purchase 37 tablet computers and associated equipment for parks law enforcement personnel. Funding for the first two years of the master lease was provided under 2015 Act 55.

13. RICHARD BONG RECREATIONAL AREA PHEASANT HUNTING FEES

SEG	$200,000

Governor: Specify that if the Department requires payment of an administrative fee in order to hunt pheasants in the Bong area lands or in a state recreation area, these fees are to be deposited in appropriation 20.370(1)(hw), for pheasant stocking and propagation use. In addition, provide $100,000 annually in the appropriation to reflect anticipated revenue from these fees.

In order to hunt pheasants, a $10 pheasant stamp is required, in addition to a small game, archer, crossbow, or sports license. Currently, 40% of the revenues generated by the sale of pheasant stamps must be used for developing, managing, preserving, restoring, and maintaining the wild pheasant population in the state, and 60% is used to raise and stock pheasants on DNR lands. In addition, under section NR 45 of the administrative code, DNR charges fees for pheasant hunting at Richard Bong State Recreation Area (Kenosha County), including a hunting fee and an administrative fee. The pheasant hunting fee is currently $12 for adults and $7 for individuals age 17 or younger, or $5 if pheasant stocking cannot be done on the previous day or days. The $3 administrative fee is paid at the time of the hunting reservation request and is non-refundable. Currently, these fees are deposited in the fish and wildlife account of the conservation fund.

Under the bill, revenues from the $3 administrative fee would be deposited in the pheasant stocking and propagation appropriation, in addition to the 60% of pheasant stamp revenues currently deposited there. While the bill refers to administrative fees for pheasant hunting in Richard Bong State Recreation Area and other state recreation areas, the administration indicates the intent was for all fees collected by the Department under administrative rule for pheasant hunting in Richard Bong State Recreation Area or other state recreation areas to be deposited in the appropriation, and the $100,000 provided annually is based on that intent. A modification is necessary to clarify this intent.

[Bill Sections: 242, 511 thru 514, and 555]

14. ALL-TERRAIN VEHICLE FUEL TAX REESTIMATE

SEG	$116,600

Governor: Provide $38,600 SEG in 2017-18 and $78,000 SEG in 2018-19 for a reestimate of the revenue transferred from the transportation fund to the all-terrain vehicle (ATV) account of the conservation fund. The transfer is made annually, and is equal to the number of registered ATVs as of the last day of February of the previous fiscal year multiplied by the amount of motor fuel tax assessed on 25 gallons of gasoline as of that date.

Environmental Quality

1. DAM SAFETY BONDING

BR	$4,000,000

Governor: Provide $4,000,000 in GPR-supported general obligation bonding authority for dam safety grants. No specific estimate of debt service payments is made for the biennium. However, debt service on $4 million in general obligation bonds could be expected at roughly $280,000 annually for 20 years once all bonds are issued.

DNR administers the municipal dam safety grant program under s. 31.385 of the statutes. The program provides matching grants to counties, cities, villages, towns and public inland lake protection and rehabilitation districts for the repair, reconstruction, or removal of municipal dams. To qualify for a grant, the locality must own a dam that has been inspected and be under a DNR directive to repair or remove the dam. A total of $28.1 million in bonding revenues for dam safety grants has been authorized by the Legislature for this program, including $4 million in each of the last four biennia.

[Bill Section: 490]

2. ENVIRONMENTAL IMPROVEMENT FUND USE FOR WASTEWATER PERMITTING

	Funding	Positions
GPR	- $229,200	- 2.00
SEG	229,200	2.00
Total	$0	0.00

Governor: Convert $114,600 GPR annually with 2.0 GPR positions to SEG environmental improvement fund (EIF). Provide the 2.0 positions in water quality operations. The administration indicates the positions would work on wastewater permitting activities, including concentrated animal feeding operations (CAFOs), respond to citizen concerns related to contaminated groundwater and safe drinking water, and providing resources to communities related to water programs.

Expand the use of the environmental improvement fund administrative appropriations in the Division of Environmental Management and Division of External Services to include wastewater permitting activities under s. 283.31 of the statutes. Currently, the EIF appropriations are authorized to be used for administration of the clean water fund program, safe drinking water loan program, and land recycling loan program under the environmental improvement fund. The source of EIF revenues is interest income from the loan portfolio balance from certain clean water fund loans for municipal wastewater treatment facilities and proceeds from certain general obligation bonds issued to pay state subsidy on loans to municipalities.

[Bill Sections: 330, 357, and 537]

3. TRANSFER REVENUE FROM ENVIRONMENTAL MANAGEMENT TO NONPOINT ACCOUNT

Governor: Transfer $3,152,500 in each of 2017-18 and 2018-19, on a one-time basis, from the environmental management account to the nonpoint account of the segregated environmental fund. Specify that the funds be considered to have been received by the nonpoint account for debt service payments on projects funded under DNR's current rural and urban nonpoint source pollution abatement grant programs. The provision is intended to offset a reduction in the GPR transfer to the nonpoint account of the same amount beginning in 2017-18. [See the entry under "Miscellaneous Appropriations" for additional information.]

[Bill Section: 9133(1)]

4. NONPOINT SOURCE CONTRACTS

SEG	$1,080,000

Governor: Provide $540,000 nonpoint SEG each year for nonpoint source contracts, including $40,000 in ongoing funding and $500,000 in one-time funding in the 2017-19 biennium. Further, repeal the requirement that DNR allocate $500,000 nonpoint SEG in each fiscal year to the University of Wisconsin-Extension to provide education and technical assistance related to nonpoint source water pollution.

Under current law, DNR is authorized to contract for informational, educational, training or research projects that assist implementation of state nonpoint source water pollution abatement programs. DNR has typically been provided annual funding of $997,600 nonpoint SEG for these purposes. 2015 Act 55 reduced base funding to $227,600 each year but also included an additional $770,000 each year in the 2015-17 biennium on a one-time basis to maintain historical funding levels. The bill would provide $767,600 each year for nonpoint source contracts. For purposes of establishing the 2019-21 budget, annual base funding of nonpoint source contracts would be $267,600. The provision also would delete the statutory requirement for DNR to allocate $500,000 each year for contracts with UW-Extension.

[Bill Section: 1818]

5. NONPOINT SOURCE GRANTS

SEG	$200,000

Governor: Provide $100,000 nonpoint SEG annually in one-time funding for nonpoint source grants. These funds customarily have been allocated by DNR for targeted runoff management (TRM) grants to support non-structural practices required of TRM projects. Additionally, some funds are allocated under a companion program to cost-share the installation of pollution abatement practices at animal feeding operations that have been issued a notice of discharge for impermissible manure runoff. Funding of $100,000 nonpoint SEG for these purposes also was provided on a one-time basis in the 2015-17 biennium.

6. RURAL NONPOINT SOURCE BONDING

BR	$5,900,000

Governor: Provide $5.9 million in SEG-supported general obligation bonding for rural nonpoint source water pollution abatement grants. Bond proceeds support the targeted runoff management (TRM) program and provide for the installation of structures in rural settings to improve water quality by preventing soil erosion and animal waste runoff. State funding under TRM grants typically may fund 70% of eligible project costs, up to a cap of $150,000 or $1 million, depending on the scope of the project. Bonding authority also may be disbursed as grants under a separate program to address animal waste runoff only from animal feeding operations that have been issued a notice of discharge (NOD) or notice of intent (NOI) to issue a notice of discharge.

The 2015-17 budget act authorized $5.9 million in combined additional bonding for the TRM and NOD/NOI programs, while $7 million was provided in each of the four earlier biennial budget acts, beginning with 2007-09. Principal and interest payments on the bonds are paid from the nonpoint account of the environmental fund. This debt service is budgeted at approximately $2.6 million SEG in 2017-18 and at $2.7 million SEG in 2018-19.

[Bill Section: 488]

7. URBAN NONPOINT SOURCE BONDING

BR	$3,000,000

Governor: Provide $3 million in SEG-supported general obligation bonding for the urban nonpoint source and storm water management (UNPS) and municipal flood control and riparian restoration (MFC) programs. UNPS program bonds support structural projects to improve state surface water quality by managing storm water runoff in urban settings. The MFC program provides funding for flood-control or flood-proofing projects in urban settings, including property acquisition and structure removal. UNPS construction projects are eligible for 50% state funding up to $150,000. MFC projects are eligible for 50% state funding, up to 20% of the amount available each two-year grant cycle. DNR determines allocations to each program over the course of the biennium.

The 2015-17 budget act authorized $3 million in new joint bonding authority for the programs, while $5 million was provided in 2013-15, and $6 million was provided in each of the three earlier biennial budget acts beginning with 2007-09. Principal and interest payments on bonds issued for the UNPS and MFC programs are supported by the nonpoint account of the environmental fund. This debt service is budgeted at approximately $3.4 million SEG in 2017-18 and at $3.6 million SEG in 2018-19.

[Bill Section: 489]

8. STUDY TRANSFER OF CAFO REGULATORY RESPONSIBILITY

Governor: Require DNR and the Department of Agriculture, Trade and Consumer Protection (DATCP) to jointly study the possibility of transferring the Department's regulatory activities associated with concentrated animal feeding operations (CAFOs) to DATCP. Require the Departments to report their findings to the Governor, Joint Committee on Finance, and other standing committees of the Legislature, as appropriate, by December 31, 2018.

The provision requires the study to consider whether: (a) DATCP may serve as a delegated agent of the Environmental Protection Agency for these regulatory purposes; (b) program operations would be improved by the transfer; (c) the transfer would have a financial impact on the Wisconsin Pollutant Discharge Elimination System (WPDES) permit program; and (d) the Departments would recommend the transfer. The final report must include recommendations for an effective date for the transfer, the number of positions and funding that would be transferred, and a description of the effects of the transfer on each department's administrative rules. The administration indicates such a study should seek to determine whether DATCP would be best suited to carry out larger agricultural regulatory functions in addition to its agricultural duties.

CAFOs are defined as large-scale animal feeding operations (1,000 animal units or more, such as 700 milking cows, or 1,000 beef cattle), and smaller-scale animal feeding operations with certain discharges of pollutants into state waters. DNR regulates CAFOs as point sources of water pollution under the WPDES permit program. Program regulations limit manure, feed, and process wastewater from entering state waters. As of June 30, 2016, DNR reports 284 CAFOs were under permit.

Currently, DATCP administers land and water conservation programs in conjunction with DNR's nonpoint source pollution grant and regulatory programs. DATCP grants fund county land conservation staff and cost-share projects, which assist in implementation of county land and water resource management plans. Activities include cooperation with landowners to employ best management practices for manure and feed storage, installation of conservation practices, and implementation of plans to limit nutrient runoff. DATCP and DNR grants are intended to assist landowners in complying with nonpoint source pollution abatement regulatory standards set by DNR. DATCP administers certain regulatory programs for food safety, recreational establishments, plant and animal health, and agricultural chemical use, and DATCP also administers programs for agricultural market development and promotion.

[Bill Section: 9133(4)]

9. GREAT LAKES COUNCIL DESIGNATION OF WATER SUPPLY SERVICE AREA

Governor: Authorize the Great Lakes - St. Lawrence River Basin Water Resources Council to delineate the proposed water supply service areas for a public water supply system making a withdrawal from the Great Lakes basin. Specify that the areas delineated by the Great Lakes Council do not have to be consistent with the approved areawide water quality management plan under current law.

Currently, areawide water quality planning agencies, designated by the Governor under DNR administrative code, develop areawide plans for managing surface water and groundwater, sewer service areas, and public water supply systems. While the bill does not name specific geographical areas, the administration indicates the intent of the provision is to codify in statutes the July 20, 2016, Great Lakes Council approval of the City of Waukesha to draw water from Lake Michigan. It is possible the provision could apply to other public water supply systems in the future.

[Bill Sections: 1800 thru 1804]

10. PECFA AWARDS

SEG	$3,800,000

Governor: Provide $2,950,000 in 2017-18 and $850,000 in 2018-19 from the petroleum inspection fund to increase the amount provided for petroleum environmental cleanup fund awards (PECFA). PECFA reimbursements would increase from $4,550,000 annually ($9,100,000 in the 2015-17 biennium) to $7,500,000 in 2017-18 and $5,400,000 in 2018-19 ($12,900,000 in the 2017-19 biennium). The PECFA program reimburses for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. Under 2015 Act 55, eligibility was eliminated for new sites as of July 20, 2015. The Act also specified that no claims for reimbursement of eligible costs can be submitted after June 30, 2020.

11. AIR MANAGEMENT PROGRAM FUNDING

	Funding	Positions
GPR	- $146,400	- 0.50
SEG	- 39,800	- 0.50
Total	- $186,200	- 1.00

Governor: Delete $73,200 GPR annually, $19,900 SEG annually, 0.5 GPR position and 0.5 SEG position from the petroleum inspection fund to adjust funding for the air management program as follows:

a. Convert $30,000 annually from GPR to petroleum inspection SEG for operation of an ozone air quality monitoring station in Sheboygan. Funding was first authorized for this purpose in 2013 Act 20.

b. Convert $43,200 annually with 0.5 position from GPR to petroleum inspection SEG for administration of the motor vehicle emission inspection and maintenance program.

c. Delete $93,100 SEG annually with 1.0 SEG petroleum inspection fund position related to vapor recovery administration, and repeal the associated appropriation. The federal and state requirements for retail gasoline stations to install vapor recovery systems ended beginning in 2012, and a state grant program to reimburse gasoline stations for costs of removing vapor recovery equipment ended in 2014-15.

[Bill Sections: 257, 259, 260, and 1827]

12. AIR PROGRAM REDUCTIONS

PR	- $735,800

Governor: Delete $367,900 annually in program revenue expenditures from the air management program for regulation of stationary sources of air emissions and issuance of operation permits to operate the source. Stationary sources include fixed sources of air pollution, such as factories, power plants, and other business facilities. The reductions would be in expenditures for supplies, including: (a) $300,000 annually for federally-regulated sources that are required to obtain a permit to operate the source under U.S. EPA requirements; and (b) $67,900 annually for state-regulated sources that are required under state law, but not federal law, to obtain a permit, or for sources that voluntarily accept permit limits that reduce emissions enough to be regulated under the state program. The Department indicates that expenditure authority would be reduced to reflect expenditure levels in recent years.

PROGRAM SUPPLEMENTS

Budget Summary						FTE Position Summary
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	
GPR	$33,018,400	$10,841,000	$10,841,000	- $44,354,800	- 67.2%	There are no authorized positions for Program Supplements.
SEG	355,000	0	0	- 710,000	- 100.0	
TOTAL	$33,373,400	$10,841,000	$10,841,000	- $45,064,800	- 67.5%	

Budget Change Item

1. JOINT COMMITTEE ON FINANCE APPROPRIATION FOR AGENCY SUPPLEMENTS

GPR	- $44,354,800
SEG	- 710,000
Total	- $45,065,600

Governor: As a standard budget adjustment, decrease funding by $22,177,400 GPR and $355,000 SEG annually to remove non-continuing elements from the base. Under this recommendation, $133,600 GPR annually would remain in the JFC supplemental appropriation for potential agency supplements in the 2017-19 biennium.

PUBLIC DEFENDER

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$84,620,300	$85,132,300	$85,263,500	$1,155,200	0.7%	609.85	609.85	604.90	- 4.95	- 0.8%
PR	1,348,200	1,378,200	1,378,900	60,700	2.3	5.00	5.00	5.00	0.00	0.0
TOTAL	$85,968,500	$86,510,500	$86,642,400	$1,215,900	0.7%	614.85	614.85	609.90	- 4.95	- 0.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $5,883,000
PR	60,700
Total	- $5,822,300

Governor: Provide adjustments to the base totaling -$2,973,900 GPR and $30,000 PR in 2017-18 and -$2,909,100 GPR and $30,700 PR in 2018-19. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (-$3,207,700 GPR and $7,500 PR annually); (b) overtime ($211,500 GPR and $2,800 PR annually); and (c) full funding of lease and directed moves costs ($22,300 GPR and $19,700 PR in 2017-18 and $87,100 GPR and $20,400 PR in 2018-19).

2. BLOCK GRANT APPROPRIATION FOR PROGRAM OPERATIONS

Governor: Consolidate all of the agency's GPR appropriations and all statutory language associated with appellate representation; trial representation; private bar and investigator reimbursement; salary adjustments; and transcripts, discovery, and interpreters into the current appropriation for program administration. Convert the appropriation for program administration (base funding of $2,757,900 and 18.4 positions annually) from an annual appropriation to a biennial appropriation and rename the appropriation as program operations funded at $85,132,500 in 2017-18 and $85,263,500 in 2018-19 with 609.85 positions in 2017-18 and 604.9 positions in 2018-19. Of this amount, transferred funding is $82,343,800 in 2017-18 and $82,402,800 in 2018-19 and position authority accounts for 591.45 positions for trial and appellate representation in the renamed program operations' appropriation.

The following table identifies the funding and positions transferred within SPD to create the new "program operations" appropriation.

	2017-18	2018-19	Positions
Appellate representation			
Base	$4,581,700	$4,581,700	43.35
Standard Budget Adjustments	-496,900	-490,400	
Governor's Modifications	0	0	
Subtotal	$4,084,800	$4,091,300	
Trial representation			
Base	$53,657,300	$53,657,300	542.85
Standard Budget Adjustments	-2,533,000	-2,481,200	
Governor's Modifications	0	0	
Subtotal	$51,124,300	$51,176,100	
Private bar and investigator reimbursement			
Base	$21,210,400	$21,210,400	0
Standard Budget Adjustments	0	0	
Governor's Modifications	3,404,100	3,404,100	
Subtotal	$24,614,500	$24,614,500	
Private bar and investigator payments; administration costs			
Base	$606,000	$606,000	5.25
Standard Budget Adjustments	25,400	26,100	
Governor's Modifications	0	0	
Subtotal	$631,400	$632,100	
Salary adjustments			
Base	$481,300	$481,300	0
Standard Budget Adjustments	0	0	
Governor's Modifications	0	0	
Subtotal	$481,300	$481,300	
Transcripts, discovery and interpreters			
Base	$1,325,700	$1,325,700	0
Standard Budget Adjustments	0	0	
Governor's Modifications	81,800	81,800	
Subtotal	$1,407,500	$1,407,500	
Total	$82,343,800	$82,402,800	591.45

Create statutory language that would allow the SPD to request increased position authority within the general operations appropriation for GPR positions under a 14-day passive review. If within 14 working days after notification the Committee does not schedule a meeting to review the SPD's request, the SPD's request would be approved. If within 14 working days after notification the Committee schedules a meeting to review the SPD's request, the SPD's request for a position authority increase would need to be approved by the Committee during a hearing. No ability to increase funding is authorized under the new provision.

Modify current law provisions to allow payment from the program operations appropriation instead of from the repealed appropriations. Modify current law to no longer allow compensation of a court reporter or clerk of circuit court for the cost of "handling" transcripts or court records. The Public Defender has indicated that court reporters and clerks of court have charged less than $50 annually under the "handling" wording of current law.

Current law related to the repealed appropriations is identified below.

Appellate representation. As an annual appropriation, support the costs of appellate representation provided by the office of the state public defender.

Trial representation. As an annual appropriation, support the costs of trial representation provided by the office of the state public defender.

Private bar and investigator reimbursement. As a biennial appropriation, support the reimbursement of private attorneys appointed to act as counsel for a child or an indigent person and reimbursement for contracting for services of private investigators.

Private bar and investigator payments; administration costs. As an annual appropriation, support the administration costs of appointing private attorneys to act as counsel for children and indigent persons and of contracting for the services of private investigators.

Salary adjustments. As an annual appropriation, to support the costs of the salary adjustments for Assistant State Public Defenders.

Transcripts, discovery, and interpreters. As an annual appropriation, support the costs of interpreters and discovery materials and for the compensation of court reporters or clerks of circuit court for preliminary examination, trial, and appeal transcripts, and the payment of related costs.

[Bill Sections: 141, 461 thru 467, 2252 thru 2254, and 2258 thru 2261]

3. PRIVATE BAR COSTS

GPR	$6,808,200

Governor: Provide $3,404,100 annually as a reestimate of funding to pay private bar attorney costs. The State Public Defender employs trial and appellate attorneys who represent clients who qualify for SPD representation. However, staff attorneys cannot represent all clients who qualify for SPD representation. Overflow cases and cases in which staff attorneys may have a conflict of interest are assigned to private bar attorneys throughout the state, at a rate of $40 per hour for time spent related to a case, and $25 per hour for travel. Base funding for private bar and investigator reimbursements is $21,210,400.

4. COURT TRANSCRIPTS, DISCOVERY, AND INTERPRETER FUNDING

GPR	$163,600

Governor: Provide $81,800 annually to support payments for transcripts, discovery, and interpreters. Base funding for the transcripts, discovery, and interpreters appropriation is $1,325,700. In 2015-16, the SPD incurred $2,406,100 in transcript, discovery, and interpreter costs.

5. PAY PROGRESSION

GPR	$66,400

Governor: Provide $66,400 in 2018-19 to support salary increases for eligible assistant state public defenders (ASPDs) under the pay progression plan. Base funding for pay progression for ASPDs is $418,300. The amounts provided under the bill are intended to support a 2% salary increase for ASPDs on October 1, 2018, as well as another 2% salary increase for ASPDs on May 1, 2019. [The timing and level of the salary increases for ASPDs are similar to the timing and level of salary increases budgeted for general state employees under compensation reserves (see "Budget Management and Compensation Reserves").] Notwithstanding the fact that funding provided under the bill is intended to support 2% salary increases for ASPDs on October 1, 2018, and May 1, 2018, the SPD would be authorized to utilize pay progression funding to award salary increases for eligible ASPDs at the start of the 2017-19 biennium.

Note that under a separate provision of the bill, the SPD's annual GPR appropriation for salary adjustments for ASPDs under the pay progression plan is deleted. Instead, under the bill, funding for salary adjustments under the pay progression plan would be included in a new biennial GPR appropriation utilized to support operations of the Office of the State Public Defender (see Item #2 above).

Under 2013 Act 20, ASPDs are compensated pursuant to a merit-based pay progression plan that consists of 17 hourly salary steps, with each step equal to one seventeenth of the difference between the ASPD's lowest possible salary ($23.68 per hour, or $49,254 annually) and the ASPD's highest possible annual salary ($57.22 per hour, or $119,018 annually). [In addition to the maximum salary rate, certain ASPDs may receive up to a $2.75 per hour add-on ($5,720 annually), based on merit, because of supervisory or managerial responsibilities.] Notwithstanding the creation of a 17 hourly salary step pay progression plan, the State Public Defender may: (a) deny annual salary increases to individual ASPDs; and (b) increase the salary of individual ASPDs by up to 10% per year. In order to be eligible for pay progression, individuals generally must have served the state as an ASPD for a continuous period of 12 months or more.

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
GPR	- 4.95

Governor: Delete -4.95 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the program administration appropriation (4.95 GPR positions). Funding associated with the positions ($473,400 GPR) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at the State Public Defender's Board but would become DOA employees rather than employees of the State Public Defender's Board.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

PUBLIC INSTRUCTION

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$5,911,086,500	$5,976,955,200	$6,263,501,900	$418,284,100	3.5%	250.47	251.47	251.47	1.00	0.4%
FED	878,114,300	879,378,000	879,310,900	2,460,300	0.1	314.84	313.84	312.84	- 2.00	- 0.6
PR	43,748,800	46,229,900	46,035,200	4,767,500	5.4	81.69	71.69	71.69	- 10.00	- 12.2
SEG	58,082,500	55,102,600	57,124,900	- 3,937,500	- 3.4	0.00	0.00	0.00	0.00	0.0
TOTAL	$6,891,032,100	$6,957,665,700	$7,245,972,900	$421,574,400	3.1%	647.00	637.00	636.00	- 11.00	- 1.7%

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR K-12 EDUCATION

Governor: Provide $5,641,629,100 in 2017-18 and $5,895,686,700 in 2018-19 for general and categorical school aids. Compared to the 2016-17 base level funding of $5,444,553,300, school aids would increase by $197,075,800 (3.6%) in 2017-18 and $451,133,400 (8.3%) in 2018-19. These proposed funding levels would represent annual changes to the prior year of 3.6% in 2017-18 and 4.5% in 2018-19.

Under the traditional definition of state funding for support of K-12 education (the sum of state general and categorical school aids, the school levy and first dollar credits, and the general program operations appropriation for the program for the deaf and the center for the blind), the bill would increase state support from the base amount of $6,458,791,200 in 2016-17 to $6,742,548,000 in 2017-18 and $6,996,605,600 in 2018-19. These proposed funding levels would represent annual changes to the prior year of 4.4% in 2017-18 and 3.8% in 2018-19.

Using the traditional definition of partial school revenues (the sum of state school aids and property taxes levied for school districts), the administration estimates that state support of partial school revenues would increase from 63.7% in 2016-17 to approximately 64.0% in 2017-18 and 64.8% in 2018-19. These estimates incorporate the state support funding in the bill, which is presented in Table 1.

TABLE 1

State Support for K-12 Education

State Funding	2016-17 Base Year	Governor 2017-18	Governor 2018-19
General School Aids	$4,600,928,000	$4,600,928,000	$4,673,678,000
Categorical Aids	843,625,300	1,040,701,100	1,222,008,700
School Levy Tax Credit	853,000,000	940,000,000	940,000,000
First Dollar Credit	150,000,000	150,000,000	150,000,000
State Residential Schools	11,237,900	10,918,900	10,918,900
Total	$6,458,791,200	$6,742,548,000	$6,996,605,600
	Change to Prior Year:		
	Amount	$283,756,800	$254,057,600
	Percent	4.4%	3.8%
	Change to Base:		
	Amount	$283,756,800	$537,814,400
	Percent	4.4%	8.3%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Governor's funding recommendations for each general and categorical school aid program as compared to the 2016-17 base funding level. The Governor's recommendations relating to individual school aid programs are summarized in the items that follow.

TABLE 2

State Support for K-12 Education by Fund Source

	2016-17 Base Year	Governor 2017-18	Governor 2018-19
GPR			
General School Aids	$4,600,928,000	$4,600,928,000	$4,673,678,000
Categorical Aids	794,012,700	980,709,400	1,167,517,000
School Levy Tax Credit	853,000,000	940,000,000	940,000,000
First Dollar Credit	150,000,000	150,000,000	150,000,000
State Residential Schools	11,237,900	10,918,900	10,918,900
GPR Subtotal	$6,409,178,600	$6,682,556,300	$6,942,113,900
PR			
Categorical Aids	$1,507,500	$1,507,500	$1,507,500
SEG			
Categorical Aids	$48,105,100	$58,484,200	$52,984,200
Total State Support - All Funds	$6,458,791,200	$6,742,548,000	$6,996,605,600

TABLE 3

General and Categorical School Aid by Funding Source 2016-17 Base Year Compared to the Governor's Budget

Agency	Type and Purpose of Aid	2016-17 Base Year	Governor 2017-18	Governor 2018-19	2017-19 Change to Base Year Doubled Amount	2017-19 Change to Base Year Doubled Percent
	General Aid					
DPI	General School Aids	$4,584,098,000	$4,584,098,000	$4,656,848,000	$72,750,000	0.8%
	High Poverty Aid	16,830,000	16,830,000	16,830,000	0	0.0
	Total General Aid	$4,600,928,000	$4,600,928,000	$4,673,678,000	$72,750,000	0.8%
	Categorical Aid--GPR Funded					
DPI	Special Education	$368,939,100	$368,939,100	$368,939,100	$0	0.0%
	High-Cost Special Education Aid	8,500,000	8,500,000	8,500,000	0	0.0
	Supplemental Special Education Aid	1,750,000	1,750,000	1,750,000	0	0.0
	Spec. Ed. Transitions Incentive Grants	100,000	2,700,000	3,600,000	6,100,000	3,050.0
	Transition Readiness Investment Grant	0	0	1,500,000	1,500,000	N.A.
	Per Pupil Aid	210,992,800*	378,852,300	551,866,100	508,732,800	120.6
	Achievement Gap Reduction	109,184,500	109,184,500	109,184,500	0	0.0
	SAGE -- Debt Service	133,700	133,700	133,700	0	0.0
	Pupil Transportation	23,954,000	24,000,000	24,000,000	92,000	0.2
	High Cost Transportation	7,500,000	12,700,000	12,700,000	10,400,000	69.3
	Sparsity Aid	17,674,000	27,635,100	27,793,500	20,080,600	56.8
	Bilingual-Bicultural Education	8,589,800	8,589,800	8,589,800	0	0.0
	Tuition Payments	8,242,900	8,242,900	8,242,900	0	0.0
	Head Start Supplement	6,264,100	6,264,100	6,264,100	0	0.0
	Educator Effectiveness Grants	5,746,000	5,746,000	5,746,000	0	0.0
	School Lunch	4,218,100	4,218,100	4,218,100	0	0.0
	County Children with Disabilities Educ. Boards	4,067,300	4,067,300	4,067,300	0	0.0
	Performance Improvement - City of Milw. Schools**	0	0	3,690,600	3,690,600	N.A.
	Performance Funding - City of Milwaukee Schools**	0	0	1,954,600	1,954,600	N.A.
	Aid for School Mental Health Programs	0	0	3,000,000	3,000,000	N.A.
	School Breakfast	2,510,500	2,510,500	2,510,500	0	0.0
	Mental Health Collaboration Grant	0	0	2,500,000	2,500,000	N.A.
	Peer Review and Mentoring	1,606,700	1,606,700	1,606,700	0	0.0
	MPS Summer School Grant Program**	0	1,400,000	1,400,000	2,800,000	N.A.
	Four-Year-Old Kindergarten Grants	1,350,000	1,350,000	1,350,000	0	0.0
	School Day Milk	617,100	617,100	617,100	0	0.0
	Aid for Transportation--Open Enroll./Early College	434,200	454,200	454,200	40,000	4.6
	Robotics League Participation Grants***	250,000	0	0	-500,000	-100.0
	Gifted and Talented	237,200	237,200	237,200	0	0.0
	Supplemental Aid	100,000	100,000	100,000	0	0.0
	Aid for Transportation--Youth Options	17,400	0	0	-34,800	-100.0
DOA	Debt Service -- Tech. Infrastructure Bonding	1,033,300	910,800	1,001,000	-154,800	-7.5
	Total Categorical Aid--GPR Funded	$794,012,700	$980,709,400	$1,167,517,000	$560,201,000	35.3%
	Categorical Aid--PR Funded					
DPI	AODA	$1,284,700	$1,284,700	$1,284,700	$0	0.0%
	Tribal Language Revitalization Grants	222,800	222,800	222,800	0	0.0
	Total Categorical Aid--PR Funded	$1,507,500	$1,507,500	$1,507,500	$0	0.0%
	Categorical Aid--SEG Funded					
DPI	School Library Aids	$38,000,000	$35,000,000	$37,000,000	-$4,000,000	-5.3%
DOA	Educ. Telecommunications Access Support****	10,105,100	23,484,200	15,984,200	19,258,200	95.3
	Total Categorical Aid--SEG Funded	$48,105,100	$58,484,200	$52,984,200	$15,258,200	15.9%
	Total Categorical Aid--All Funds	$843,625,300	$1,040,701,100	$1,222,008,700	$575,459,200	34.1%
	Total School Aid--All Funds	$5,444,553,300	$5,641,629,100	$5,895,686,700	$648,209,200	6.0%

* Reflects base funding after removal of one-time funding for 2015-16 enrollments paid in 2016-17

** Under the bill, these appropriations would be excluded from the categorical aid total for indexing the choice and charter payments.

*** Funding was provided on a one-time basis in 2016-17 only under 2015 Act 280.

**** Not all of the funding shown in 2017-18 and 2018-19 may go to school districts.

2. GENERAL SCHOOL AIDS

GPR	$72,750,000

Governor: Provide $72,750,000 in 2018-19 for general school aids. The general school aids appropriation funds equalization, integration, and special adjustment aid. General school aids funding would remain at base level funding of $4,584,098,000 in 2017-18 and increase to $4,656,848,000 in 2018-19. This would represent an increase of 1.6% in 2018-19 compared to the prior year.

3. REVENUE LIMIT ADJUSTMENT FOR ENERGY EFFICIENCY MEASURES

Governor: Specify that school districts would not be able to adopt a school board resolution to utilize the energy efficient adjustment under revenue limits after the effective date of the bill. Under this provision, school districts could still fund this type of project within their revenue limit, or seek voter approval through a referendum to exceed revenue limits.

The 2009-11 budget act created a nonrecurring adjustment for energy efficiency measures. Under the adjustment, a school district's revenue limit is increased by the amount spent by the district in that year on a project to implement energy efficiency measures or to purchase energy efficient products. The project must result in the avoidance of, or reduction in, energy costs or operational costs, and be governed by a performance contract entered into under statutory municipal law provisions. A school board must adopt a resolution to use this adjustment.

The adjustment may be used for the payment of debt service on bonds and notes issued or state trust fund loans obtained to finance the project. Such bonds or notes may not be issued or loans be obtained for a period exceeding 20 years, and the resolution adopted by a school board is valid for each year in which the board pays debt service on the bond, note, or state trust fund loan.

In 2016-17, 120 school districts were eligible for energy efficiency adjustments totaling $79.8 million.

[Bill Section: 1641]

4. SCHOOL LEVY TAX CREDIT

Governor: Increase the school levy tax credit distribution beginning in the 2017(18) property tax year by $87.0 million, above base level funding of $853.0 million. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

5. REVENUE LIMIT PER PUPIL ADJUSTMENT

Governor: Maintain current law as established in the 2013-15 biennial budget (2013 Act 20) under which there would be no per pupil adjustment under revenue limits in the 2015-16 school year and each year thereafter.

Categorical Aids

1. REMOVAL OF DELAYED PER PUPIL AID FUNDING FROM BASE

GPR	- $253,191,200

Governor: Delete $126,595,600 annually in per pupil aid to reflect removal of funding for the one-time delayed payment of this aid.

Under the 2015-17 budget act, per pupil aid for 2015-16 enrollments was paid on a one-time delayed basis in the 2016-17 fiscal year. As a result, no funding was appropriated for per pupil aid in 2015-16, but $337,588,400 was appropriated in 2016-17 for both the delayed $150 per pupil payment for 2015-16 enrollments and the $250 per pupil payment paid on a current year basis for 2016-17 enrollments. After removal of $126,595,600 annually related to 2015-16 payments, there would remain $210,992,800 in annual base funding, which would fund the ongoing $250 per pupil payment.

2. PER PUPIL AID FUNDING INCREASE

GPR	$508,732,800

Governor: Provide $167,859,500 in 2017-18 and $340,873,300 in 2018-19 in per pupil aid to increase the payment from $250 per pupil in 2016-17 to up to $450 per pupil in 2017-18 and up to $654 per pupil in 2018-19. Base level funding associated with the current $250 per pupil amount is $210,992,800.

A district would be eligible for an additional $188 per pupil in 2017-18 and $380 per pupil in 2018-19 and each year thereafter under the bill if it meets the following conditions:

a. The school board annually submits a statement to DPI certifying that the school board will distribute this portion of aid to the school administrator of a school in the district, based on the number of pupils enrolled in the school. This requirement would be ongoing.

b. The school district certifies to DPI in each of the 2017-18 and 2018-19 school years that employees of the school district will be required to pay at least 12 percent of all costs and payments associated with employee health care coverage plans in that school year. This requirement would not be ongoing.

Under the bill, a district would be eligible for an additional $12 per pupil in 2017-18 and $24 per pupil in 2018-19, subject to the two certifications above, if the Secretary of the Department of Administration lapses funding from state compensation reserves related to the state contracting to provide self-insured group health plans for state employees. [See "Budget Management and Compensation Reserves" for more information on this item.] This provision would not be ongoing.

Under the bill, all districts would remain eligible for the $250 per pupil payment under current law.

[Bill Sections: 1482 and 9135(1)&(2)]

3. SPARSITY AID

GPR	$20,080,600

Governor: Provide $9,961,100 in 2017-18 and $10,119,500 in 2018-19 above base level funding of $17,674,000 for sparsity aid for small, rural districts.

Increase payments for districts that meet current law eligibility requirements by $100 to a total of $400 per pupil. Additionally, provide that school districts meeting the following criteria would qualify for aid under the program equal to $100 per pupil: (a) an enrollment of between 745 and 1,000 pupils; and (b) a population density of less than 10 pupils per square mile of district attendance area.

Delete current law allowing DPI to use any funds remaining in the appropriation after paying the full amount to eligible districts to provide $300 per pupil to any district that received aid under the program in the previous year but had an enrollment of greater than 745 pupils in the current year.

Under current law, districts qualify for $300 per pupil if, in the prior school year, they had an enrollment of less than 745 pupils and had a population density of less than 10 pupils per square mile of district attendance area. If funding is insufficient, payments are prorated. In 2016-17, 141 school districts qualified for aid, and aid was prorated at 97%, or $291 per pupil. An additional 40 districts would have qualified for aid under the proposal based on enrollment of between 745 and 1,000 pupils and population density of less than 10 pupils per square mile.

[Bill Sections: 1476 thru 1481]

4. HIGH COST TRANSPORTATION AID

GPR	$10,400,000

Governor: Provide $5,200,000 annually above base level funding of $7,500,000 for high-cost transportation aid.

Under current law, districts qualify for aid if they meet the following eligibility requirements: (a) a transportation cost per member greater than 150% of the state average in the prior year; and (b) a pupil population density of 50 pupils per square mile or less, calculated by dividing the school district's membership in the previous school year by the district's area in square miles. In 2015-16, 128 districts qualified for aid, and aid was prorated at 60.4%. It is estimated that the funding in this item would provide full funding for the program.

5. PUPIL TRANSPORTATION AID -- REIMBURSEMENT RATES

GPR	$92,000

Governor: Provide $46,000 annually above base funding of $23,954,000 for pupil transportation aid.

Increase the reimbursement rate for pupils transported over 12 miles between home and school from $300 to $365 per pupil beginning with the 2017-18 school year. Additionally, increase the summer school reimbursement rate from $4 to $10 for a pupil transported between 2-5 miles, and from $6 to $20 for a pupil transported for more than five miles.

It is estimated that the additional funding would be sufficient to fully fund payments at the higher rates. The current law and proposed reimbursement rates are shown in the following table.

	Full Year		Summer School	
Mileage	Current Law	Bill	Current Law	Bill
0-2 (hazardous area)	$15	$15	--	--
2-5	35	35	$4	$10
5-8	55	55	6	20
8-12	110	110	6	20
Over 12 miles	300	365	6	20

[Bill Sections: 1638, 1640, and 9335(1)]

6. PUPIL TRANSPORTATION -- PUPIL TRANSPORTED FOR PARTIAL YEAR

Governor: Delete current law requiring DPI to proportionately reduce transportation aid payments to school districts for pupils transported for less than a full year because they are no longer enrolled in the district. Specify that this change would first apply in the 2017-18 school year.

[Bill Sections: 1639 and 9335(1)]

7. EARLY COLLEGE CREDIT PROGRAM -- AID FOR TRANSPORTATION

GPR	$5,200

Governor: Delete the appropriation for aid for transportation for youth options, equal to $17,400 GPR annually. Provide $20,000 annually above base level funding of $434,200 in the appropriation for aid for transportation for open enrollment and the early college credit program.

[Bill Sections: 209 and 210]

8. SPECIAL EDUCATION TRANSITIONS INCENTIVE GRANT

GPR	$6,100,000

Governor: Provide $2,600,000 in 2017-18 and $3,500,000 in 2018-19 above base level funding of $100,000 for special education transitions incentive grants to school districts or independent "2r" charter schools. A corrective amendment would be required to allow DPI to award grants in 2017-18 or future years.

Under current law, school districts or certain independent charter schools are eligible for up to $1,000 in 2016-17 for each pupil who meets the following criteria: (a) attended school in the district or charter school in 2014-15 or 2015-16; (b) had an individualized education program (IEP) in place; and (c) has been enrolled in a higher education program, another postsecondary education or training program, or competitively employed for at least 90 days. Aid is prorated if the appropriation is insufficient to meet the eligible district claims, and DPI estimates that $60 per pupil will be paid in 2016-17. It is estimated that the funding in the bill would fully fund payments of $1,000 per pupil eligible under the program.

9. TRANSITION READINESS INVESTMENT GRANT

GPR	$1,500,000

Governor: Provide $1,500,000 in 2018-19 for a new program for special education transition readiness investment grants. A corrective amendment would be required to accomplish the intent of the bill.

10. REIMBURSEMENT OF SPECIAL EDUCATION COSTS

Governor: Specify that an independent charter school or a noninstrumentality charter school would be allowed to employ personnel for a special education program or contract with private or public agencies for services for special education pupils on the basis of demonstrated need. As under current law for school district charter schools and independent charter schools, require DPI to certify to the Department of Administration (DOA) the amount expended by each noninstrumentality charter school for salaries of personnel and services provided for special education pupils and other expenses approved by the State Superintendent as costs eligible for reimbursement from the appropriation for special education aid. Require the school board to pay special education aid received on behalf of each noninstrumentality charter school to the operator of the school within 30 days of its receipt.

Require a school board, board of control of a cooperative educational service agency (CESA), operator of an independent charter school, or a county children with disabilities education board (CCDEB) upon authorization of the county board to provide special or additional transportation for pupils with disabilities as required in the pupil's individualized education program. Require the operator of a noninstrumentality charter school to provide special or additional transportation for a pupil with a disability only if the contract between the operator and the school board requires the operator to provide special or additional transportation.

Specify that if the State Superintendent is satisfied that a school board, board of control, charter school operator, or CCDEB has provided special or additional transportation during the previous school year, the State Superintendent would be required to certify to DOA an amount equal to the cost of the special or additional transportation as costs eligible for reimbursement from the appropriation for special education aid. For noninstrumentality charter schools, require the school board to pay the amount of special education aid received for transportation on behalf of the school to the operator of the school within 30 days of its receipt. Delete a current law restriction that pupils for whom this aid is received are not also eligible for pupil transportation aid.

Allow the State Superintendent to audit costs related to special education transportation and services and adjust the amounts eligible for reimbursement to cover only actual, eligible costs.

Delete the requirement that the certification of aidable special education expenditures be made only after the receipt of a plan required under current law providing assurances that all conditions required under federal special education law have been met.

[Bill Sections: 1494 thru 1504]

11. SPECIAL EDUCATION -- PRIVATE SCHOOL FISCAL AGENT

Governor: Require the ombudsman designated by DPI under current law to ensure that private school pupils have equal access to special education services, to identify a fiscal agent to receive federal funding for providing special education services and other benefits to private school pupils, teachers, and other educational personnel. Require the fiscal agent to distribute federal funds in accordance with federal law. Specify that a private school could direct the fiscal agent to distribute any federal funding for which the private school is eligible to the school board of the school district in which the private school is geographically located.

Specify that the provision above would apply only if any of the following occurs: (a) federal law does not require federal special education funding to be received and administered by a public entity; (b) a waiver is granted by the federal Department of Education (DOE) that allows federal special education funds to be received by a private entity; or (c) DOE creates a nationwide bypass under which DOE directly provides equitable services to pupils, teachers, and other educational personnel through a private entity.

Under current federal law, only public education agencies, including public school districts, are eligible to receive federal education funds. Districts are required to provide equitable services to private school pupils with disabilities, and are required to spend a proportionate share of federal special education funds on such private school pupils. Federal law requires state education agencies to identify an ombudsman to monitor and enforce requirements related to equity for private school pupils. In general, private schools are not subject to the same requirements as public schools under state and federal law related to services for pupils with disabilities, such as requirements to identify pupils with disabilities and develop and implement individualized educational plans for pupils with disabilities.

[Bill Sections: 1484 and 1486]

12. MILWAUKEE PERFORMANCE FUNDING

GPR	$5,645,200

Governor: Provide $5,645,200 in 2018-19 for performance funding for Milwaukee public schools, school district charter schools, independent charter schools, and private schools participating in the Milwaukee private school choice program. Eligible schools must be located within the City of Milwaukee.

Of the total, allocate $1,954,600 for distribution among eligible schools placed in a performance category of "significantly exceeds expectations" or "exceeds expectations" on the school accountability report published by DPI in the immediately preceding school year. Specify that each school would receive a per pupil payment calculated by dividing the total amount of funding by the total number of pupils enrolled in each school eligible to receive an award.

The remaining $3,690,600 would be allocated to eligible schools that increase by at least three points their numeric accountability score used to determine the school's performance category on the school accountability report published by DPI in the prior school year compared to two years prior. Each school would receive a per pupil payment calculated by dividing the total amount of funding by the total number of pupils enrolled in each school eligible to receive an award.

Prohibit DPI from awarding funds before the Department of Administration approves the per pupil amounts calculated as described above. Require the Board of Directors of the Milwaukee Public Schools to distribute performance funds to the school administrator of the school that earned the award.

[Bill Sections: 213, 214, and 1620]

13. MILWAUKEE PUBLIC SCHOOLS SUMMER SCHOOL GRANT PROGRAM

GPR	$2,800,000

Governor: Provide $1,400,000 annually for summer school grants to public schools in the Milwaukee Public Schools (MPS).

Require the MPS Board to develop a program to annually award grants to develop, redesign, or implement a summer school program to increase pupil attendance, improve academic achievement, or expose pupils to innovative learning activities. Specify that grants could be awarded to public schools located in the city of Milwaukee, except independent charter schools.

Require the State Superintendent to distribute to the Board the total amount requested by the Board to pay grants to schools under the program. Specify that the Board could not request more than the amount in the appropriation in any school year.

[Bill Sections: 215 and 1601]

14. SCHOOL MENTAL HEALTH AID

GPR	$3,000,000

Governor: Provide $3,000,000 beginning in 2018-19 to create a categorical aid program to reimburse school districts and independent charter schools for increases in their general fund expenditures for school social workers.

Specify that school districts and independent charter schools would be eligible for aid if they increased the amount expended in the prior school year over the amount expended two years prior to employ, hire, or retain social workers. School districts and independent charter schools would be eligible for reimbursement of up to 50% of the amount by which the school district or independent charter school increased its expenditures to employ, hire, or retain social workers in the prior year compared to two years prior. Payments could be prorated if funding were insufficient.

Specify that any funds remaining in the appropriation would be used to reimburse eligible school districts and independent charter schools for total general fund expenditures for school social workers, less the amount of increased expenditures already reimbursed. Payments could be prorated if funding were insufficient.

Require DPI to promulgate rules to implement and administer the program.

[Bill Sections: 211, 1470, and 1599]

15. COMMUNITY AND SCHOOL MENTAL HEALTH COLLABORATION GRANTS

GPR	$2,500,000

Governor: Provide $2,500,000 beginning in 2018-19 for community and mental health collaboration grants.

Require DPI to develop, implement, and administer the program to award grants to school districts and independent charter schools for the purpose of collaborating with community mental health providers to provide mental health services to pupils. Require DPI to promulgate rules to implement and administer the grant program.

[Bill Sections: 212, 1469, and 1599]

16. BULLYING PREVENTION GRANTS

GPR	$300,000

Governor: Provide $150,000 annually for grants to a nonprofit organization to provide training and an online bullying prevention curriculum for pupils in grades kindergarten through eight.

[Bill Sections: 217 and 1464]

17. SCHOOL LIBRARY AIDS REESTIMATE

SEG	- $4,000,000

Governor: Reestimate school library aids by -$3,000,000 in 2017-18 and -$1,000,000 in 2018-19. Base level funding is $38,000,000 annually. Revenues are from interest earned on the segregated common school fund, administered by the Board of Commissioners of Public Lands.

18. TRIBAL LANGUAGE REVITALIZATION GRANTS

Governor: Modify current law to allow an agency determined by the State Superintendent to be eligible under federal law for designation as a Head Start agency to apply for a tribal language revitalization grant in conjunction with a tribal education authority.

Tribal language revitalization grants are provided for the purpose of supporting instruction in one or more American Indian languages. Under current law, school districts and CESAs are eligible to apply for funding in conjunction with a tribal education authority. Base level funding of $222,800 PR annually is provided from tribal gaming program revenue transferred from DOA.

[Bill Sections: 216 and 1483]

19. GIFTED AND TALENTED GRANTS

Governor: Modify current law to allow school districts to apply for grants for the purpose of providing gifted and talented pupils with services and activities not ordinarily provided in a regular school program.

Under current law, grants may be awarded to nonprofit organizations, CESAs, institutions within the University of Wisconsin System, and Milwaukee Public Schools. Base level funding is $237,200 GPR annually for this program.

[Bill Section: 1529]

Choice, Charter, and Open Enrollment

1. MILWAUKEE PRIVATE SCHOOL CHOICE PROGRAM -- CURRENT LAW REESTIMATE

GPR	$20,951,200
Aid Reductions	- 15,676,200
Net GPR	$36,627,400

Governor: Provide $5,584,800 in 2017-18 and $15,366,400 in 2018-19 over the base year funding of $207,057,800 for the Milwaukee private school choice program to reflect changes in pupil participation and per pupil payments under current law. This would reflect an increase in pupil participation from 27,150 pupils in 2016-17 to an estimated 27,680 pupils in 2017-18 and 28,150 pupils in 2018-19. Based on the increase in categorical aids provided in the bill, the per pupil payment under the program would increase from $7,323 in 2016-17 to $7,540 in 2017-18 and $7,757 in 2018-19 for pupils in grades K-8, and from $7,969 in 2016-17 to $8,186 in 2017-18 and $8,403 in 2018-19 for pupils in grades 9-12.

Under current law, the estimated cost to the state of the payments from the Milwaukee choice program appropriation is partially offset by a reduction (after consideration of aid paid to the City of Milwaukee to defray the choice levy) in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) by an amount equal to 22.4% of the total cost of the program in 2017-18 and 19.2% of the total cost of the program in 2018-19. The aid reduction will decrease by 3.2 percentage points each year until it is phased out in 2024-25. Under revenue limits, MPS may levy property taxes to make up for the amount of general aid lost due to this reduction (less the amount of high poverty aid paid to MPS).

Under the bill, the aid reduction for MPS would decrease by $5,374,800 in 2017-18 and $10,301,400 in 2018-19 from the base choice reduction of $53,006,800 as a result of this reestimate. The net general fund fiscal effect for the Milwaukee program would be increased expenditures of $10,959,600 in 2017-18 and $25,667,800 in 2018-19.

2. RACINE AND STATEWIDE PRIVATE SCHOOL CHOICE PROGRAMS -- CURRENT LAW REESTIMATE

GPR	$21,245,200
Aid Reductions	29,185,200
Net GPR	- $7,940,000

Governor: Provide $5,563,900 in 2017-18 and $15,681,300 in 2018-19 over the base year funding of $44,951,500 for the Racine and statewide private school choice programs to reflect changes in pupil participation and per pupil payments under current law. This would reflect an increase in pupil participation from 5,500 pupils in 2016-17 to an estimated 6,600 pupils in 2017-18 and 7,700 pupils in 2018-19. Based on the increase in general school aids and categorical aids provided in the bill, the per pupil payment under the program would increase from $7,323 in 2016-17 to $7,540 in 2017-18 and $7,757 in 2018-19 for pupils in grades K-8, and from $7,969 in 2016-17 to $8,186 in 2017-18 and $8,403 in 2018-19 for pupils in grades 9-12.

Under current law, the cost of payments for continuing pupils (pupils who first participated in the programs in the 2014-15 school year or earlier) are fully funded through GPR. Payments for incoming pupils (those who first participated in the 2015-16 school year or later) are fully funded through an aid reduction in the general school aids that would otherwise be paid to those pupils school districts of residence. School districts receive a revenue limit adjustment equal to the aid reduction.

Under the bill, the aid reduction for the programs would total $37,031,200 in 2017-18 and $47,054,000 in 2018-19 from the base choice aid reduction of $27,450,000 as a result of this reestimate. The net general fund fiscal effect for the Racine and statewide programs would be decreased expenditures of $4,017,300 in 2017-18 and $3,922,700 in 2018-19.

3. PRIVATE SCHOOL CHOICE PROGRAMS -- ANNUAL HOURS OF INSTRUCTION

Governor: Delete the requirement that a private school participating in a choice program annually provide at least 1,050 hours of direct pupil instruction in grades 1 to 6 and at least 1,137 hours of direct pupil instruction in grades 7 to 12. Under current law, this requirement includes recess and time for pupils to transfer between classes but does not include lunch periods.

Under the bill, requirements for annual hours of instruction would also be deleted for public school districts. Current law requiring all private schools to offer at least 875 hours of instruction each school year, including private choice schools, would not be changed.

[Bill Sections: 1583 and 1603]

4. PRIVATE SCHOOL CHOICE PROGRAMS -- BACKGROUND CHECK FOR TEACHERS AND ADMINISTRATORS

Governor: Require private choice schools to conduct a background investigation of an individual before extending an offer to teach or serve as an administrator at the private school, beginning on the effective date of the bill. Specify that the investigation be conducted with the assistance of the Department of Justice (DOJ).

Require private choice schools to conduct a background investigation of all individuals employed by the private school on the effective date of the bill with the assistance of DOJ.

At least once every five years after a teacher or administrator's initial background investigation, require private choice schools to conduct an additional background investigation on the teacher or administrator with the assistance of DOJ if the teacher or administrator remains employed by the school.

[Bill Sections: 1593 and 1613]

5. STATEWIDE PRIVATE SCHOOL CHOICE PROGRAM -- PRIOR YEAR ATTENDANCE REQUIREMENT

Governor: Specify that a pupil could participate in the statewide private school choice program if he or she attended a school in another state in the previous school year.

Under current law, prior year attendance requirements apply to pupils in the statewide choice program. To be eligible for the program, a pupil must meet one of the following requirements: (a) was enrolled in a public school in his or her district of residence in the previous school year; (b) was not enrolled in school in the previous school year; (c) was enrolled in a private school under the Racine or statewide private school choice programs in the previous school year; or (d) is enrolling in kindergarten, first grade, or ninth grade in the current year. Similar prior year attendance requirements apply to the Racine choice program, but the bill would only modify the requirements for the statewide program.

[Bill Section: 1581]

6. PRIVATE SCHOOL CHOICE PROGRAMS -- ALLOW PARENT OR GUARDIAN TO SUBMIT INCOME INFORMATION

Governor: Allow a pupil's parent or guardian, in addition to a private school, to submit to

DPI information used to determine the pupil's eligibility to participate in a private school choice program, including names, addresses, social security numbers, state and federal tax identification numbers, and household information. Specify that if the Department of Revenue (DOR) is unable to verify the pupil's family income or eligibility, DOR would be required to notify the private school and the pupil's parent or guardian, in addition to DPI as under current law.

Under current law, income information for private choice pupils must be submitted to DPI by private schools rather than by pupils' parents or guardians.

[Bill Sections: 1580 and 1602]

7. PRIVATE SCHOOL CHOICE PROGRAMS -- MISREPRESENTATION OF INFORMATION TO DPI

Governor: Provide that a school may be barred from participating in a private school choice program in the current school year and the following school year if it misrepresents information required under the statutes or administrative rules.

[Bill Sections: 1595, 1598, 1615, and 1618]

8. PRIVATE SCHOOL CHOICE PROGRAMS -- INFORMATION PROVIDED TO DPI

Governor: Delete requirement for private choice schools to annually provide the following information to DPI: (a) the name, address, and telephone number of the private school and the name of one or more contact persons at the school; (b) the names of the members of the private school's governing body and of the private school's shareholders, if any; (c) a notice stating whether the school is operated for profit or not for profit, and a copy of the school's 501 (c) (3) certificate if it is a nonprofit organization; (d) a copy of the appeals process used if the private school rejects an applicant; (e) copy of the school's policy for awarding a high school diploma; (f) a copy of the school's non-harassment policy and the procedures for reporting and obtaining relief from harassment; (g) a copy of the school's suspension and expulsion policies and procedures for appealing a suspension or expulsion; (h) a copy of the policy used by the private school for accepting or denying the transfer of credits earned at another school; and (i) a copy of the school's visitor policy.

Instead, require a private school to submit the above information by January 10 prior to the first year of participation if it is participating in the Racine or statewide choice programs, did not participate in the Racine or statewide programs in the previous school year, and is not a new private school. Require a private school to submit the above information by January 10 prior to the first year of participation if it is participating in the Milwaukee choice program, did not participate in the Milwaukee program in the previous school year, and is not a new private school. Additionally, require private schools to provide a copy of any policy included in the above list upon the request of the Department.

Specify that a private school could be barred from participation in the current school year if it did not provide the required information to DPI.

[Bill Sections: 1587, 1588, 1590, 1597, 1607, 1608, 1610, and 1617]

9. PRIVATE SCHOOL CHOICE PROGRAMS -- SIGNED STATEMENT FROM MEMBERS OF GOVERNING BODY

Governor: Require a private school participating in the Racine or statewide choice programs that did not participate in the programs in the previous school year and is not a new private school to submit a signed statement from each individual who is a member of the school's governing body verifying that the individual is a member of the governing body. Require a private school participating in the Milwaukee program that did not participate in the program in the previous school year and is not a new private school to submit a signed statement from each individual who is a member of the school's governing body verifying that the individual is a member of the governing body.

Require an individual who joins the governing body of a school participating in a private school choice program to provide a signed statement to DPI verifying that the individual is a member of the governing body.

Specify that a private school could be barred from participation in the current school year if it did not provide the required information to DPI.

[Bill Sections: 1584, 1589, 1590, 1597, 1604, 1609, 1610, and 1617]

10. PRIVATE SCHOOL CHOICE PROGRAMS -- CERTIFICATION THAT SCHOOL MEETS CERTAIN STANDARDS

Governor: Delete current law requiring private choice schools to meet at least one of the following standards: (a) at least 70 percent of the pupils in the program advance one grade level each year; (b) the private school's average attendance rate for the pupils in the program is at least 90 percent; (c) at least 80 percent of the pupils in the program demonstrate significant academic progress; (d) at least 70 percent of the families of pupils in the program meet parent involvement criteria established by the private school.

[Bill Sections: 1585, 1591, 1596, 1605, 1611, and 1616]

11. PRIVATE SCHOOL CHOICE PROGRAMS -- OPERATING BUDGET

Governor: Prohibit DPI from requiring a private choice school that is not a new private school and that is in good standing with DPI to submit the school's annual operating budget as evidence of its fiscal and internal control practices or financial viability.

[Bill Sections: 1592, 1594, 1612, and 1614]

12. PRIVATE SCHOOL CHOICE PROGRAMS -- SUMMER DAILY ATTENDANCE REPORT

Governor: Require a private school participating in a choice program to submit to DPI a report stating its summer daily attendance for each day of summer school annually by September 15. Under current law, the report is due on October 1.

[Bill Sections: 1586 and 1606]

13. PRIVATE SCHOOL CHOICE PROGRAMS -- DELETE PROCESS TO IDENTIFY ELIGIBLE SCHOOL DISTRICT

Governor: Delete statutory references to a process used in 2011 to identify school districts eligible to develop a new private school choice program, which was used to create the Racine private school choice program. Under current law, no new district can qualify as an eligible school district under the process after April 20, 2012.

[Bill Sections: 1577 thru 1579 and 1582]

14. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- CURRENT LAW REESTIMATE

GPR	$10,493,000
Aid Reduction	- 10,493,000
Net GPR	$0

Governor: Provide $4,276,000 in 2017-18 and $6,217,000 in 2018-19 for the special needs scholarship program to reflect changes in pupil participation and per pupil payments under current law. It is estimated that 350 pupils will participate in the program in 2017-18 and 500 pupils will participate in 2016-17. Based on the increase in categorical aids provided in the bill, the per pupil payment under the program would increase from $12,000 in 2016-17 to $12,217 in 2017-18 and $12,434 in 2018-19.

Under current law, the cost of payments for pupils attending a private school under the special needs scholarship program are fully funded through an aid reduction in the general school aids that would otherwise be paid to those pupils school districts of residence. Therefore, the increase in funding would be fully offset by an aid reduction. Districts can count pupils for general aid and revenue limit purposes.

15. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- VERIFICATION OF INDIVIDUALIZED EDUCATION PLAN

Governor: Require that the governing body of a private school determine whether an application satisfies the requirements of the program upon receiving an application for the program, including requesting verification that a pupil has an individualized education plan (IEP) or services plan in place from the local education agency that developed the plan. Require the local education agency to provide the IEP or services plan to the private school within five business days of receiving the request.

Require that the governing body of the private school notify DPI when it verifies that a pupil has an IEP or services plan in effect and accepts the child's application to attend the private school under the program. Additionally, require the governing body to notify the child's resident school board that the child will be awarded a scholarship under the program if the pupil meets the program requirements.

Under current law, DPI is required to make the verification that a pupil applying to attend a private school under the program has an IEP or services plan in place and notify the pupil's resident school board that the pupil will participate in the program.

[Bill Sections: 1489 and 1492]

16. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- INDIVIDUALIZED EDUCATION PROGRAM TEAM IN NONRESIDENT DISTRICT

Governor: Allow a pupil who is attending a private school in a nonresident district to be reevaluated by an individualized education program (IEP) team appointed by the nonresident district if the pupil's parent or guardian provides written consent.

Under current law, a pupil participating in the special needs scholarship program may be reevaluated only by an IEP team appointed by the pupil's resident school district. A reevaluation can be conducted no more than once every three years, upon the request of the pupil's resident school board.

[Bill Section: 1488]

17. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- MISREPRESENTATION OF INFORMATION TO DPI

Governor: Provide that a school may be barred from participating in the special needs scholarship program by DPI if the private school misrepresents information required under the statutes or administrative rules governing the program. Under current law, this provision applies to misrepresentations involving the statutory duties prescribed for participating private schools.

[Bill Section: 1493]

18. SPECIAL NEEDS SCHOLARSHIP PROGRAM -- TECHNICAL CHANGES

Governor: Renumber current law related to the document prepared by DPI informing pupils of their rights when attending a public school compared to attending a private school under the special needs program.

[Bill Sections: 1487, 1490, and 1491]

19. INDEPENDENT CHARTER SCHOOL PROGRAM REESTIMATE

GPR	- $14,269,600
Aid Reduction	- 14,269,600
Net GPR	$0

Governor: Delete $9,727,200 in 2017-18 and $4,542,400 in 2018-19 as a reestimate of sum sufficient funding for the independent charter school program. Total funding would decrease from base level funding of $76,967,200 in 2016-17 to $67,240,000 in 2017-18 and $72,424,800 in 2018-19. The reestimate assumes that 8,000 pupils in 2017-18 and 8,400 pupils in 2018-19 will participate in the program and that, based on the revenue limit and categorical aid provisions in the bill, the per pupil payment under the program would increase from $8,188 in 2016-17 to $8,405 in 2017-18 and $8,622 in 2018-19.

(Base level funding for the independent charter school program was set at $76,967,200 as part of the sum sufficient reestimates done in January of 2016. Using more recent enrollment estimates, under the October 15, 2016, general school aids distribution prepared by DPI, independent charter school program expenditures were estimated to be $62,222,800 in 2016-17.)

Under this program, the City of Milwaukee, UW-Milwaukee, and UW-Parkside currently operate or contract to operate charter schools, and DPI pays the operators of these charter schools a statutorily-determined per pupil amount each year. The per pupil payment under the program in a given year is equal to the sum of the prior year's payment plus the per pupil revenue limit adjustment for the current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive. Under the bill, the per pupil payment would increase by $217 in both 2017-18 and in 2018-19.

By law, DPI is required to proportionally reduce the general aid for which each school district is eligible by an amount totaling the estimated payments for the current authorizers. In 2016-17, each district's general aid entitlement was reduced by 1.4% under this provision. Under revenue limits, districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

20. VIRTUAL CHARTER SCHOOL ATTENDANCE REQUIREMENT

Governor: Prohibit the governing body of a virtual charter school from allowing a pupil to begin attending the school during a semester in which the pupil has been absent from a school without an acceptable excuse under the statutory provisions for compulsory school attendance for part or all of four or more days on which the school was held during the school semester.

[Bill Section: 1534]

21. RESTORE THE PART-TIME OPEN ENROLLMENT PROGRAM

Governor: Delete the current law provisions related to the course options program and generally restore the prior law provisions related to the part-time open enrollment program.

Prior to the 2013-15 biennial budget act, under the part-time open enrollment program, a pupil enrolled in a public school in grades 9 to 12 could attend public school in nonresident districts to take up to two courses offered by the nonresident districts. The 2013-15 budget act modified the part-time open enrollment program to become the course options program, under which any pupil enrolled in a public school could enroll in up to two courses at any time at various educational institutions. The bill would generally restore the part-time open enrollment program under prior law with the modifications made to the course options program in the 2015-17 budget act related to whole grade sharing agreements and the required notice of educational options also applying to the part-time open enrollment program.

The following sections describe the part-time open enrollment program as it would be recreated under the bill.

A pupil enrolled in a public school in grades 9 to 12 would be able to attend public school in a nonresident school district to take a course offered by the nonresident school district. A pupil could attend no more than two courses at any time in nonresident school districts.

Application Procedures. The pupil's parent would be required to submit an application, on a form provided by DPI, to the nonresident school district no later than six weeks prior to the date the course is scheduled to commence. The application would have to include the course or courses that the pupil wishes to attend and could specify the school or schools at which the pupil wishes to attend the course. The nonresident school board would have to send a copy of the application to the pupil's resident school board. (If the pupil attending a different district under a whole grade sharing agreement, the pupil's district of attendance would generally be treated as the resident district for the purposes of the program.) The nonresident board would be required, no later than one week prior to the date on which the course is scheduled to commence, to notify the applicant and the resident board, in writing, whether the application has been accepted and the school at which the pupil can attend the course. The acceptance would apply only for the following semester, school year, or other session in which the course is offered. If accepted, the parent would be required to notify the resident and nonresident boards, prior to the date on which the course is scheduled to commence, of the pupil's intent to attend the course in the nonresident district.

If the number of applications received for a particular course exceeds the amount of space available, the district would be required to select pupils on a random basis.

Nonresident School District Acceptance Criteria. The school district's acceptance criteria would have to be the same as the criteria for entry into the course applicable to pupils who reside in the school district, except that a school board could give preference to residents of the district. Each school board was required to adopt a resolution establishing these criteria by February 1, 1998, under the prior program, and this requirement is retained in the bill. If a board wishes to revise the criteria, it would be required do so by resolution.

Transfer Prohibited by District of Residence. A resident school board could prohibit a pupil from attending a course in a nonresident district if the cost of the course would impose an undue financial burden upon the resident district. A resident school board would be required to prohibit a child with disabilities from attending a course in a nonresident district if the course conflicts with the child's IEP.

The district of residence would be required to, no later than one week prior to the commencement of the course, do the following: (a) notify the applicant, in writing, if it determines that the course does not satisfy the high school graduation requirements; and (b) notify the applicant and the nonresident board, in writing, if the application is denied and the reason for the denial.

Appeal of Rejection. If an application would be rejected by the resident or nonresident school district, the pupil's parent could appeal the decision to DPI within 30 days of the decision. DPI's decision on the appeal would be final and not subject to judicial review under Chapter 227 of the statutes. DPI would be required to affirm the school board's decision unless it finds that the decision was arbitrary or unreasonable.

Transportation. Parents would be responsible for transporting pupils to and from courses. The parent of a pupil could apply to DPI for reimbursement of the costs of the pupil's transportation if the pupils and parent are unable to pay the cost of such transportation. DPI would determine the amount of the reimbursement, which would be made from the same appropriation for reimbursement of transportation costs for the full-time open enrollment program. DPI would be required to give preference in making reimbursements to pupils who are eligible for a federal free or reduced-price lunch.

Rights of Pupils. A pupil attending courses in a school outside his or her district of residence under part-time open enrollment would have all the rights and privileges of resident pupils and would be subject to the same rules and regulations as resident pupils.

Records Relating to Suspension or Expulsion. A resident district would be required to provide a school district to which a pupil has applied under part-time open enrollment records related to expulsion or disciplinary proceedings involving the pupil.

Tuition Payments. The resident district would pay the nonresident district an amount equal to the cost of providing the course or courses to the pupil, calculated in a manner determined by DPI.

Report. School districts would be required to report to DPI in their annual school performance report on the number and percentage of resident pupils attending a course in a nonresident district, the number of nonresident pupils attending a course in the district, and the courses taken by those pupils. The part-time open enrollment program would be required to be included in the notice of educational options that DPI, public schools, independent charter schools, and choice schools are required to provide.

[Bill Sections: 1465, 1471, 1473, 1536 thru 1553, and 1576]

22. OPEN ENROLLMENT PROGRAM -- IEP TEAM

Governor: Delete the current law requirement that for a pupil with a disability who is attending a public school in a nonresident district under the open enrollment program, at least one person designated by the school board of the pupil's district of residence who has knowledge or special expertise about the child be appointed to the pupil's individualized education program (IEP) team.

[Bill Section: 1485]

23. OPEN ENROLLMENT PROGRAM -- SPACE DETERMINATION

Governor: Require school boards to determine the number of regular and special education spaces available within the district under the open enrollment program no later than the first Monday in February, rather than in the January meeting of the school board as required under current law. Availability of space is a permissible criteria for a district in accepting and rejecting applications from nonresident pupils under the program.

[Bill Section: 1535]

24. CHOICE, CHARTER, AND OPEN ENROLLMENT PAYMENT INDEXING MECHANISM

Governor: Specify that the following appropriations would be excluded from the calculation of statewide categorical aid for the purpose of indexing the payments for the choice, charter, and open enrollment programs: (a) the current law appropriation for payments under the special needs scholarship program; (b) the appropriation created under the bill for performance funding for schools in the City of Milwaukee; (c) the appropriation created under the bill for performance improvement funding for schools in the City of Milwaukee; and (d) the appropriation created under the bill for the summer school grant program for the Milwaukee Public Schools.

Specify that the amount included in statewide categorical aid from the DOA appropriation for telecommunications access for educational agencies would be the amount determined by the DOA Secretary to be allocated for payments to telecommunications providers under contracts with school districts and cooperative educational service agencies, for grants to school district consortia, and for educational technology teacher training grants. Under the bill, the purposes of that appropriation would be broadened to include payments to other educational agencies, which are currently paid out of separate appropriations that would be deleted and consolidated into one appropriation. [See "Administration -- Information Technology" for more information.]

In addition, specify that if the Secretary of the Department of Administration does not lapse funding from state compensation reserves related to the state contracting to provide self-insured group health plans for state employees, DPI must subtract the associated change in the per pupil aid payment (a $12 per pupil change to the prior year payment in each year) from the indexing calculation each year. [See "Public Instruction -- Categorical Aids" and "Budget Management and Compensation Reserves" for more information.]

Under current law, the various per pupil payment amounts under the private school choice programs, the special needs scholarship program, the independent charter school program, and the open enrollment program equal the sum of the payment amount for the program in the previous year plus the per pupil revenue limit adjustment for the current year, if positive, plus the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive.

[Bill Sections: 1532 and 9135(3)]

25. EARLY COLLEGE CREDIT PROGRAM

Governor: Modify the youth options program to create the early college credit program.

Under the early college credit program, any public high school pupil could enroll in an institution of higher education for the purpose of taking one or more nonsectarian courses, including during a summer semester or session. An institution of higher education would be defined as: (a) an institution within the University of Wisconsin (UW) System; (b) a technical college within the technical college system; (c) a tribally-controlled college; or (d) a private, nonprofit institution of higher education located in Wisconsin. Specify that a tribally-controlled college or a private institution of higher education would only be part of the program if they notify the State Superintendent of their intent to participate by September 1 of the previous school year.

Application Procedures. Require a pupil enrolling in a course under the program to submit an application to the institution of higher education in the previous school semester, indicating whether he or she will take the course for high school credit, postsecondary credit, or both. Require that the pupil specify on the application that if he or she is admitted, the institution of higher education may disclose the pupil's courses, grades, and attendance record to his or her public school. Provide that if the pupil intends to take a course for postsecondary credit at an institution within the UW System, the Board of Regents would have to notify the pupil whether credits earned for the course are transferable between and within institutions within the system.

Require an institution of higher education to admit a pupil if the following apply: (a) there is space available in the course; and (b) the pupil meets the requirements and prerequisites of the course.

Require a pupil to: (a) notify an institution of higher education by March 1 prior to the fall semester and by October 1 for the spring semester of their intention to enroll; (b) specify the course titles and credits; and (c) indicate whether the course would be taken for high school or postsecondary credit. Provide that if a pupil takes a course for high school credit, the school board would determine: (a) whether the course is comparable to a course offered in the district; (b) whether it satisfies any graduation requirements; and (c) the number of credits to award for the course. Require DPI to develop guidelines for school districts to use. Provide that a pupil would have 30 days to appeal a school board's decision to the State Superintendent, whose decision would be final and not subject to judicial review under Chapter 227 of the state statutes.

Tuition and Payment. Specify that tuition charged for each credit assigned to the course could not exceed the following: (a) for a UW institution, a technical college, or a tribally-controlled college, one-third of the amount that would be charged per credit to a Wisconsin resident who is enrolled in the course as an undergraduate student; or (b) for a private nonprofit institution, no more than 33% of the amount charged per credit by a UW institution for a resident Wisconsin undergraduate.

Require the school board of the district in which the pupil is enrolled to pay the institution the determined tuition amount within 30 days after the end of the semester and submit to DPI an itemized report of the amount paid. Require the Department of Workforce Development (DWD) to pay to DPI a portion of the costs of tuition for a pupil attending an institution of higher education under this program on behalf of the school board, with the reimbursement percentage determined based on the type of course credit received by the pupil, as described below. Require DPI to reimburse each school board the amount received from DWD. If the appropriation under DWD is insufficient to reimburse all school districts the full amount of reimbursable tuition, the Secretary of DWD would be required to notify the State Superintendent, who would then be required to prorate the amount of the payments among eligible school districts. (Funding for the program equal to $1,150,300 GPR in 2017-18 and $1,753,500 GPR in 2018-19 would be provided in a new appropriation created under DWD. The fiscal effect is shown under "Workforce Development."

Costs Of A Course Taken for High School Credit. Require that if the pupil is taking a course for high school credit, regardless of whether the pupil will also receive postsecondary credit, and if the course is not comparable to a course offered in the school district, the school board of the district in which the pupil is enrolled would be responsible for 75% of the actual cost of tuition. Provide that if the pupil takes such a course at a high school in a school district, the school board would also be responsible for the costs of books and other necessary materials.

Require DWD to reimburse the school district for the remaining 25% of the cost of tuition, as described above.

Costs Of A Course Taken for Postsecondary Credit. Require that if the pupil is taking a course for postsecondary credit and if the course is not comparable to a course offered in the school district, the school board of the district in which the pupil is enrolled would be responsible for 25% of the actual cost of tuition.

Require DWD to reimburse the school district for 50% of the cost of tuition, as described above.

Specify that a pupil who is taking a course only for postsecondary credit would be responsible for the remaining 25% of the actual cost of tuition as determined under the program. Require the school board of the district in which the pupil is enrolled to establish a written policy governing the timing and method for recovering the pupil's share of tuition from the pupil or his or her parent or guardian. Require the school board to waive the pupil's responsibility for costs if DPI determines that the cost of the course would pose an undue financial burden on the pupil's family.

Provide that if a pupil receives a failing grade or fails to complete a course, the school board could request reimbursement of any moneys it paid. If reimbursement is not made, the pupil would be ineligible for further participation in the program.

Additional School Board Duties. Require school boards to provide information about the early college credit program to all pupils enrolled in the district in 8th through 11th grades no later than October 1 of each year, and include the program in the notification of educational options posted on the district's Internet site.

Allow a school board to establish a written policy limiting the number of credits for which the school board will pay to the equivalent of 18 postsecondary credits per pupil. Allow a school board to enter into an agreement with an institution of higher education to facilitate the early college credit program.

Transportation Aid. Specify that pupils attending a course under the early college credit program at an institution of higher education and receiving credit for the course could apply for aid under the appropriation for aid for transportation for open enrollment and the early college credit program.

Under current law, the youth options program allows high school juniors and seniors to take postsecondary level courses at any UW 2-year or 4-year institution, any of the 16 colleges within the Wisconsin Technical College System, or in participating private, nonprofit and tribal colleges and universities. Under the program, the school district pays for a college course if the district determines the course qualifies for both high school and college credit and is not comparable to a course already offered in the district. If approved by the district, the student can receive both high school and college credit upon successful completion of the course.

[Bill Sections: 400, 629 thru 631, 633, 642, 1396, 1465, 1473, 1554 thru 1576, and 1635]

School District Operations

1. ELIMINATE REQUIRED HOURS OF INSTRUCTION FOR PUBLIC SCHOOLS

Governor: Delete current law requiring school districts to schedule annual direct pupil instruction equal to at least 437 hours for pupils in kindergarten, 1,050 hours for pupils in grades 1 to 6, and 1,137 hours for pupils in grades 7 to 12. Under current law, the required hours of instruction can include recess, time to transfer between classes, Saturday hours, and up to 87.5 of the scheduled hours for outreach activities for pupils in a four-year-old kindergarten program, but cannot include lunch periods or interim sessions.

Additionally, delete a current law requirement that a virtual charter school ensure that its teachers are available to provide direct pupil instruction for at least 437 hours for kindergarten pupils, at least 1,050 hours for pupils in grades 1 to 6 and at least 1,137 hours for pupils in grades 7 to 12, not to include more than 10 hours in any 24 hour period.

[Bill Sections: 1461, 1530, 1531, 1533, 1619, 1631 thru 1634, 1636, and 1637]

2. SCHOOL BOARD MEETING REQUIREMENTS

Governor: Delete the following requirements from current law related to school board meetings:

a. hold a regular meeting of the board at least once per month; and

b. for common school districts, hold an annual meeting on the fourth Monday in July at 8 p.m., and for union high school districts hold an annual meeting on the third Monday in July at 8 p.m., subject to modification by the electors at an annual meeting, with meetings instead to be held on a date and hour determined by the school board. Under current law, a vote of the electors at an annual meeting can modify the date of future annual meetings, but school boards are subject to the dates and times specified in the statutes if no modification is made.

[Bill Sections: 1600, 1621, 1622, and 1630]

3. CONTRACT PROVISIONS

Governor: Delete current law requiring school districts to ensure that an employment contract does not exceed two years for a school district administrator, business manager, or school principal and assistants, as well as personnel administrators and supervisors, curriculum administrators, and assistants to administrative personnel who are employed to perform administrative duties only.

Additionally, delete current law requiring school districts to extend the contract of a school district administrator, business manager, or school principal and assistants by two years if written notice of renewal or refusal to renew the contract is not given at least four months prior to the contract's expiration.

[Bill Sections: 1526 thru 1528]

4. SHARED SERVICES FOR SCHOOL DISTRICTS

Governor: Allow a school board to contract with one or more school boards to perform any of the following functions required under state law: (a) establish a bilingual-bicultural education program; (b) offer instruction in cardiopulmonary resuscitation and cardiocerebral resuscitation, if the school board operates any grade from 7 to 12; (c) provide emergency nursing services; (d) designate an employee of one of the school boards to deal with matters relating to school attendance and truancy; (e) provide guidance and counseling services; (f) establish a technical preparation program in each public high school located in the district; and (g) ensure that gifted and talented pupils enrolled in the district have access to a program for gifted and talented pupils.

Delete current law specifying that a district can contract with other districts or cooperative educational service agencies (CESAs) to employ a certified reading specialist on a cooperative basis only at the discretion of the State Superintendent.

[Bill Sections: 1505 and 1629]

5. COMPENSATION FOR STUDENT TEACHERS

Governor: Allow school boards to provide compensation to a student teacher for time spent in a classroom that involves direct interaction with pupils.

[Bill Sections: 1599 and 1624]

6. STATEMENT OF INDEBTEDNESS

Governor: Delete current law requiring school districts to furnish a full and complete statement showing the bonded and all other indebtedness of the district, the purposes for which debt was incurred, and all accrued interest remaining unpaid, whenever required by the Secretary of State.

[Bill Section: 997]

7. RECYCLED MATERIALS AND LIFE CYCLE ESTIMATES

Governor: Exclude school districts from current law requiring local units of government to maximize the purchase of recycled materials, when possible, and specifying the minimum average recycled or covered content of all paper purchased by local units of government (currently equal to a minimum of at least 40%). Additionally, exempt school districts from current law requiring local units of government to award contracts for materials, supplies, or equipment on the basis of life cycle cost estimates when appropriate.

[Bill Section: 983]

8. OVERSIGHT OF CHILD CARE PROGRAMS RUN BY SCHOOL DISTRICTS

Governor: Specify that the Department of Children and Families could visit and inspect the premises of, inspect the records of, and investigate and prosecute any alleged violations occurring at any child care program established or contracted for by a school board that receives funding under the Wisconsin Shares childcare subsidy.

[Bill Section: 1625]

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $1,690,800	0.00
FED	613,100	- 2.00
PR	166,400	0.00
Total	- $911,300	- 2.00

Governor: Provide adjustments to the base budget of -$869,200 GPR, $340,100 FED, and $83,200 PR in 2017-18 and -$821,600 GPR, $273,000 FED, and $83,200 PR in 2018-19 and a reduction of 1.00 FED position in 2017-18 and an additional 1.00 FED position in 2018-19 for: (a) turnover reduction (-$427,900 GPR and -$494,800 FED annually); (b) removal of noncontinuing items from the base (-$76,200 FED and -1.00 FED position in 2017-18 and -$144,700 FED and an additional -1.00 FED position in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$823,500 GPR, $843,700 FED, and $69,200 PR annually); (d) overtime ($274,500 GPR, $50,200 FED, and $13,800 PR annually); (e) night and weekend differential pay ($55,500 GPR, $400 FED, and $200 PR annually); and (f) full funding of lease and directed move costs ($52,200 GPR and $16,800 FED in 2017-18 and $99,800 GPR and $18,200 FED in 2018-19).

2. MENTAL HEALTH TRAINING GRANTS

	Funding	Positions
GPR	$1,005,400	1.00

Governor: Provide $491,300 in 2017-18 and $514,100 in 2018-19 to fund training for school districts and independent charter schools in providing mental health screening and intervention services to pupils.

Of the total, $420,000 annually would establish a mental health training support program under which DPI would provide training on evidence-based strategies related to addressing mental health issues in schools to school district staff and instruction staff of independent charter schools. The State Superintendent would be required to ensure that at least all of the following evidence-based strategies are included in the training: (a) screening, brief intervention, and referral to treatment; (b) trauma sensitive schools training modules; and (c) youth mental health first aid.

The remaining $71,300 in 2017-18 and $94,100 in 2018-19 would fund 1.0 position to administer state mental health programs ($41,000 salary, $16,200 fringe benefits, and $14,100 supplies and services in 2017-18 and $54,700 salary, $21,600 fringe benefits, and $17,800 supplies and services in 2018-19).

[Bill Sections: 207 and 1468]

3. FUEL AND UTILITIES REESTIMATE

GPR	- $176,900

Governor: Delete $91,600 in 2017-18 and $85,300 in 2018-19 to reflect estimated costs for fuel and utilities for the state residential schools. Annual base level funding is $612,000.

4. CREATE A RENEWABLE ENERGY APPROPRIATION

Governor: Create an appropriation for electric energy derived from renewable sources and provide $14,500 GPR annually. Specify that these funds would be used for the premium cost incurred for the generation or purchase of electric energy derived from renewable sources as defined under current law. Reduce the appropriation for fuel and utilities for the state residential schools by $14,500 annually and prohibit DPI from using funds provided through that appropriation for the premium cost incurred for the generation or purchase of electric energy derived from renewable resources.

[Bill Sections: 205 and 206]

5. DEBT SERVICE REESTIMATE

GPR	- $11,400

Governor: Provide $5,400 in 2017-18 and -$16,800 in 2018-19 as a reestimate of debt service payments for the state residential schools. Annual base level funding is $1,062,600.

6. VERY SPECIAL ARTS

GPR	$23,400

Governor: Provide $11,700 annually above base level funding of $63,300 for the program for arts activities for children and adults with disabilities. The increase would restore the program to its 2008-09 funding level.

7. PROGRAM REVENUE REESTIMATES

PR	$6,358,400

Governor: Reestimate program revenue by $3,151,100 in 2017-18 and $3,207,300 in 2018-19. The reestimate includes $151,100 in 2017-18 and $207,300 in 2018-19 in the appropriation for personnel licensure to reflect teacher license fee revenue. The remaining $3,000,000 annually would be included in the appropriation for revenues from other state agencies to reflect funds transferred from the Department of Workforce Development (DWD) for the career and technical education incentive grants. Under the program, funds are transferred from DWD to DPI to make payments to school districts.

8. FEDERAL REVENUE REESTIMATES

FED	$1,847,200

Governor: Reestimate federal revenues by $923,600 annually in the appropriation for federal funds - individuals and organizations to reflect projected revenues and expenditures in federal fund sources.

9. ELIMINATE EXPIRATION DATES FOR TEACHING AND ADMINISTRATOR LICENSES

	Funding	Positions
PR	- $1,757,300	- 10.00

Governor: Delete $753,200 and 10.0 positions in 2017-18 and $1,004,100 in 2018-19 from base level funding of $3,698,400 by eliminating expiration dates for teaching and administrator licenses issued by DPI. Specify that any initial teaching license, professional teaching license, master educator license, or administrator's license issued by DPI beginning on the effective date of the bill would have no expiration date. Any initial teaching license, professional teaching license, master educator license, or administrator's license issued by DPI that is valid and current on the effective date of the bill would have no expiration date, and DPI could not require an individual who holds such a license to renew the license. Expiration dates for charter school teaching or administrator licenses would also be eliminated.

Require school boards to conduct a background investigation of each individual who holds a teaching or administrator's license and who is employed by the school board at least once every five years after the initial background check conducted by DPI at the time of the individual's initial application for a license. The investigations would be conducted with the assistance of the Department of Justice beginning on the effective date of the bill. Allow a school board to contract with DPI to conduct the background investigation. (The bill does not specify that Milwaukee Public Schools would be subject to the background investigation requirement.)

Under current law, a license for an initial educator is valid for five years, after which an educator can apply for a professional teaching license, which is valid for five years and can be renewed. An administrator license is also valid for a period of five years. A master educator license is an optional 10-year license that may be issued to educators who successfully complete additional requirements. Charter school teaching licenses are valid for three years and renewable for three year periods, and charter school principal licenses are valid for five years and renewable for five year periods. In general, professional development requirements must be met prior to renewing a license. Additionally, DPI is required to conduct a background check when an individual renews a teaching or administrator license.

[Bill Sections: 1462, 1463, 1474, 1475, 1509 thru 1519, 1525, and 1623]

10. TEACHER DEVELOPMENT PROGRAM

Governor: Create a teacher development grant program, under which a school district could apply to the Department of Workforce Development (DWD) for a grant to design and implement a teacher development program in partnership with a school of education in the University of Wisconsin (UW) System or the flexible option program in the UW System Extension.

Under the program, the district and the partnering entity would be required to design a program to prepare district employees who work closely with pupils and hold a bachelor's degree to successfully complete the requirements for obtaining a professional teaching permit or initial teaching license, including any required standardized examinations. Additionally, the school district would be required to allow employees who are enrolled in the program to satisfy student teaching requirements in a school in the school district, and the partnering entity would be required to prepare and provide intensive coursework for participating school district employees.

Require DWD to consult with DPI to confirm that a teacher development program awarded a grant by DWD meets the requirements described above. Allow DPI to issue an initial teaching license to an individual who completes a teacher development program under the grant program.

[Bill Sections: 1407 and 1524]

11. TEACHING LICENSE BASED ON RECIPROCITY

Governor: Delete current law requiring that an individual has received an offer of employment from a school in Wisconsin to be eligible for a teaching or administrator license based on reciprocity.

Under current law, an individual is eligible for a teaching or administrator license based on reciprocity if he or she meets the following requirements: (a) currently holds the equivalent license granted by the proper authority of another state and is in good standing with the proper authority of another state; (b) taught or worked as an administrator under the license granted by another state for at least one year; and (c) has received an offer of employment from a school located in Wisconsin.

[Bill Sections: 1520 thru 1523]

12. FACULTY TEACHING IN PUBLIC HIGH SCHOOLS

Governor: Allow a faculty member of an institution of higher education to teach in a public high school, including a charter school operating only high school grades, without a license or permit from DPI. Define "institution of higher education" as one of the following: (a) an institution or college campus within the University of Wisconsin System; (b) a technical college within the Wisconsin Technical College System; or (c) any private, nonprofit postsecondary institution that is a member of the Wisconsin Association of Independent Colleges and Universities. To be eligible, the faculty member must possess a bachelor's degree and be in good standing with the institution of higher education at which he or she is a member of the faculty.

[Bill Sections: 1507 and 1508]

13. NEWSLINE FOR THE BLIND

SEG	$52,200

Governor: Provide $16,900 in 2017-18 and $35,300 in 2018-19 for the program that provides access to newspapers for the blind. Base level funding is equal to $111,500, and is included in the appropriation for BadgerLink (base level funding is $2,902,200 annually). The segregated funding for the program is provided from the state universal service fund, which receives its revenue through assessments on annual gross operating revenues from intrastate telecommunications providers.

14. LIBRARY SERVICE CONTRACTS

SEG	$10,300

Governor: Provide $3,200 in 2017-18 and $7,100 in 2018-19 above base level funding of $1,167,200 to fully fund the estimated costs of library service contracts. Contracts are currently maintained with the Milwaukee Public Library, the University of Wisconsin-Madison, Cooperative Children's Book Center, and the Wisconsin Talking Book and Braille Library (formerly known as the Wisconsin Regional Library for the Blind and Physically Handicapped). The segregated funding for the program is provided from the state universal service fund, which receives its revenue through assessments on annual gross operating revenues from intrastate telecommunications providers.

15. ACADEMIC AND CAREER PLANNING INSTRUCTION

Governor: Require the State Superintendent to work with the Department of Children and Families (DCF) to develop success sequence-related instruction and materials to be incorporated into academic and career planning services. Define "success sequence" as the idea that economic success is more likely if an individual follows three norms: (a) graduating from high school; (b) maintaining a full-time job or having a partner who does; and (c) having children while married and after age 21, if the decision is made to become parents.

Require that every school board incorporate the success sequence information in its academic and career planning services beginning in the 2019-20 school year. Require DCF to approve any instruction and materials related to the success sequence before they are provided to pupils. Under another provision of the bill, DCF would be provided with $50,000 in 2017-18 for the development of academic and career planning materials.

Under current law, DPI is required to ensure that every school board provides academic and career planning services to pupils enrolled in grades six through 12 beginning in the 2017-18 school year.

[Bill Sections: 1466 and 1467]

16. SCHOOL AND SCHOOL DISTRICT ACCOUNTABILITY REPORTS

Governor: Require the school and school district accountability reports published annually by DPI to include the following information for school districts and for each high school in the district: (a) the number and percentage of pupils participating in the early college credit program; (b) the number and percentage of pupils participating in a youth apprenticeship; (c) the number of community service hours provided by pupils; (d) the number of advanced placement courses offered and the number of advanced placement credits earned by pupils; and (e) the number of pupils earning industry-recognized credentials through a technical education program established by a school board.

[Bill Section: 1472]

17. STUDY ON ABSENTEEISM AND PUBLIC ASSISTANCE

Governor: Require DPI to collaborate with other agencies to prepare a report on the population overlap of families that receive public benefits and children who are absent from school for 10 percent or more of the school year. The other agencies involved in the report would include the Departments of Children and Families, Health Services, and Workforce Development, and any other relevant programs or agencies the departments identify as appropriate. Require the report to be submitted on or before December 30, 2018, to the Governor and appropriate standing committees of the Legislature.

[Bill Section: 9152(1)]

PUBLIC SERVICE COMMISSION

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
FED	$2,344,200	$2,683,800	$2,684,000	$679,400	14.5%	10.25	10.25	10.25	0.00	0.0%
PR	17,114,600	19,329,900	19,013,800	4,114,500	12.0	138.00	138.00	138.00	0.00	0.0
SEG	8,019,600	20,514,900	6,514,900	10,990,600	68.5	4.00	4.00	4.00	0.00	0.0
TOTAL	$27,478,400	$42,528,600	$28,212,700	$15,784,500	28.7%	152.25	152.25	152.25	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

FED	$679,400
PR	- 1,651,000
SEG	- 9,400
Total	- $981,000

Governor: Provide standard budget adjustments totaling $339,600 FED in 2017-18 and $339,800 FED in 2018-19, -$829,900 PR in 2017-18 and -$821,100 PR in 2018-19, and -$4,700 SEG annually. Adjustments are for: (a) turnover reduction (-$261,000 PR annually); (b) full funding of continuing position salaries and fringe benefits ($331,400 FED, -$577,800 PR, and -$4,700 SEG annually); and (c) full funding of lease and directed move costs ($8,200 FED and $8,900 PR in 2017-18 and $8,400 FED and $17,700 PR in 2018-19).

2. BROADBAND EXPANSION GRANTS

PR	- $450,000
SEG	11,000,000
Total	$10,550,000
SEG-REV	$5,000,000

Governor: Modify the broadband expansion grant program as follows.

Transfers to Broadband Expansion Grant Program. Require the transfer of the unencumbered balance from the following universal service fund (USF) appropriations to the PSC's broadband expansion grant program appropriation on June 30 of each year: (a) universal telecommunications service (PSC); (b) digital learning collaborative (Department of Public Instruction - DPI); (c) periodical and reference information databases and Newsline for the Blind (DPI); (d) aid to public library systems (DPI); (e) library service contracts (DPI); (f) telecommunications services (University of Wisconsin System); and (g) telecommunications access for educational agencies (Department of Administration - DOA), as modified by the bill, except this transfer would occur on June 30 of each odd-numbered year. Modify the PSC's USF appropriation to authorize funds to be expended for making broadband expansion grants and for performing the duties related to the administration of the broadband expansion grant program. These provisions would take effect on the effective date of the bill. [The USF appropriations are funded through PSC assessments on companies providing retail intrastate voice telecommunications services.]

Funding Level for Broadband Expansion Grant Appropriation. Modify the PSC appropriation for broadband expansion grants to accept the transfers, as noted above, and transfer $6,000,000 SEG to the appropriation from the universal service fund in 2017-18. Also in 2017-18, transfer $5,000,000 SEG from DOA's federal E-rate appropriation to the broadband expansion grant appropriation. Delete the current law provisions limiting any year's expenditures to the amounts in the schedule and limiting the amount of grants in any fiscal year to $1,500,000. Within the appropriation, transfer budget authority of $1,500,000 SEG from 2018-19 to 2017-18, and further increase budget authority by $11,000,000 in 2017-18 to reflect the transfers noted above. As a result of these changes, $14,000,000 SEG would be available for broadband expansion grants in 2017-18, as opposed to $1,500,000 under current law. The appropriation schedule in the bill reports $0 for 2018-19. However, because the appropriation is a continuing appropriation, any unspent amounts from 2017-18 could be used to fund grants in 2018-19. Further, any unencumbered balances in the various USF appropriations as of June 30, 2018, would be transferred to the broadband expansion grant appropriation and be available for expenditure in 2018-19; the administration estimates these transfers at perhaps $1.5 million to $2 million. Under the bill, ongoing funding for broadband expansion grants would come from year-end unencumbered funds, if any, of the various USF appropriations. Authorize the PSC's USF appropriation to be used to make broadband expansion grants and to perform duties related to the administration of the broadband expansion grant program.

Changes to Broadband Expansion Grant Program. In 2017-18, authorize the PSC to allocate an amount that it determines for making broadband expansion grants to telecommunications utilities receiving A-CAM or phase II support, both as defined below, and to evaluate applications and award such grants on an expedited basis, without regard to the current law criteria for evaluating applications and rewarding grants. Define A-CAM support to mean support for the deployment of voice and broadband-capable networks from the federal Connect America Fund that is made to telecommunications utilities regulated as rate-of-return carriers by the Federal Communications Commission (FCC) and that is based on the FCC's Alternative Connect America Cost Model. Define phase II support to mean the FCC second phase of support for rural broadband deployment from the federal Connect America Fund that is made to telecommunications utilities regulated as price cap carriers by the FCC. Modify the current law provision authorizing contributions to the USF to be used to make broadband expansion grants to also authorize contributions to be used to carry out the Commission's duties related to the grant program, effective July 1, 2018.

Funding for State Broadband Office. Change the funding source for the contracted services in the state broadband office by reducing the PSC's utility regulation appropriation by $225,000 PR annually. Changes to the PSC's USF and broadband expansion grant appropriations, described above, would permit the contract expenditures to be funded through those appropriations, although neither appropriation is specifically increased to reflect the contract expenditures. Other administrative functions of the state broadband office would continue to be funded from the PSC's utility regulation appropriation.

Prohibit DNR and DOT from Charging Certain Fees. Prohibit DNR from requiring any appraisal or fee to secure an easement, if the Department has granted an easement for the construction of broadband infrastructure in underserved areas, as designated under current law provisions related to PSC broadband expansion grants. Prohibit the Department of Transportation from charging any fee for the initial issuance of any permit necessary to construct broadband infrastructure along, across, or within the limits of a highway, if the Department has consented to the construction of broadband infrastructure in underserved areas, as designated under current law provisions related to PSC broadband expansion grants. These provisions would take effect on the effective date of the bill.

[Bill Sections: 198, 199, 208, 218 thru 220, 223, 441, 527, 1226, 1227, 1693, 1695 thru 1699, 9237(1), 9237(2)(a), 9333(1), and 9437(1)]

3. INTERVENOR COMPENSATION

PR	$742,600

Governor: Increase the authorization for the intervenor compensation appropriation by $371,300 annually. The intervenor compensation program provides financial assistance to organizations and individuals who choose to become an intervenor for a Commission proceeding. When organizations or individuals have been granted intervenor status, they may submit testimony and exhibits at hearings, which become part of the record considered by the Commission in making decisions. Typically, intervenors use the compensation to pay for expert witnesses. In 2015 Wisconsin Act 55, a $300,000 annual grant for nonstock, nonprofit corporations with a history of advocating on behalf of residential ratepayers for affordable rates was repealed. The Governor item-vetoed a second provision in the enrolled bill that would have reduced the compensation rate for consumer groups and consumer representatives from 100% of the cost of participating in a PSC hearing to 50% of that cost. However, the item veto could not restore the $371,300 in funding authority related to the vetoed provision. This provision restores the related funding.

4. ELIMINATE STRAY VOLTAGE PROGRAM

	Funding	Positions
PR	- $610,200	- 1.00

Governor: Repeal provisions authorizing the stray voltage program, effective upon enactment of the bill. Delete 1.00 position and decrease funding by $305,100 annually. Under the program, the PSC and the Department of Agriculture, Trade and Consumer Protection jointly investigate the causes of stray voltage on individual farms, recommend to farmers solutions to stray voltage problems, and evaluate the effectiveness of on-site technical assistance. The program is funded by assessments on certain electric utilities and electric cooperatives. [See "Agriculture, Trade and Consumer Protection."]

[Bill Sections: 196, 197, and 1700]

5. TRANSFER TELECOMMUNICATIONS RELAY SERVICE FROM DOA TO THE PSC

	Funding	Positions
PR	$5,758,100	1.00

Governor: Transfer 1.00 position, funding of $2,879,000 in 2017-18 and $2,879,100 in 2018-19, and statutory responsibility for administering the telecommunications relay service from the Department of Administration to the PSC. The telecommunications relay service provides third-party assistance to persons with hearing loss or special challenges in using voice telecommunications. The service is available in Wisconsin by dialing 711. Currently, funding for the program is provided by a PSC assessment on telecommunications utilities. [See "Administration -- Transfers."]

[Bill Sections: 418, 1701, 1702, and 9101(4)]

6. LARGE-SCALE EMERGENCY RESPONSE EXERCISE

PR	$325,000

Governor: Transfer $325,000 on a one-time basis in 2017-18 to the Department of Military Affairs (DMA) to support an emergency response exercise known as Operation Dark Sky. Operation Dark Sky is a large-scale, multi-state, multi-disciplinary domestic operations exercise that DMA intends to execute in May, 2018. The exercise will focus on responding to a wide-scale disruption of electrical power and conventional communication systems caused by a cyberattack. According to DMA, the majority of the transferred funding will be utilized to reimburse local emergency responders participating in the exercise for food, transportation, and lodging costs.

Under the bill, funding would be transferred from the PSC's utility regulation appropriation to DMA's program services continuing PR appropriation. Program revenue for the PSC's appropriation is generated from fees the Commission assesses on public utilities, power districts, and sewerage systems. [See "Military Affairs."]

7. ENERGY EFFICIENCY AND RENEWABLE RESOURCE PROGRAMS

Governor: Increase the programs required to be included under the statewide energy efficiency and renewable resource programs, also known as Focus on Energy, to include incentives for projects for improving efficiency at elementary, secondary, and postsecondary schools. Require the PSC to ensure that the amount spent annually on such incentives is at least $10 million more than the amount spent on such incentives in 2016-17 and that public elementary and secondary schools are given priority in the spending.

[Bill Section: 1694]

8. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

REVENUE

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$110,151,500	$108,812,600	$109,042,300	- $2,448,100	- 1.1%	968.53	963.28	953.33	- 15.20	- 1.6%
PR	21,571,200	20,377,700	20,580,300	- 2,184,400	- 5.1	129.05	137.05	136.25	7.20	5.6
SEG	80,358,800	84,314,000	84,579,600	8,176,000	5.1	104.70	94.70	92.45	- 12.25	- 11.7
TOTAL	$212,081,500	$213,504,300	$214,202,200	$3,543,500	0.8%	1,202.28	1,195.03	1,182.03	- 20.25	- 1.7%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $4,762,700	- 35.00
PR	- 196,700	- 2.00
SEG	- 530,100	- 1.00
Total	- $5,489,500	- 38.00

Governor: Provide adjustments to the base budget for: (a) turnover reduction (-$1,642,100 GPR and -$128,700 SEG annually); (b) removal of noncontinuing elements from the base (-$1,743,300 GPR and -$90,300 PR and -35.00 GPR and -2.00 PR positions in 2017-18 and -$2,264,500 GPR, -$90,300 PR, and -$49,100 SEG and -35.00 GPR, -2.00 PR, and -1.00 SEG positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits ($1,155,600 GPR, -$127,800 PR, and -$135,900 SEG annually); (d) reclassifications and semiautomatic pay progression ($2,200 GPR, $43,200 PR, and $13,500 SEG in 2017-18 and $2,200 GPR, $106,300 PR, and $25,000 SEG in 2018-19); (e) full funding of lease and directed moves costs ($49,200 GPR, $39,200 PR, and -$3,600 SEG in 2017-18 and $164,500 GPR, $50,800 PR, and $13,300 SEG in 2018-19); and (f) minor transfers within the same alpha appropriation.

According to the Department of Revenue (DOR), 33.0 of the GPR positions that would be removed under standard budget adjustments are project positions that were provided under 2013 Wisconsin Act 20 and hired to increase enforcement of state tax laws based on a backlog of federal audit reports. Once the backlog of federal audit reports was completed, those positions were reassigned to other auditing and tax enforcement activities. Under the January, 2017, revenue forecast, it was estimated that expiration of these project positions would reduce state tax revenues by $14,000,000 in 2017-18 and $19,000,000 in 2018-19. The Governor has recommended additional project positions to expand auditing activity (see "Tax

Administration").

Additionally, DOR noted that removal of the two expiring PR project positions would reduce the amount of unclaimed property returned to owners by an estimated $5 million to $10 million, annually. Under Article X, Section 2 of the Wisconsin Constitution, the clear proceeds of all fines and forfeitures (including unclaimed and escheated property) are deposited in the Common School Fund. Therefore, the expected decrease in unclaimed property being returned to its owners would result in a corresponding increase in revenue to the Common School Fund, likely beginning in fiscal year 2018-19. It should be noted that these two positions were first authorized under the 2005-07 biennial budget bill and have been extended or otherwise reauthorized under each subsequent budget bill. The Governor has recommended reauthorizing these two positions (described in the following entry).

2. EXTEND UNCLAIMED PROPERTY PROGRAM PERMANENT PROJECT POSITIONS

	Funding	Positions
PR	$180,600	2.00

Governor: Provide $90,300 annually associated with 2.0 permanent project positions for the unclaimed property program and extend the positions two years, from an end date of June 30, 2017, to an end date of June 30, 2019. Funding for the positions is from unclaimed property program revenue.

3. MINOR TRANSFERS BETWEEN APPROPRIATIONS

PR	- $42,000
SEG	42,000
Total	$0

Governor: Delete $21,000 PR and provide $21,000 SEG annually to reflect: (a) adjustments to align from which appropriations funding is expended for DOR's tax processing system; (b) the alignment of 1.75 GPR business mailing unit positions and associated funding from the Division of Income, Sales, and Excise Tax (ISE) to the Enterprise Service Division; (c) the alignment of 3.0 GPR resolution officer positions from ISE to the Office of General Council; and (d) reallocated funding from PR to SEG to align with rental costs in the appropriations.

4. POSITION AND EXPENDITURE REDUCTION

	Funding	Positions
GPR	- $2,134,800	- 9.25
PR	- 2,811,600	0.00
Total	- $4,946,400	- 9.25

Governor: Delete 9.25 GPR positions and associated funding of $1,067,400 GPR annually for permanent position salary and fringe benefits. According to the administration, these positions are currently vacant information technology positions and elimination of these positions is not anticipated to impact current auditing efforts or associated revenues. Delete expenditure authority of $1,405,800 PR annually (comprised of $702,100 from supplies and services, $442,000 from permanent property, and $261,700 from unallotted reserve). The administration indicates that the reduction in PR expenditure authority would more accurately reflect its current level of expenditures.

5. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
GPR	- 9.95
PR	- 0.80
SEG	- 1.25
Total	- 12.00

Governor: Delete 12.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) administrative services and space rental -- general program operations (-9.95 GPR positions); (b) collection of taxes -- administration of resort tax (-0.25 PR positions); (c) administrative services and space rental -- internal services (-0.55 PR positions); and (d) lottery -- general program operations (-1.25 SEG positions). Funding associated with the positions ($866,000 GPR, $78,300 PR, and $98,500 SEG) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DOR but would become DOA employees rather than employees of DOR.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

6. PROJECT POSITION FOR LOCAL GOVERNMENT DASHBOARD ENHANCEMENT

	Funding	Positions
GPR	$146,500	1.00

Governor: Provide $62,800 in 2017-18 and $83,700 in 2018-19 and 1.0 project position annually to DOR's state and local finance operations appropriation. The position would be a four-year project position beginning on October 1, 2017, and expiring on September 30, 2021. According to the administration, the position would create a template and process to allow local government financial data posted on DOR's website to be viewed and compared by the public. DOR would have discretion on the design and content of the local dashboard.

Tax Administration

1. EXPAND AUDITING ACTIVITY

	Funding	Positions
GPR	$4,302,900	38.00
GPR-Tax	$64,000,000	

Governor: Provide $1,844,100 in 2017-18 and $2,458,800 in 2018-19 and 38.00 project positions annually to DOR's collection of taxes -- general program operations appropriation to increase auditing activity and to improve tax collections. The administration estimates that the additional auditing activity generated by these project positions would result in increased state tax collections of $32,000,000 annually, beginning in 2017-18. The project positions would be authorized from October 1, 2017, through September 30, 2021.

Under 2015 Act 55 (2015-17 biennial budget bill), DOR was provided 102.00 FTE positions to increase auditing activity. According to the administration, increased auditing activity generated by these positions has increased the workload for other areas of the Department. The administration states that the additional positions would be provided to the Division of Income, Sales, and Excise Tax as follows:

a. 18.0 project revenue agent and supervisor positions in the Division's Audit Bureau to identify taxes owed through the identification of W-2 form discrepancies, unreported shares of pass-through entity income or deductions, unpaid sales taxes on private vehicle sales, and Wisconsin tax liability changes resulting from federal audit reports; and

b. 20.0 project revenue agent and supervisor positions in the Division's Compliance Bureau to collect additional tax revenues that have already been identified by the Audit Bureau as owed to the state that become delinquent.

2. EXPAND STATEWIDE DEBT COLLECTION

	Funding	Positions
GPR-REV	$750,000	
PR	$895,100	8.00

Governor: Provide $383,600 in 2017-18 and $511,500 in 2018-19 and 8.0 project positions (7.0 debt collector agents and 1.0 supervisor) annually to DOR's collection of taxes -- debt collection appropriation to improve the collection of debts owed to state agencies and local governments. The project positions would be authorized from October 1, 2017, through September 30, 2021. The administration estimates that the additional project positions would increase debts collected by DOR by an estimated $7.0 million over the biennium. Amounts deposited in the general fund are estimated by the administration to be $750,000 higher in 2018-19 as a result of the additional positions.

DOR administers a statewide debt collection program for the purpose of collecting debts owed to state agencies, the Internal Revenue Service (IRS), and municipalities. The Department may enter into agreements with state agencies, the IRS, and municipalities, and charge a fee, for the collection of unpaid fines, forfeitures, costs, fees, surcharges, or restitution payments on behalf of those entities. Fees generated from those agreements are deposited as program revenue in DOR's collection of taxes -- debt collection appropriation. At the end of each fiscal year, the unencumbered balance in that appropriation account lapses to the general fund.

3. EXCEPTION FROM STATE DEBT COLLECTION PROGRAM

Governor: Make the following changes to laws governing state agency debt agreements under DOR's state debt collection program.

Under current law, a state agency and DOR must enter into a written agreement to have DOR collect any amount owed to the state agency that is more than 90 days past due, unless: (a) negotiations between the agency and debtor are actively ongoing; (b) the debt is the subject of legal action or administrative proceedings; or (c) the agency determines that the debtor is adhering to an acceptable payment arrangement. The bill would provide a fourth exception from this requirement if the agency receives written notice from the Secretary of the Department of Administration or the DOR Secretary identifying specific debts to be excluded from the agreement.

Current law requires that agreements between state agencies and DOR must be completed no later than July 1, 2010, except that an agreement may allow a delay or phase-in of referrals. The bill would delete this obsolete provision.

[Bill Sections: 1159 and 1160]

4. DELETE AMBULATORY SURGICAL CENTER ASSESSMENT APPROPRIATION

PR	- $209,800

Governor: Repeal DOR's collection of taxes -- ambulatory surgical center (ASC) assessment appropriation and delete associated funding of $104,900, annually. Under current law, 0.5% of all moneys received under the ASC assessment may be used by DOR to administer the assessment, and DOR must transfer at least 99.5% of the assessment to the medical assistance trust fund for the purpose of making ASC access payments. Under a separate provision of the bill, the Governor recommends eliminating the ASC assessment program and associated ASC access payments. [See "Health Services -- Medicaid Services."]

[Bill Sections: 468, 543, and 1664]

5. INCOME AND FRANCHISE TAX FILING REQUIREMENTS

GPR-Tax	$6,000,000

Governor: Make the following changes to reporting and filing requirements under the income and franchise tax statutes.

Electronic Filing Requirement. Under current law, if a person is required to file 50 or more wage statements or 50 or more of any one type of information return, that person must file the statements or the returns electronically, by means prescribed by DOR. The bill would lower the threshold for requiring electronic filing of such documents from 50 or more to 10 or more. This provision would first apply to a statement or return required to be filed in 2018.

Reporting Nonwage Payments. Under current law, Wisconsin residents and other persons carrying on activities within this state must report to DOR if they pay an individual for services performed in Wisconsin at least $600 in nonwage remuneration during a year. The report is due by February 28 of the following year, and must disclose the name of the payor, the name and address of the recipient, and the total amount paid. The bill would move the filing deadline to January 31. This provision would first apply to payments made on January 1, 2017.

Currently, if an employer applies for an extension for filing a statement of nonwage payments and shows good cause, DOR may grant a 60-day extension. The bill would reduce the permissible extension period to 30 days. This provision would first apply to an extension applied for on the effective date of the bill.

Information Returns for Rent and Royalty Payments. Under current law, persons other than corporations deducting rent or royalties in determining taxable income must file a report that shows the amounts and the name and address of all natural persons who are state residents and to whom royalties of $600 or more were paid during the taxable year and to whom rent of $600 or more was paid during the taxable year for property having a situs in Wisconsin. Such information must be filed on or before February 28 of the year following the year in which the payments were made. The bill would move the filing deadline to January 31.

Corporations doing business in Wisconsin must file any information relative to payments made within the preceding calendar year of rents and royalties to all natural persons subject to state income/franchise taxes on or before March 15 under current law. Under the bill, such information returns would have to be filed on or before January 31.

These provisions would first apply to payments made on January 1, 2017.

Filing Requirement for Wages that are Exempt from Withholding. Under the bill, employers that pay wages during a year to an employee (a resident individual who performs or performed services for an employer anywhere or a nonresident individual who performs or performed such services within this state) from which the employer is not required to deduct and withhold state withholding taxes would have to furnish an annual written wage statement to the employee. The statement would be due by January 31 of the year following the year when the wages were paid, unless the employee's employment was terminated before the end of the year. In that case, the statement would be due when the last payment of wages is made.

The statement would have to include: (a) the name of the employer and the employer's Wisconsin income tax identification number, if any; (b) the name of the employee and the employee's social security number, if any; and (c) the total amount of wages the employer paid in the calendar year to the employee. The employer would have to provide two legible copies of the statement to the employee. The employee would have to furnish one copy to DOR along with his or her tax return. In addition, each employer would have to file a copy of the statement with DOR by January 31 of the year following the year when the wages were paid.

These provisions would first apply to payments made on January 1, 2017.

Extensions for Information Returns. Under current law, if an employer applies for an extension for filing an information return with DOR and shows good cause, DOR may grant an extension of: (a) 60 days for filing a rent and royalty statement; (b) 30 days for filing a wage statement; or (c) 60 days for filing a statement of nonwage payments. Under the bill, the potential extension period for all three types of statements would be set at 30 days. A 30-day extension would also apply to the annual wage statements described in the preceding section. These provisions would first apply to an extension applied for on the effective date of the bill.

Fiscal Effect. According to the administration, it is estimated that these provisions would increase individual income tax collections by $3,000,000 annually, beginning in 2017-18.

[Bill Sections: 1127, 1128, 1131 thru 1136, 1151, and 9338(13) thru (15)]

6. OPTIONAL ELECTRONIC NOTIFICATION FROM DOR

Governor: Specify that DOR has the power and authority to serve notice in any of the following ways, unless otherwise provided by law: (a) by serving notice as a circuit court summons is served; (b) by certified or registered mail; (c) by regular mail, if the intended recipient admits receipt or there is satisfactory evidence of receipt; or (d) by electronic transmission if, before the person receives the electronic transmission, the intended recipient consents to receiving such notices electronically. Any notice transmitted by electronic transmission would be considered to be received by the intended recipient on the date that the Department electronically transmits the information to the person or electronically notifies the person that the information is available to be accessed by the person. DOR records of electronic transmission would constitute appropriate and sufficient proof of delivery and be admissible in any action or proceeding. If the intended recipient had appointed another person or entity to act on the intended recipient's behalf as its agent under a power of attorney, then notice served upon the agent would constitute notice served upon the intended recipient.

The bill would modify a number of current law notification requirements under the income/franchise tax, sales and use tax, tobacco products tax, fuel tax, administration of DOR, and the unclaimed property program so that the reporting provisions described above would apply. Currently, DOR may be required to notify a taxpayer by mail, certified mail, registered mail, regular mail, personal service, circuit court summons, or delivery by a DOR employee, depending on the specific statutory notification requirement.

[Bill Sections: 1010, 1011, 1124, 1137, 1138, 1145 thru 1150, 1156 thru 1158, 1163 thru 1166, 1180, 1182, 1195, 1197, 1208, 1209, 1645, 1646, and 1681]

7. MODIFY TAX RETURN FILING DATES FOR CORPORATIONS AND PARTNERSHIPS

Governor: Make the following changes to the dates on which partnerships and corporations must file income/franchise tax returns.

Under current law, a partnership must furnish to DOR a true and accurate statement (generally a tax return), on or before the 15th day of the fourth month following the close of its fiscal year in such manner and form as required by the Department. A corporation filing under the income/franchise tax must furnish a true and accurate statement, except for taxes on unrelated business income, on or before the 15th day of the third month following the close of its fiscal year, in such manner and form as required by DOR. Under the bill, both partnerships and corporations would have to furnish that statement, instead, on or before the date on which they are required to file for federal income tax purposes, not including any extension, in the manner and form required by DOR.

For corporate filers subject to state income/franchise tax on unrelated business income that must file for federal income tax purposes, the corporation is required to furnish to DOR a true and accurate statement on or before the date on which it is required to file for federal income tax purposes. The bill would specify that such a statement must be furnished on or before the date on which the corporation is required to file for federal income tax purposes, <u>not including any extension</u>.

The bill would modify the date on which corporate income/franchise tax returns become delinquent to reflect the changes to the required filing date, as described above.

Under current law, taxpayers are required to make estimated corporate income/franchise tax payments in four installments on or before the 15th day of each of the third month, sixth month, ninth month, and twelfth month of the corporation's taxable year. The bill would change the first installment due date from the third month to the fourth month of the taxable year, except that a taxpayer whose taxable year begins in April would have to continue to pay the installment in the third month of the taxable year.

Current law requires that each pass-through entity subject to withholding taxes from its nonresident owners must file an annual return that indicates the withholding amount paid to Wisconsin during the entity's taxable year. The entity must file the return with DOR no later than the: (a) 15th day of the third month following the close of the taxable year for tax-option corporations (S corporations); and (b) 15th day of the fourth month following the close of the taxable year for partnerships, limited liability companies, estates, and trusts. Under the bill, all types of pass-through entities would have to file the return with DOR on or before the date on which the pass-through entity is required to file for federal income tax purposes, not including any extension. The bill would also exempt a pass-through entity from interest on underpayments of estimated withholding taxes for nonresident members if the DOR Secretary determines that because of casualty, disaster, or other unusual circumstances, it is not equitable to impose interest.

The bill would modify the date through which interest would accrue for the underpayment of estimated corporate installment payments to reflect the date corporations would be required to file tax returns under the bill.

These provisions would first apply to taxable years beginning on January 1, 2017. The administration does not expect these provisions to have a fiscal effect.

[Bill Sections: 1057, 1072 thru 1074, 1090, 1105 thru 1107, 1141 thru 1144, 1154, 1155, and 9338(3)]

Lottery Administration

1. LOTTERY SALES PROJECTIONS

Governor: Project sales of $629.4 million in 2017-18 and $632.4 million 2018-19. Projected lottery sales provide the basis for estimating the lottery and gaming property tax credit in the next biennium. In addition, the projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The following table shows these projections, as well as 2015-16 actual lottery sales and the 2016-17 estimated sales projected in October, 2016, for the purpose of certifying the amount available for the 2016(17) lottery property tax credit. The Governor's 2017-19 projected sales are based on sales models utilized by DOR to estimate both lotto (on-line) and instant ticket games.

Lottery Sales Projections
($ in Millions)

Game Type	Actual 2015-16	2016-17	2017-18	Percent Change from 2016-17	2018-19	Percent Change from 2017-18
Scratch	$378.8	$384.4	$391.6	1.9%	$393.4	0.5%
Pull-tab	1.1	1.1	1.1	0.0	1.1	0.0
Lotto	247.2	231.9	236.7	2.1	237.9	0.5
Total	$627.2	$617.4	$629.4	1.9%	$632.4	0.0%

*Projected sales include increased sales anticipated by Lottery associated with increased product information funding.

2. LOTTERY SUM SUFFICIENT ADJUSTMENTS

SEG	$9,462,100

Governor: Provide $4,587,900 in 2017-18 and $4,874,200 in 2018-19 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide an increase of $3,249,400 in 2017-18 and $3,458,300 in 2018-19 to adjust base-level funding ($40,810,700) for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2017-19 biennium. Projected sales include increased sales anticipated by Lottery associated with increased product information funding. [See Item #3]

Basic retailer compensation rates under current law are 5.5% for lotto ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at $6.3 million in 2017-18 and 2018-19, under the bill). The Department's lottery sales projections of $629.4 million in 2017-18 and $632.6 million 2018-19 result in the increases to retailer compensation funding.

Vendor Fees. Provide an increase of $1,338,500 in 2017-18 and $1,415,900 in 2018-19 to adjust base-level funding for vendor fees to reflect projected lottery sales in the 2017-19 biennium. Projected sales include increased sales anticipated by Lottery associated with increased product information funding. Base-level funding for vendor fees is $14,879,700.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both lotto and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales. Under the bill, vendor fees total 2.58% of lottery ticket sales in both 2017-18 and 2018-19.

3. FUNDING FOR LOTTERY ADVERTISING

SEG	$6,000,000

Governor: Provide $3,000,000 annually to be used on current and additional informational activities to maintain and increase overall ticket sales. Lottery estimates a 1:4 return ratio in 2017-18 and a 1:5 return ratio on sales in 2018-19. Lottery would allocate 60% of the advertising money to instant games and 40% to lotto games. Lottery's sales estimate, fund condition and property tax relief estimates incorporate these estimated increases in sales. [This item is included in the lottery fund condition statement as a general program operations expenditure, but was inadvertently excluded from DOR expenditures.]

4. STATE OPERATIONS ADJUSTMENTS

	Funding	Positions
SEG	- $6,798,000	- 10.00

Governor: Delete $3,399,000 and 10.0 positions annually to reflect functions now performed through private vendors. Under a new contract starting May, 2017, with the vendor, the vendor will be responsible for: warehousing tickets as well as packaging and shipping tickets to retailers (-$161,400 annually and -4.0 positions); telemarketing and some customer service (-$363,600 annually and -6.0 positions); and a portion of ticket printing (-$2,874,000 annually).

5. LOTTERY FUND CONDITION STATEMENT

Governor: The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amount appropriated for the lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. The following fund condition statement provides information on operating revenues, appropriated amounts for expenditures, estimates of interest earnings and gaming-related revenue, and the amounts available for tax relief credits under the bill. The bill would appropriate $167,690,500 in 2017-18 and $169,347,300 in 2018-19 for both the lottery and gaming tax credit and the late lottery and gaming credit.

	Projected 2017-18	Projected 2018-19
Fiscal Year Opening Balance	$12,350,300	$12,590,700
Operating Revenues		
Total Ticket Sales	$629,452,706	$632,458,087
Retailer Fees and Miscellaneous	83,218	154,911
Gross Revenues	$629,535,924	$632,612,998
Expenditures		
Prizes	$380,129,492	$381,932,939
Retailer Compensation	44,060,104	44,268,954
Vendor Fees	16,218,164	16,295,599
General Program Operations*	21,407,500	21,375,300
Gaming Law Enforcement	389,500	389,500
Lottery Credit Administration	267,900	272,700
Program Reserves	264,100	475,800
Total Expenditures	$462,736,760	$465,010,792
Net Proceeds	$166,799,164	$167,602,206
Interest Earnings	$1,131,709	$1,806,652
Total Available for Tax Relief **	$180,281,208	$181,999,594
Appropriations For Tax Relief		
Lottery and Gaming Credit	$167,432,902	$169,089,688
Late Lottery and Gaming Credit Applications	257,606	257,606
Total Appropriations for Tax Relief	$167,690,508	$169,347,294
Gross Closing Balance	$12,590,700	$12,652,300
Reserve (2% of Gross Revenues)	$12,590,700	$12,652,300
Net Closing Balance	$0	$0

*Projected sales include increased sales anticipated by Lottery associated with increased product information funding of $3.0 million annually.
**Opening balance, net proceeds, interest earnings, and gaming-related revenue.

[Bill Section: 181]

SAFETY AND PROFESSIONAL SERVICES

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
FED	$479,800	$474,600	$474,600	- $10,400	- 1.1%	1.70	1.70	1.70	0.00	0.0%
PR	50,929,900	53,254,400	53,739,300	5,133,900	5.0	245.44	241.44	243.94	- 1.50	- 0.6
TOTAL	$51,409,700	$53,729,000	$54,213,900	$5,123,500	5.0%	247.14	243.14	245.64	- 1.50	- 0.6%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

PR	$487,300
FED	- 10,400
Total	$476,900

Governor: Provide $175,400 ($180,600 PR and -$5,200 FED) in 2017-18 and $301,500 ($306,700 PR and -$5,200 FED) in 2018-19 to fund the following standard budget adjustments: (a) turnover reduction (-$326,400 PR annually); (b) removal of non-continuing elements from the base (-$727,500 PR annually); (c) full funding of continuing position salaries and fringe benefits ($1,169,100 PR and -$5,200 FED annually); (d) full funding of lease and directed moves costs ($65,400 PR in 2017-18 and $191,500 PR in 2018-19); and (e) minor transfers within the same appropriation (convert 1.0 FED position for the Division of Industry Services from the unclassified service to the classified service to correct an error in the state budget system).

2. INCREASE TURNOVER REDUCTION RATE

PR	- $366,800

Governor: Reduce funding by $183,400 annually by increasing the Department's annual turnover reduction rate from 3% to 4.7% (4.2% for the professional regulation and administrative services appropriation and 5.3% for the safety and building operations appropriation).

The administration's technical budget instructions direct agencies to reduce base funding for permanent position salaries by 3% budgeted in appropriations with more than 50.0 full-time equivalent (FTE) positions. This reduction is based on the expectation that, during the year, some positions will become vacant, reducing salary costs. The 3% funding reduction (-$140,200 for professional regulation and administrative services and -$186,200 for safety and building operations) is summarized as a standard budget adjustment.

This item would increase the turnover reduction rate by an additional 1.7 percentage points, which would further reduce annual funding for permanent position salaries in these two appropriations by $75,300 and $108,100 respectively.

3. STATE OPERATIONS REDUCTIONS

	Funding	Positions
PR	- $616,600	- 2.50

Governor: Reduce funding by $308,300 annually, and delete 2.5 positions, beginning in 2017-18, by making the following changes to operations of the Department of Safety and Professional Services (DSPS).

Continuing Education Audits. Authorize the Department, examining and affiliated credentialing boards attached to the Department, and independent examining boards to require a credential holder to submit proof of completion of continuing education programs or courses to DSPS, only if a complaint is made against the credential holder. Currently, DSPS staff audit credential holders to ensure that they have met continuing education requirements. Under this item, DSPS would no longer conduct these audits. Reduce funding for professional regulation and administrative services by $144,600 annually, and delete 1.0 position, beginning in 2017-18.

Renewal Notifications. Change the method DSPS uses to notify individuals of their need to renew their credentials so that credential holders would no longer receive renewal notifications by mail, and instead receive them through an email-based system. Reduce annual funding for professional regulation and administrative services and the Division of Industry, Safety and Buildings by $37,500 and $18,700, respectively, to reflect the administration's estimates of cost savings of this item.

Online License Verification. Establish an online license verification system for all non-trades professions regulated by the Department. Under this item, DSPS would authorize out-of-state licensing entities to access electronic records for reciprocal licensing. Currently, DSPS prints and mails hard copies of Wisconsin licenses to out-of-state licensing entities. Reduce funding for professional regulation and administrative services by $48,800 annually, and delete 1.0 position, beginning in 2017-18.

Pharmacy Inspections. Contract for pharmacy inspections, rather than conducting these inspections with DSPS staff. Reduce funding for professional regulation and administrative services by $31,300 annually, and delete 0.5 position, beginning in 2017-18.

Position Conversion. Convert 6.0 positions to lower classifications. Currently, the Department has 6.0 consumer protection investigator-advanced positions, which are filled. As the positions become vacant, DSPS would recruit these positions at a lower classification. Reduce funding for professional regulation and administrative services by $27,400 annually.

[Bill Sections: 1904 and 1929]

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Funding	Positions
PR	- $524,400	- 8.00

Governor: Delete $262,200 annually and 4.0 vacant positions, beginning in 2017-18, associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Funding and position authority would be deleted from the following appropriations: (a) professional regulation general program operations (-$53,400 and -1.0 position) and (b) safety and building administrative services (-$208,800 and -3.0 positions). The administration indicates that these vacant positions would become DOA employees in the Division of Personnel Management in DOA.

In addition, delete 4.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to DOA for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) professional regulation general program operations (-3.0 positions) and (b) safety and building administrative services (-1.0 position). Funding associated with these positions ($358,600) would not be reduced, but rather reallocated to the DSPS supplies and services budget to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

With regards to the positions transferred to DOA in 2018-19, the administration indicates that, although the positions would be DOA employees, the individuals holding those positions would continue to be housed at DSPS.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

5. TRANSFER VACANT POSITION FOR STATE CONTROLLER'S OFFICE STAFFING

	Funding	Positions
PR	- $95,600	- 1.00

Governor: Transfer 1.0 vacant position, beginning in 2017-18, to DOA to reflect workload changes resulting from the implementation of the enterprise resource planning system, commonly known as STAR (State Transforming Agency Resources). Delete $47,800 annually from the Division of Industry Services administrative services appropriation associated with salary and fringe benefits for the position. [See "Administration -- Transfers."]

6. PRINTING, MAILING, AND PUBLISHING ELECTRONIC DISTRIBUTION OPTION

PR	- $8,400

Governor: Reduce funding for supplies and services by $4,200 annually to reflect the administration's estimate of cost savings DSPS would realize due to a provision in the bill that would authorize DSPS, for certain documents, to satisfy: (a) mailing requirements by using email, rather than the U.S. mail; (b) publishing requirements by using the DSPS website, rather than a printed newspaper; and (c) printing requirements by making documents available to the public on the DSPS website.

Allow the DOA Secretary to waive, in whole or in part, any statutory requirement for a state agency to mail, publish, or print any document if the DOA Secretary determines that the waiver would reduce spending, while keeping information accessible to the public and protecting public health and welfare. For additional information on this provision, see "Administration -- General Agency Provisions."

7. INFORMATION TECHNOLOGY PROJECTS

PR	$4,400,000

Governor: Provide $2,200,000 annually in one-time funding to support information technology improvement projects in the 2017-19 biennium. All of the funding would be provided from the Division of Industry Services operations appropriation, which receives revenues from building plan reviews, inspections and credentials for buildings and trades professions. The administration indicates the funds would be used to replace the inspection and plan review information technology systems.

8. BUDGETING SUBPROGRAMS

Governor: Eliminate the use of budgeting subprograms in the program for regulation of industry, buildings and safety. In the 2013-15 biennial budget, functions in a separate subprogram for environmental regulatory services were transferred to the Department of Natural Resources (petroleum environmental cleanup fund award program) and the Department of Agriculture, Trade and Consumer Protection (petroleum inspection and regulation of tanks). The budget system would reflect the deletion of the sole remaining subprogram in DSPS beginning in 2017-18.

9. ELIMINATE RENTAL UNIT ENERGY EFFICIENCY PROGRAM

	Funding	Positions
PR	- $47,600	- 0.50
PR-REV	- $242,000	

Governor: Delete $23,800 annually with 0.5 position, and repeal the rental unit energy efficiency program, commonly known as the rental weatherization program. The program currently requires that rental dwelling units must comply with rental weatherization standards promulgated by DSPS in administrative code before the ownership of the rental unit is transferred. The administration estimates elimination of the program would result in a decrease of $121,000 annually in program fee revenues currently received for inspection and certification of rental units under program requirements. Include the following provisions:

a. Eliminate requirements for DSPS to: (1) promulgate and administer a code of minimum energy efficiency standards for rental dwelling units; (2) establish requirements for rental units to be inspected and certified as meeting the standards; (3) certify inspectors who inspect rental units subject to the rule; (4) establish, by rule, a maximum fee schedule for inspection and certification of rental units by inspectors not employed by the Department; (5) provide training and information to inspectors; (6) review the rules at least once every five years and determine whether the rules should be amended to require use of new energy conservation technologies; (7) issue special orders when necessary to secure compliance with the program; and (8) hear petitions regarding the enforcement of rules and special orders.

b. Eliminate the requirement that no owner may transfer ownership of a rental unit unless an inspector has inspected the unit and has issued a certificate stating that the unit satisfies applicable energy efficiency standards under the DSPS rules.

c. Eliminate the requirement that DSPS, or an inspector employed by the local government in which the rental unit is located, may issue a waiver to the energy efficiency standards if the unit is scheduled for demolition within two years.

d. Eliminate the requirement that the person to whom a rental property is being transferred (transferee) may present a stipulation signed by the transferee and DSPS or the local government in which the rental unit is located, stating that the owner of the rental unit will bring the rental unit into compliance with the energy efficiency standards no later than one year after the first transfer of the rental unit after the standards go into effect.

e. Eliminate the authority for an owner of a rental unit to request that an inspector inspect the owner's rental unit to determine whether to issue a certificate of compliance.

f. Eliminate the requirement that a Register of Deeds may not accept for recording any deed or other document of transfer of real estate for a rental unit unless the deed or document is accompanied by a certificate of compliance, waiver, or stipulation.

g. Eliminate the requirement that DSPS shall submit an annual report, before March 1, to the Legislature regarding the impact of the requirements of the program.

h. Eliminate the requirement that no city or village may enforce a code of minimum energy efficiency standards for rental units unless the requirements of the local code are at least as strict as the state code.

i. Eliminate citations and associated forfeitures for the program, including for: (1) inspectors who falsify a certificate issued under the program; (2) new owners of property who falsely state that the property being transferred does not include a rental unit; and (3) persons who fail to comply with the waiver or stipulation provisions.

j. Eliminate the requirement that any real estate foreclosure proceedings for a rental dwelling unit must include any certificate, waiver, or stipulation required under the current energy efficiency program.

k. Specify that the provisions would be effective on the first day of the fourth month after the effective date of the budget. This includes the following actions that happen on or after the effective date of the provision: (1) transfers of a rental unit; (2) real estate transfer return forms submitted for recording; (3) actions to recover a forfeiture; and (4) foreclosure sales.

L. Specify that all DSPS orders issued before the effective date of the provision would remain in effect until their specified expiration date or until modified or rescinded by DSPS. Authorize DSPS to issue special orders after the effective date of the provision for violations of the program that occur before the effective date. Authorize DSPS to, after the effective date of the provision, enforce special orders, hear petitions, hold hearings, and issue subpoenas related to violations that occurred before the effective date. Authorize DSPS and local governments to enforce stipulations entered into before the effective date, by using the citation authority authorized under the current program.

[Bill Sections: 1170, 1171, 1306 thru 1308, 1310 thru 1312, 2221, 2226 thru 2228, 2235 thru 2238, 9139(7) thru (11), 9339(1) thru (5), and 9439(1)]

10. CONVERT FUNDING FOR PRIVATE ONSITE WASTEWATER TREATMENT SYSTEM GRANT PROGRAM FROM ONGOING TO ONE-TIME

Governor: Convert funding for the private onsite wastewater treatment system (POWTS) replacement or rehabilitation grant program from ongoing to one-time financing in the 2017-19 biennium. The program provides financial assistance to owners of a principal residence occupied at least 51% of the year by the owner, and to small commercial establishments who meet certain income and eligibility criteria, to cover a portion of the cost of repairing or replacing failing POWTS. A POWTS is a sewage treatment and disposal system serving a single structure with a septic tank and soil absorption field located on the same parcel as the structure.

Maintain the current funding of $840,000 PR for the program in each of 2017-18 and 2018-19. The program is funded from program revenue from the safety and buildings (Division of Industry Services) operations appropriation. The appropriation receives program revenue from sanitary permits and private onsite wastewater treatment system plan review fees, and fees received from other building permit, plan review, inspection, and credentialing activities.

The bill would maintain the statutory language for the appropriation and program. However, with the conversion of the funding to one-time financing, there would be no base funding for the grant program for the 2019-21 biennium. The administration indicates its intent is to provide no ongoing funding for grants after 2018-19 in the existing appropriation, but allow counties to apply for a loan in an existing loan program, which they can access in years in which funding in the grant appropriation is not sufficient to fund 100% of the eligible grant amount. The loan program was created in 1999 Act 9 with a total of $1,500,000 from the environmental improvement fund, and has never been used by counties. The environmental improvement fund primarily provides loans to municipalities to upgrade or replace wastewater treatment plants.

Regulation of Professions

1. CREATE OCCUPATIONAL LICENSE REVIEW COUNCIL

Governor: Create an Occupational License Review Council in DSPS. Define "occupational license" as: (a) a license, permit, certification, registration, or other approval granted under DSPS statutes related to building safety, plumbing, fire protection, fireworks, and professional occupations, including the occupations regulated by the boards attached to DSPS; and (b) a license, permit, certification, registration, or other approval not included under (a) if granted to a person by the state in order that the person may engage in a profession, occupation, or trade in Wisconsin, or in order that the person may use one or more titles in association with his or her profession, occupation, or trade.

Specify that the Council would consist of the following 13 members: (a) eight members appointed by the Governor, to serve at the pleasure of the Governor; (b) one majority party member and one minority party member from each house of the Legislature, appointed in the same manner as members of standing committees in the Legislature; and (c) the Secretary of DSPS, or his or her designee, to serve as chair of the Council. The DSPS Secretary or designee would serve as a nonvoting member, except that he or she could vote in the case of a tie.

Require the Council to submit a report no later than December 31, 2018, to the Governor, Chief of the Legislative Reference Bureau, and the Chief Clerks of the Assembly and Senate for distribution to the Legislature. Require the Council, in preparing the report, to take into account the estimated impact of its recommendations on state revenues and expenditures.

Require that the Council's report include recommendations for the elimination of occupational licenses based on all of the following: (a) an evaluation of whether the unregulated practice of the profession, occupation, or trade can clearly harm or endanger the health, safety, or welfare of the public, and whether the potential for the harm is recognizable and not remote or speculative; (b) an evaluation of whether the public reasonably benefits from the occupational license requirement; (c) an evaluation of whether the public can be effectively protected by any means other than requiring an occupational license; (d) an analysis of whether licensure requirements for the regulated profession, occupation, or trade exist in other states; (e) an estimate of the number of individuals or entities that are affected by the occupational license requirement; (f) an estimate of the total financial burden imposed on individuals or entities as a result of the occupational licensure requirement, including education or training costs, examination fees, private credential fees, occupational license fees imposed by the state, and other costs individuals or entities incur in order to obtain the required occupational license; and (g) any statement or analysis provided by the agency or board administering the occupational license. In addition, require that the report include the Council's recommendations for the reduction or elimination of continuing education requirements for occupational licenses not recommended for elimination.

Require the Legislative Reference Bureau to prepare a bill that includes all of the Council's recommendations.

Require the Legislature's Joint Committee on Legislative Organization to introduce the bill without change in each house of the Legislature. Require the Legislature to put the bill on the calendar or to refer it to the appropriate scheduling committee of each house, except authorize the Joint Committee on Legislative Organization to submit the bill or a suitable portion of the bill to an appropriate legislative committee for advisory recommendations. Prohibit the Legislature from amending the bill. Require the Legislature to take final action on the bill no later than June 30, 2019. Exempt the bill from the requirement that introduced bills that appropriate money, provide revenue or relate to taxation must be referred to the Joint Committee on Finance before passage. Maintain the current law requirement under s. 16.47(2) of the statutes that, before passing a bill prior to passage of the budget bill (in this situation, in the spring of 2019), the bill would require a statement of emergency if it would increase costs or reduce revenues by more than $10,000 annually.

Repeal the Council, the requirement for the Council to submit a report, and the requirement for the Legislature to introduce and take final action on the bill, on July 1, 2019.

[Bill Sections: 66, 67, 1901, 1902, and 9439(2)]

2. REGULATION OF LICENSED HEALTH PROFESSIONALS -- BOARDS AND COUNCILS

	Funding	Positions
PR	- $50,800	- 0.50

Governor: Reduce funding by $25,400 annually and delete 0.50 position, beginning in 2017-18, to reflect cost and staff time savings of consolidating and eliminating boards and councils that assist in the regulation of certain healthcare occupations. Modify statutory references to reflect changes to the composition and status of these boards and councils, as follows.

Hearing and Speech Examining Board. Eliminate the Sign Language Interpreter Council and transfer its duties to the Hearing and Speech Examining Board (HSEB). Transfer all rules and orders, pending matters, and contracts, as they pertain to the licensing and regulation of sign language interpreters from the Department and the Council to the HSEB. Specify that all contracts entered into by the Council would remain in effect and be transferred to HSEB. Require HSEB to carry out any obligations under a contract until the contract is modified or rescinded, to the extent allowed under the contract. Provide that all rules and orders developed by the Council would remain in effect until their specified expiration dates or until amended or repealed by HSEB, and that any matter pending with the Council would be transferred to HSEB, with all submitted materials or actions taken by the Council with respect to the pending matters treated as though the action was taken by, or materials submitted to, HSEB.

Modify the composition of 10-member HSEB to: (a) add two sign language interpreters; (b) add one public member; and (c) require that two of the three public members be individuals who are deaf or hard of hearing. With these changes, the HSEB would have three hearing instrument specialists, one otolaryngologist (an ear, throat and nose specialist), two audiologists, two speech-language pathologists, two sign language interpreters, and three public members (of which two members would be deaf or hard of hearing), for a total of 13 board members. Specify that the terms for the newly-appointed sign language interpreters would be staggered to expire on

July 1, 2020, and July 1, 2021. Authorize the Governor to provisionally appoint new members of the HSEB, who would remain as members until withdrawn by the Governor or acted upon by the Senate. If confirmed by the Senate, the member would continue for the remainder of the unexpired term, until a successor is chosen and qualifies.

Medical Examining Board. Repeal the following: (a) the Radiography Examining Board, which regulates the practice of radiographers and limited x-ray machine operators; (b) the Podiatry Affiliated Credentialing Board, which licenses, establishes continuing education requirements and takes disciplinary action against podiatrists; and (c) the Optometry Examining Board, which regulates the practice of optometrists.

Transfer the functions, assets and liabilities, tangible personal property, contracts, rules and orders, and pending matters of these three boards to the Medical Examining Board (MEB). Provide that all contracts entered into by any of the three boards would remain in effect and be transferred to the MEB. Require MEB to carry out any obligations under a contract until the contract is modified or rescinded, to the extent allowed under the contract. Provide that all rules and orders developed by any of the three boards would remain in effect until their specified expiration dates or until amended or repealed by MEB. Specify that any matter pending with any of the three boards would be transferred to MEB, with all submitted materials or actions taken by the boards with respect to the pending matters treated as though the action was taken by or materials submitted to the MEB.

Medical Assistants Council. Eliminate the following statutory advisory councils: (a) the Perfusionists Examining Council, which advises MEB on the regulation of perfusionists (medical technicians who operate heart-lung machines that propel oxygenated blood to a patient's tissue while a surgeon operates on the patient's heart); (b) the Council on Physician Assistants, which advises MEB and the UW Board of Regents regarding licensing, practice standards, and education and training for physician assistants; (c) the Council on Anesthesiologist Assistants, which advises MEB regarding the practice of anesthesiologists assistants; and (d) the Respiratory Care Practitioners Examining Council, which advises MEB regarding the practice of respiratory care practitioners.

Create the Medical Assistants Council (MAC) and transfer the functions and duties of these four Councils to MAC. Provide that Council membership would be staggered for three-year terms and composed of members from each of the professions regulated by the MEB, as shown below:

Council Members	Initial Term Expiration
2 Anesthesiologist Assistants	July 1, 2018, and July 1, 2020
2 Respiratory Care Practitioners	July 1, 2018, and July 1, 2019
2 Perfusionists	July 1, 2019, and July 1, 2020
2 Physician Assistants	July 1, 2019, and July 1, 2020
1 Member of the Public	July 1, 2018
1 Physician*	

*Appointed by the Chair of the MEB; all other members are appointed by the MEB.

Provide that the Governor may provisionally appoint new members of MAC, who would remain as members until withdrawn by the Governor or acted upon by the Senate. If confirmed by the Senate, each member would continue for the remainder of the unexpired term, until a successor is chosen and qualifies.

Medical Therapy Examining Board. Repeal the following: (a) the Physical Therapy Examining Board, which regulates physical therapists and physical therapist assistants; (b) the Occupational Therapists Affiliated Credentialing Board, which licenses, sets examination requirements, continuing education requirements, standards of practice and professional conduct, defines the scope of practice, and takes disciplinary action against occupational therapists and occupational therapist assistants; (c) the Athletic Trainers Affiliated Credentialing Board, which licenses, develops forms for recording practice protocols, establishes liability insurance minimums, and promulgates rules regarding defibrillator proficiency for athletic trainers; and (d) the Massage Therapy and Bodywork Therapy Affiliated Credentialing Board, which licenses, sets examination requirements, training program requirements, and standards of practice and professional conduct for massage and bodywork therapists.

Create a Medical Therapy Examining Board (MTEB), which would assume the functions, rules and orders, pending matters, contracts, and tangible personal property of the four boards. Provide that all contracts entered into by any of the four Boards would remain in effect and would be transferred to the MTEB. Require MTEB to carry out any obligations under a contract until the contract is modified or rescinded, to the extent allowed under the contract. Specify that all rules and orders developed by any of the four boards would remain in effect until their specified expiration dates, or until amended or repealed by the MTEB. Provide that any matter pending with any of the four boards would be transferred to the MTEB, with all submitted materials or actions taken by the boards with respect to the pending matters treated as though the action was taken by or materials submitted to the MTEB.

Board membership would be staggered for four-year terms and composed of members from each of the professions regulated by the MTEB as follows:

Board Members	*Initial Term Expiration*
2 Physical Therapists	July 1, 2020, and July 1, 2022
2 Occupation Therapists	July 1, 2021, and July 1, 2022
2 Athletic Trainers	July 1, 2021, and July 1, 2022
2 Massage or Bodywork Therapists	July 1, 2020, and July 1, 2021
1 Member of the Public	July 1, 2020

Provide that the Governor may provisionally appoint new members of the MTEB, which would remain as members until withdrawn by the Governor or acted upon by the Senate. If confirmed by the Senate, the member would continue for the remainder of the unexpired term, until a successor is chosen and qualifies.

Massage and Bodywork Training -- Approved Schools. A separate provision of the bill would eliminate the Educational Approval Board (EAB) and transfer its functions and responsibilities to the Department, effective January 1, 2018. The bill would require the

Department to approve schools from which massage and bodywork therapists may complete their educational requirements for licensure, effective January 1, 2018 (the date EAB functions would be transferred to DSPS).

[Bill Sections: 23, 26, 43 thru 58, 200 thru 202, 761, 835, 925, 926, 969 thru 972, 975, 980, 1506, 1656 thru 1661, 1663, 1665 thru 1671, 1683 thru 1689, 1768, 1786 thru 1791, 1793, 1906 thru 1928, 1930, 1951 thru 2019, 2021 thru 2039, 2041 thru 2083, 2086 thru 2092, 2108 thru 2110, 2112 thru 2149, 2151 thru 2153, 2155, 2157 thru 2162, 2219, 2220, 2239, 2244, 2247, 9139(13) thru (16), and 9439(3)]

3. ELIMINATE CERTAIN BOARDS AND COUNCILS

Governor: Eliminate the following boards and councils. Transfer certain associated responsibilities to DSPS or other councils, as described below.

Examining Board of Professional Geologists, Hydrologists, and Soil Scientists. Transfer its duties to the Department. DSPS, rather than the Board, would regulate and license each of the three professions. Transfer any assets and liabilities, tangible personal property, records, contracts, pending matters, promulgated rules, and issued orders from the Board to DSPS.

Building Inspector Review Board. Transfer its powers and duties to the Uniform Dwelling Code Council. The Uniform Dwelling Code Council, rather than the Building Inspector Review Board, would have the authority to: (a) receive and review complaints regarding possible incompetent, negligent, or unethical conduct by building inspectors; (b) revoke a building inspector's certification in such cases; and (c) modify or reverse erroneous decisions of a building inspector. Transfer any pending matters or issued orders from the Board to the Uniform Dwelling Code Council.

Contractor Certification Council. Transfer its duties to the Uniform Dwelling Code Council. The Uniform Dwelling Code Council, rather than the Contractor Certification Council, would: (a) advise DSPS on rules for certifying the financial responsibility of building contractors; (b) recommend courses that meet continuing education requirements; and (c) advise DSPS on the development of course examinations for contractor certification requirements. Transfer any tangible personal property, records, and contracts entered into by the Council to the Uniform Dwelling Code Council.

Manufactured Housing Code Council. Transfer its duties to the Uniform Dwelling Code Council. The Uniform Dwelling Code Council, rather than the Manufactured Housing Code Council, would: (a) recommend a statewide manufactured housing code for promulgation by DSPS; and (b) review rules and make recommendations to DSPS related to licensure of manufacturers of manufactured homes, manufactured home dealers, manufactured home salespersons, and installers, and with regard to consumer protection applicable to consumers of manufactured homes. Transfer any tangible personal property, records, and contracts entered into by the Council to the Uniform Dwelling Code Council.

Plumbers Council. The Council's duties would not be transferred to another entity.

Currently, the Council advises DSPS on rules related to qualifications, examination, licensing, or registration of various plumbing occupations. Transfer any tangible personal property, records, and contracts entered into by the Council to DSPS.

Automatic Fire Sprinkler System Contractors and Journeymen Council. The Council's duties would not be transferred to another entity. Currently the Council advises DSPS on rules related to qualifications, examination, licensing, or registration of automatic fire sprinkler system fitters and automatic fire sprinkler contractors. Transfer any tangible personal property, records, and contracts entered into by the Council to DSPS.

In addition, repeal the authority for DSPS to appoint advisory committees on matters related to the regulation of: (a) behavior analysts; (b) midwives; and (c) barbers, barbering managers, and barbering establishments.

[Bill Sections: 11, 40, 42, 60, 61, 63, 64, 1313 thru 1325, 1328, 1329, 1647, 1653 thru 1655, 1934, 1941, 2100, 2164 thru 2205, 2207 thru 2210, and 9139(1) thru (6)]

4. MEETING REQUIREMENTS

PR	- $7,600

Governor: Delete $2,500 in 2017-18 and $5,100 in 2018-19 from the industry, safety and buildings operation appropriation related to costs of meetings of advisory councils to building and trades professions. Maintain the current level of funding for meetings of independent examining boards, affiliated credentialing boards or councils related to non-trades professions. Eliminate the requirement for annual or semiannual meetings for examining boards, affiliated credentialing boards, and other boards and advisory councils attached to, or under, DSPS. This would include boards and advisory councils related to regulation of non-trades professions and regulation of building and trades professions. However, maintain the current requirement that the Medical Examining Board meet 12 times per year. Maintain the current law requirement that boards not attached to DSPS meet at least annually.

Require that the boards and councils in DSPS meet on the call of the chairperson or a majority of the members of the board or council. Maintain the current law requirement that the Auctioneer Board, Cemetery Board, and Real Estate Appraisers Board shall also meet on the call of the Secretary of DSPS or his or her designee within the Department, but repeal requirements that the Auctioneer Board and Cemetery Board each are to meet at least four times per year. Require that a council in DSPS could also meet on the call of the Secretary of DSPS, but not on the call of his or her designee within the Department.

Currently, the required frequency for meetings varies, from annually, to at least twice per year, to every three months, or four times per year (which could vary from every three months).

Eliminate the requirement that the Examining Board of Architects, Landscape Architects, Professional Engineers, Designers, and Professional Land Surveyors elect its own officers.

[Bill Sections: 18 thru 21, 24, 25, 27 thru 30, 41, 59, 61, 62, and 65]

5. ADMINISTRATIVE FORFEITURES

Governor: Authorize DSPS and all of its examining and credentialing boards to assess an administrative forfeiture of up to $1,000 against any credential holder who commits a violation that is grounds for professional discipline if that violation presents a serious risk to the public health or safety. Permit DSPS to assess the forfeiture either in addition to, or in lieu of, any disciplinary action with respect to an occupational license. Specify that each day of, continued violation constitutes a separate offense. Direct DSPS to promulgate rules specifying the procedures governing the assessment of forfeitures. Require DSPS to remit all forfeiture revenue it collects to the DOA Secretary for deposit in the common school fund.

Limit the authority of DSPS and the Cosmetology Examining Board to assess an administrative forfeiture against a credential holder who commits a violation that is grounds for professional discipline to violations that present a serious risk to the public health or safety. Currently, these credential holders may be required to pay an administrative forfeiture for any violation that is grounds for professional discipline.

Specify that these provisions would first apply to violations that occur on the bill's general effective date.

Under current law, some, but not all, DSPS credential holders may be required to pay forfeitures if they commit a violation that is grounds for professional discipline. These provisions are intended to standardize statutory provisions relating to these assessment provisions among credential holders.

[Bill Sections: 1309, 1905, 1932, 1933, 1937 thru 1940, 1942 thru 1950, 2020, 2040, 2084, 2085, 2096, 2101 thru 2106, 2111, 2150, 2154, 2156, 2163, 2206, and 9339(6)]

6. APPRENTICESHIP EXAMINATION EXEMPTION

PR-REV	- $49,800

Governor: Exempt individuals who complete specified apprenticeship programs for the following trades profession licenses from the requirement to pass an examination: (a) journeyman electrician; (b) journeyman plumber; (c) journeyman automatic fire sprinkler system fitter; and (d) automatic fire sprinkler contractor. Maintain the current requirement that a journeyman electrician apprenticeship program must have a duration of at least three years and be approved by the U.S. Department of Labor or the state Department of Workforce Development. Maintain the current requirement that, after the expiration of an apprenticeship term, no apprentice may engage in the business of plumbing either as an apprentice or as a journeyman plumber unless the apprentice secures a journeyman plumber's license. Eliminate temporary permits for a journeyman plumber.

Exempt individuals who complete certain cosmetologist or barber apprenticeship programs from the requirement to pass an examination. Maintain the current requirement that cosmetologist and barber apprentices must receive a certain amount of training through an accredited apprenticeship program.

The administration estimates the provision would result in a program revenue fee decrease of $24,900 annually, including: (a) $14,700 in the industry, safety and buildings operation appropriation; and (b) $10,200 in the professional regulation and administrative services appropriation.

The exemptions would go into effect on the general effective date of the bill.

[Bill Sections: 1326, 1327, 1394, 1647 thru 1652, 1654, 2093 thru 2095, and 2097 thru 2099]

7. PRESCRIPTION DRUG MONITORING PROGRAM

	Funding	Positions
PR	$1,036,600	5.00

Governor: Provide $518,300 annually and 5.0 positions, beginning in 2017-18, to increase support for the Wisconsin enhanced prescription drug monitoring program (WI ePDMP).

The program assists health care professionals in making prescribing and dispensing decisions by providing them with information about controlled substance prescriptions dispensed in the state. The primary purpose of the ePDMP is to improve patient care and safety, and to reduce the abuse and diversion of prescription drugs, while ensuring patients with a legitimate medical need for the drugs are not adversely affected.

Under the program, dispensers of monitored drugs (pharmacies and practitioners who dispense monitored prescription drugs) are required to submit specified information to the program within seven days of dispensing the drug. (Beginning April 1, 2017, dispensers must submit this information by the end of the business day following the day a drug is dispensed). These data are standardized, cleansed, and made available to authorized users, such as prescribers, pharmacists, regulatory boards, and law enforcement agencies. Monitored drugs include state and federally controlled substances in Schedule II, III, IV, or V that require a prescription order to be lawfully dispensed. Beginning no sooner than April 1, 2017, but after DSPS determines that the program is capable of electronically transmitting records to practitioners, practitioners will be required to check the WI ePDMP before issuing a prescription order for a monitored substance, with limited exceptions.

The ePDMP staff is funded by DSPS program revenue, with the development and deployment of the ePDMP database funded by various federal grants.

8. PROCEDURE FOR ADDRESSING CHEMICALLY DEPENDENT CREDENTIAL HOLDERS

	Funding	Positions
PR	- $139,000	- 0.50

Governor: Require DSPS to promulgate rules specifying a procedure for addressing allegations that a credential holder has practiced while impaired by alcohol or other drugs, or that a credential holder's ability to practice is impaired by alcohol or other drugs, and for assisting a credential holder who requests to participate in the procedure. Direct DSPS, in promulgating rules, to seek to facilitate early identification of chemically dependent credential holders and encourage their rehabilitation. Provide that the rules may be used by DSPS, the Real Estate Appraisers Board, and all examining boards and affiliated credentialing boards attached to DSPS. Authorize DSPS to contract with another entity to administer the procedure specified by the rules.

Prior to the effective date of the permanent rule, permit the Department to promulgate the rule as an emergency rule for a period of 150 days from the date of publication in the official state newspaper, subject to one 60-day extension. If DSPS promulgates emergency rules, require DSPS to promulgate the rules no later than the 60th day after the bill's general effective date. Exempt DSPS from the requirement that the agency provide evidence that promulgating the rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare.

Reduce funding for the Department's general program operations budget for professional regulation and administrative services (-$46,400 annually and -0.5 position, beginning in 2017-18) and for the general program operations that funds activities of the Medical Examining Board, and the prescription drug monitoring program (-$23,100 annually).

DSPS currently has a permanent rule that establishes its professional assistance procedures (SPS 7). These provisions would include in the statutes the Department's current practice.

[Bill Sections: 1903 and 9139(12)]

9. TRANSFER FUNCTIONS OF THE EDUCATIONAL APPROVAL BOARD

	Funding	Positions
PR	$1,066,800	6.50

Governor: Provide $352,700 in 2017-18 and $714,100 in 2018-19 and 6.5 PR positions in 2018-19 to reflect the transfer of current staff and program responsibilities of the Educational Approval Board (EAB) to DSPS, effective January 1, 2018. Renumber current appropriations and statutory sections to reflect this transfer.

EAB approves and supervises for-profit colleges, out-of-state nonprofit colleges and universities, and some in-state, nonprofit institutions, as well as solicitors that recruit students on behalf of an institution. Schools and solicitors representing schools reapply annually for approval from the Board. Additionally, the Board investigates student complaints, maintains student records following the closure of a school, and maintains a student protection fund comprised of fees collected from schools.

Although EAB is an independent unit of state government governed by a seven-member Board, funding for the Board's 6.5 staff positions is currently budgeted under the Wisconsin Technical College System. EAB is funded through program revenue derived from fees paid by regulated schools. Ninety percent of fees collected from schools, including fees from the issuance of solicitor's permits or schools applying for initial EAB approval or applying to renew their approval, are credited to an appropriation for the general operation of EAB. The remaining 10% of collected fees is, by statute, transferred to the general fund. Additional revenue is collected from fees paid by individuals requesting a copy of a student record maintained by EAB. The fee is based on the administrative cost of taking possession of, preserving, and providing the copy of the record, and all revenue from these fees is maintained in an appropriation for the preservation of student records.

The bill would eliminate the EAB, and transfer all current functions and responsibilities of the Board to DSPS. This includes all assets, liabilities, and tangible property. All contracts entered into by the EAB would remain in effect and would be transferred to DSPS. All rules promulgated and orders issued by the EAB would remain in effect. No provisions are included in the bill for the transfer of incumbent EAB personnel.

For additional information on this item, see "Wisconsin Technical College System."

[Bill Sections: 22, 68, 69, 181, 225 thru 228, 579, 663 thru 704, 733 thru 738, 1018, 1043, 1044, 1087, 1088, 1112, 1113, 1332, 1454, 1642 thru 1644, 1691, 1935, 1936, 2248, 2250, 2264, 9111(1), and 9411(1)]

SECRETARY OF STATE

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
PR	$268,400	$265,700	$265,700	- $5,400	- 1.0%	2.00	2.00	2.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	$4,600

Governor: Provide an adjustment of $2,300 annually to the Secretary of State's program fees appropriation for full funding of continuing position salaries and fringe benefits (a reduction of $3,200 for fringe benefits and an increase of $5,500 for permanent position salaries in each year).

2. REDUCE FUNDING FOR SUPPLIES AND SERVICES

PR	- $10,000

Governor: Reduce funding for supplies and services by $5,000 annually based on actual expenditures in 2015-16.

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source

	2016-17 Adjusted Base	Governor's Recommendation 2017-18	Governor's Recommendation 2018-19	Change Over Base Year Doubled Amount	Change Over Base Year Doubled Percent
Direct Aid Payments					
Expenditure Restraint	$58,145,700	$58,145,700	$58,145,700	$0	0.0%
County and Municipal Aid	691,875,700	692,175,800	690,225,800	- 1,349,800	- 0.1
Public Utility Distribution	74,100,000	73,912,900	74,692,000	404,900	0.3
State Aid; Tax Exempt Property	88,700,000	91,012,200	92,334,400	5,946,600	3.4
Interest Payments on Overassessments of Manufacturing Property	20,000	10,000	10,000	- 20,000	- 50.0
Payments for Municipal Services	18,584,200	18,584,200	18,584,200	0	0.0
Property Tax Credits					
Homestead Tax Credit	101,200,000	95,530,000	84,830,000	- 22,040,000	- 10.9
Pre-2010 Farmland Preservation Credit	1,028,000	840,000	760,000	- 456,000	- 22.2
Farmland Preservation Per-Acre Credit	18,750,000	17,900,000	18,000,000	- 1,600,000	- 4.3
School Levy Tax Credit	853,000,000	853,000,000	940,000,000	87,000,000	5.1
First Dollar Credit	150,000,000	150,000,000	150,000,000	0	0.0
Other Credits					
Claim of Right Credit	227,000	191,000	191,000	- 72,000	- 15.9
Jobs Tax Credit	14,100,000	15,300,000	7,650,000	- 5,250,000	- 18.6
Business Development Credit	4,250,000	24,250,000	22,000,000	37,750,000	444.1
Enterprise Zone Jobs Credit	58,600,000	37,600,000	36,900,000	- 42,700,000	- 36.4
Veterans and Surviving Spouses Property Tax Credit	29,800,000	29,830,000	30,430,000	660,000	1.1
Cigarette and Tobacco Products Tax Refunds	36,800,000	34,888,300	33,996,000	- 4,715,700	- 6.4
Earned Income Tax Credit	33,900,000	31,380,000	43,260,000	6,840,000	10.1
Young Adult Employment Assistance Tax Credit	0	0	724,400	724,400	N.A.
Other Property Tax Relief					
Elimination of State Forestry Property Tax (Transfer to Conservation Fund)	0	88,759,300	91,695,600	180,454,900	N.A.
GPR Total	$2,233,080,600	$2,313,309,400	$2,394,429,100	$241,577,300	5.4%
Other Credits					
Earned Income Tax Credit; Temporary Assistance for Needy Families	$69,700,000	$69,700,000	$82,700,000	$13,000,000	9.3%
PR Total	$69,700,000	$69,700,000	$82,700,000	$13,000,000	9.3%
Direct Aid Payments					
County and Municipal Aid; Police and Fire Protection Fund	$52,200,000	$51,900,000	$51,900,000	- $600,000	- 0.6%
Property Tax Credits					
Lottery and Gaming Credit	161,531,400	167,432,900	169,089,700	13,459,800	4.2
Lottery and Gaming Credit; Late Applications	167,100	257,600	257,600	181,000	54.2
SEG Total	$213,898,500	$219,590,500	$221,247,300	$13,040,800	3.0%
TOTAL	$2,516,679,100	$2,602,599,900	$2,698,376,400	$267,618,100	5.3%

Direct Aid Payments

Budget Change Items

1. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES

GPR	$5,946,600

Governor: Increase estimated payments by $2,312,200 in 2017-18 and $3,634,400 in 2018-19 to reflect projected changes in tax rates and the value of exempt computers, cash registers, and fax machines. With these adjustments, base level funding of $88,700,000 would increase to $91,012,200 in 2017-18 and $93,334,400 in 2018-19.

2. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATE

GPR	$404,900

Governor: Decrease estimated payments by $187,100 in 2017-18 and increase estimated payments by $592,000 in 2018-19 from the sum sufficient public utility distribution account to reflect estimated payment amounts. With these adjustments, base level funding of $74,100,000 would decrease to $73,912,900 in 2017-18 and increase to $74,692,000 in 2018-19.

3. MILWAUKEE COUNTY SHARED REVENUE PAYMENT -- VOLKSWAGEN SETTLEMENT OFFSET

GPR	- $1,950,000

Governor: Authorize the Secretary of the Department of Administration to reduce Milwaukee County's county and municipal aid payment by $1,950,000 each year beginning with the calendar 2018 payment (the 2018-19 payment) if the County receives a distribution from the state's Volkswagen settlement funds as required under this bill. Specify that the annual payment reduction would end with the calendar 2027 county and municipal aid payment, which would result in a total reduction of $19,500,000 over the 10-year period. The administration indicates this reduction is intended to offset state payments made to Milwaukee County from Volkswagen settlement funds received by the state. Under a separate bill provision, DOA would be required to distribute a total of $26,000,000 in settlement funds to Milwaukee County for the payment of all costs incurred by the County to replace county-owned vehicles (see "Miscellaneous Appropriations" and "Department of Transportation -- Local Transportation Aids"). Specify that in any year in which the amount of its county and municipal aid payment is less than $1,950,000, DOA could reduce Milwaukee County's county and municipal aid payment and its public utility aid payment so that the total amount of the reduction is maintained at $1,950,000.

Under the bill provisions, Milwaukee County would receive the full $1,950,000 reduction to its county and municipal aid payment beginning in 2018-19 regardless of the timing and actual amount of a settlement distribution to the County.

[Bill Section: 1210]

4. COUNTY AND MUNICIPAL AID PROGRAM -- POLICE AND FIRE PROTECTION REVENUE REESTIMATE

GPR	$600,200
SEG	- 600,000
Total	$200

Governor: Increase funding by $300,100 GPR in 2017-18 and $300,100 GPR in 2018-19 and decrease funding by $300,000 SEG in 2017-18 and $300,000 SEG in 2018-19 in the appropriations for the county and municipal aid program. The SEG adjustment reflects the estimated reductions in revenue collected in the police and fire protection fund, which is the source for a portion of county and municipal aid program payments. Payments from the police and fire protection fund would be estimated at $51,900,000 in 2017-18 and $51,900,000 in 2018-19. The GPR increases reflect a corresponding adjustment to the sum sufficient appropriation to offset the police and fire protection fund (SEG) revenue reestimate. With these adjustments, total GPR payments for the county and municipal aid program would be $692,175,800 annually.

The total statutory aid distribution from all sources (including $5,000,000 annually from the medical assistance program) would remain unchanged at $753,075,700 annually, but the appropriations would underfund this distribution by $3,999,900 annually. This reduction is reflected in the adjusted base and is due to 2015 Act 60 (Bucks Arena), which reduced the county and municipal aid distribution to Milwaukee County by $4,000,000 each year from 2016 through 2035. This reduction is intended to offset a portion of the state's contribution to the Wisconsin Center District toward construction of the new sports and entertainment arena in Milwaukee. Furthermore, the appropriation for 2018-19 would underfund the statutory distribution by an additional $1,950,000 due to the recommended reduction to Milwaukee County's county and municipal aid payment, which is intended to offset state payments to the County from Volkswagen settlement funds. [See earlier item titled, "Milwaukee County Shared Revenue Payment -- Volkswagen Settlement Offset."]

5. INTEREST PAYMENTS ON OVERASSESSMENT OF MANUFACTURING PROPERTY -- SUM SUFFICIENT REESTIMATE

GPR	- $20,000

Governor: Decrease estimated payments by $10,000 annually from the sum sufficient appropriation for interest payments on overassessments of manufacturing property. With this adjustment, base level funding of $20,000 would decrease to $10,000 in 2017-18 and 2018-19. When municipalities refund property taxes resulting from overassessments of manufacturing property, as determined by the Tax Appeals Commission, the state pays 20% of the interest cost of the refund and the municipality pays the remaining 80%.

Property Tax Credits

1. SCHOOL LEVY CREDIT INCREASE

GPR	$87,000,000

Governor: Increase the distribution amount for the school levy tax credit by $87,000,000, from $853,000,000 to $940,000,000, beginning with property taxes levied in December 2017, and payable in 2018. The increased credit would be paid on the fourth Monday of July, 2018 (2018-19), consistent with the payment of the existing credit under current law.

[Bill Section: 1212]

2. LOTTERY AND GAMING CREDIT REESTIMATE

SEG	$13,459,800

Governor: Provide increases of $5,901,500 in 2017-18 and $7,558,300 in 2018-19 to the sum sufficient appropriation to reflect estimates of lottery proceeds available for distribution. With these adjustments, estimated total funding for the credit would increase from an adjusted base level of $161,531,400 to $167,432,900 in 2017-18 and $169,089,700 in 2018-19. The cost of the credit for 2016-17 is estimated at $185,339,947.

3. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS

SEG	$181,000

Governor: Increase funding by $90,500 annually for the sum sufficient appropriation to reflect estimates of the amount of credits to be paid to persons who apply for the credit after tax bills have been issued. As a result, tax credit distributions for late applications would increase from an adjusted base level of $167,100 to $257,600 annually.

4. HOMESTEAD TAX CREDIT -- CURRENT LAW CREDIT REESTIMATE

GPR	- $11,400,000

Governor: Decrease funding by $5,200,000 in 2017-18 and $6,200,000 in 2018-19 for the sum sufficient appropriation to reflect anticipated costs of the current law credit in the biennium. With these adjustments, estimated total funding for the current law credit would decrease from an adjusted base level of $101,200,000 to $96,000,000 in 2017-18 and $95,000,000 in 2018-19. The cost of the credit for 2016-17 is estimated at $96,000,000.

5. HOMESTEAD TAX CREDIT MODIFICATIONS -- LIMIT THE CREDIT TO THOSE 62 OR OLDER, DISABLED, OR WITH EARNED INCOME

GPR	- $12,200,000

Governor: Modify the homestead tax credit for claims filed for tax year 2018 and thereafter by limiting the credit to claimants who are 62 years of age or older, claimants whose spouse is 62 or older, those with disabilities, and those who have earned income. All other claimants eligible under current law would no longer be eligible for the credit after tax year 2017. This would reduce the estimated cost of the credit by $12,200,000 in 2018-19.

Under current law, to qualify for the credit, a claimant must be at least 18 years or older, must own or rent his or her residence, and must have household income under the maximum income level of $24,680, regardless of whether it is earned income or not. (A downward adjustment of $500 is made to the household income level for each dependent that lives with the claimant.) Also, current claimants do not need to have a tax liability or income (household income or earned income) in order to receive the credit. The current law income threshold is $8,060 and the maximum property taxes or rent constituting property taxes is $1,460. Rent constituting property taxes is 25% of rent if payment for heat is not included in rent and 20% of rent if payment for heat is included.

Claimants 62 Years or Older or Disabled. Specify that for eligible claimants 62 years of age or older, claimants whose spouse is 62 or older, and for those who are disabled, the homestead tax credit would continue to be calculated as the credit is calculated under current law. Define "disabled" as an individual who is unable to engage in any substantial gainful employment due to a medically determinable physical or mental impairment which has lasted or is expected to last for a continuous period of at least 12 months. To receive the credit, disabled claimants would be required to provide proof that his or her disability is in effect for the taxable year. To prove disability, require a claimant to submit one of the following with his or her homestead credit claim: (a) a statement from the Veteran's Administration certifying the claimant is receiving a disability benefit due to 100% disability; (b) documentation from the Social Security Administration stating the date the disability began; or (c) a statement from a licensed physician stating the beginning date of the disability and whether the disability is permanent or temporary.

For these claimants, the current law maximum property tax or rent amount of $1,460 would continue to apply. However, under a separate provision, the two remaining formula factors (the income threshold of $8,060 and the maximum income level) would be indexed annually beginning in calendar year 2018. [See next item titled, "Homestead Tax Credit -- Indexing of Credit for Claimants 62 Years or Older or Disabled" for a description of the proposed indexing.]

Claimants with Earned Income. Non-disabled claimants under the age of 62 would be eligible for a modified credit if the claimant has earned income in the year to which the claim relates. These claimants would receive a credit equal to the lesser amount calculated under two separate formulas, one of which is the current law credit formula and the other would be a formula based on the claimant's earned income. "Earned income" is not defined under the bill, but would likely be interpreted under the general tax definition, which largely includes income from wages, salaries, tips, and net business earnings from self-employment. For these claimants, the current law maximum income level of $24,680, maximum property taxes or rent of $1,460, and maximum credit of $1,168 would continue to apply.

Household Income Below $8,060. For eligible claimants with household income below the current law income threshold of $8,060, the claimant would receive the lesser of the current law credit or a credit equal to 16% of the claimant's earned income in that tax year. For example, a claimant with a household income of $7,500, earned income of $7,200, and property taxes or rent of $1,460 would receive a credit equal to the lesser of the following amounts, up to a maximum credit of $1,168:

Proposed Credit

Homestead tax credit = 16% x earned income

Homestead tax credit = 16% x $7,200 = $1,152

or

Current Law Credit

Homestead tax credit = 80% x property taxes or rent

Homestead tax credit = 80% x $1,460 = $1,168

Household Income In Excess of $8,060, but Below $24,680. For eligible claimants with household income above the income threshold of $8,060 (up to $24,680), the claimant would receive the lesser of the current law credit or a credit equal to 80% of the amount by which 20% of the claimant's earned income in that tax year exceeds 8.785% of the claimant's household income in excess of $8,060. For example, a claimant with a household income of $20,000, earned income of $15,000, and property taxes or rent of $1,460 would receive a credit equal to the lesser of the following amounts, up to a maximum credit of $1,168:

Proposed Credit

Homestead tax credit = 80% x [(20% x earned income) - 8.785%
x (household income - $8,060)]

Homestead tax credit = 80% x [(20% x $15,000) - 8.785% x ($20,000 - $8,060)] = $1,561
($1,561 is greater than the maximum credit amount of $1,168, so the credit = $1,168)

or

Current Law Credit

Homestead tax credit = 80% x [property taxes or rent - 8.785%
x (household income - $8,060)]

Homestead tax credit = 80% x [$1,460 - 8.785% x ($20,000 - $8,060)] = $329

Under the proposed formula, a claimant with earned income greater than or equal to $7,300 would receive a credit amount equal to the current law credit. Claimants with earned income below $7,300 would receive a credit based on the new earned income-based formula, which would result in a decrease in their credit compared to their credit under current law. Those decreases would be larger as earned income declines from $7,300. Using tax year 2014 data, approximately 11,400 claimants received a credit in that year but did not have earned income. Under the provisions of the bill, such claimants would no longer be eligible for the credit. Removing the eligibility of these individuals, in addition to a decrease in the credit amount for those with earned income below $7,300, would result in a total credit reduction of $12.2 million in 2018-19.

[Bill Sections: 1115 and 1119 thru 1122]

6. HOMESTEAD TAX CREDIT -- INDEXING OF CREDIT FOR CLAIMANTS 62 OR OLDER OR DISABLED

GPR	$2,500,000

Governor: Beginning with tax year 2018, annually index the following current law homestead tax credit formula factors for claimants 62 or older, whose spouse is 62 or older, or those who are disabled: (a) the maximum household income amount from the current level of $24,680; and (b) the maximum income threshold amount from the current level of $8,060. Specify that the two formula factors would be indexed each year by the percentage change between the 12-month average of the Consumer Price Index (CPI), as determined by the federal Department of Labor, for all urban consumers, U.S. city average, for the months of August through July, of the prior year, over the same 12-month average of the CPI for August, 2015, through July, 2016. Allow that the adjustments would only occur if the percentage change in the CPI is a positive number.

Under the indexed formula, the revised maximum household income amount would be rounded to the nearest multiple of $10, or if the revised amount is a multiple of $5, the amount would be increased to the next higher multiple of $10. The Department of Revenue (DOR) would be required to annually adjust the slope (or rate) at which eligible property taxes are reduced for incomes above the income threshold so that the credit equals zero at the new maximum income amount. DOR would also be required to annually incorporate the changes into the state income tax forms and instructions.

The homestead credit would not be indexed for those with earned income who are under 62 and not disabled, and who receive a credit under a modified formula. [See earlier item titled, "Homestead Tax Credit Modifications -- Limit the Credit to Those 62 or Older, Disabled, or With Earned Income."]

Based on the provisions in the bill, the indexed credit formula would first affect the cost of the homestead tax credit in 2018-19. DOR's estimated change in the 12-month average CPI for the period of August, 2016, through July, 2017, over the same 12-month average for the period of August, 2015, through July, 2016, would be 1.02%, which would increase the estimated cost of the credit by $2,500,000 in 2018-19.

[Bill Section: 1123]

7. HOMESTEAD TAX CREDIT -- INCLUSION OF CERTAIN DISQUALIFIED LOSSES IN HOUSEHOLD INCOME

GPR	- $940,000

Governor: For a disqualified loss, include the amount of the loss in excess of $15,000 in the calculation of household income for the purposes of calculating the homestead tax credit. For claimants with losses in excess of $15,000, this modification would have the effect of increasing their household income and reducing their credit. Define "disqualified loss" as the sum of the following, exclusive of net gains from the sale or exchange of capital or business assets and exclusive of net profits: (a) net loss from sole proprietorships; (b) net capital loss; (c) net loss from sales of business property, excluding loss from involuntary conversions; (d) net loss from rental real estate, royalties, partnerships, tax-option S corporations, trusts, estates, and real estate mortgage investment conduits; and (e) net farm loss. This provision would not apply to a homestead tax credit claimant who is a farmer whose primary income is from farming and whose farming generates less than $250,000 in gross receipts in the year to which the claim relates.

Under the bill, this provision would take effect beginning with tax year 2018. However, DOA indicates that it intended the provision to take effect in tax year 2017. Consistent with this intent, the budget includes a homestead tax credit expenditure reduction of $470,000 in 2017-18. However, corrective language would be needed to accomplish DOA's intent, and without such language, GPR expenditures would be increased by $470,000 in 2017-18.

[Bill Sections: 1116 thru 1118, 1125, and 9338(16)]

8. FARMLAND PRESERVATION CREDIT REESTIMATE

GPR	- $2,056,000

Governor: Delete $188,000 in 2017-18 and $268,000 in 2018-19 to reestimate the sum-sufficient appropriation for the pre-2010 farmland preservation tax credit, which applies to claimants with an active farmland preservation agreement signed prior to July 1, 2009. The bill budgets the refundable pre-2010 credit at $840,000 in 2017-18 and $760,000 in 2018-19.

Further, delete $850,000 in 2017-18 and $750,000 in 2018-19 to reestimate the sum-sufficient appropriation for the per-acre farmland preservation tax credit, which applies to tax years after 2009. Credits of $5, $7.50, or $10 per acre may be claimed for each acre of farmland under certain land use designations. The bill budgets the refundable per-acre credit at $17,900,000 in 2017-18 and $18,000,000 in 2018-19.

9. DIRECT PAYMENT OF PROPERTY TAX CREDITS TO MUNICIPALITIES

Governor: Modify the current law process whereby a municipality with total school levy, lottery and gaming, and first dollar property tax credits of at least $3,000,000 may request DOA to distribute the credits directly to the municipality rather than to the county. Beginning in 2018, specify that a municipality may adopt an ordinance to receive the distribution directly and require that the municipality provide a copy of the ordinance to DOA and DOR. Require DOA to distribute the property tax credit amounts to the municipality for the year in which the municipality enacts the ordinance and in all subsequent years. Specify that this practice would remain in effect until the municipality notifies DOA and DOR that it has repealed the ordinance or until the total amounts of the annual property tax credits to be distributed to the municipality are less than $3,000,000.

Under current law, DOA distributes property tax credit payments to counties, unless the governing body of a municipality annually approves, and notifies DOA, that the distribution be made directly to the municipality in each year that the total amount of the credit is at least $3,000,000. This proposal would eliminate the requirement for municipalities that receive total credits of at least $3,000,000 to annually notify DOA of their approval to receive the property tax credit directly.

[Bill Section: 1211]

Property Taxation

1. SUNSET STATE FORESTRY MILL TAX

GPR	$180,454,900

Governor: Sunset the state forestry mill tax effective with property tax assessments as of January 1, 2017 (property taxes levied in 2017, for payment in 2018) and require an amount to be transferred annually from the general fund to the conservation fund equal to the amount calculated by multiplying the assessed value of all taxable property in the state, as determined by DOR, by a rate of 0.1697 mills (0.01697%). Create a GPR sum sufficient appropriation to make the transfer to the conservation fund, estimated at $88,759,300 in 2017-18 and $91,695,600 in 2018-19. Delete cross references and amend references in other current law provisions to reflect the forestry mill tax sunset and the GPR transfer. For tax bills issued in 2017, require DOR to prescribe a form for property tax bills that indicates the state no longer imposes the tax, and require the form to indicate the amount of state forestry mill tax paid by the taxpayer in the previous year.

For 2016(17), the state forestry mill tax levy equaled $85.7 million, 0.8% of the estimated $10,774.0 million in total property taxes levied statewide. For a median-valued home of $155,657, the state tax equaled $26.41 in 2016(17). This represents 0.9% of the home's estimated net tax bill, assuming the home is taxed at the statewide average tax rate. Additional information on this provision, as it relates to the Department of Natural Resources, is included under the "Forestry, Parks, and Recreation" section for that Department.

[Bill Sections: 162, 180, 482, 483, 530 thru 533, 726, 727, 998 thru 1002, and 9138(1)]

2. LEVY LIMIT ADJUSTMENT FOR DEBT SERVICE ON DEBT ISSUED BEFORE 2005

Governor: Delete the current law provision that allows counties and municipalities to refrain from decreasing their allowable levies by the amount that their debt service on debt issued before July 1, 2005 decreases between the prior year and the current year. Under a provision included in the 2011-13 biennial budget, if the amount of debt service in the preceding year on debt originally issued before July 1, 2005, is more than the amount of debt service needed in the current year for such debt, the allowable levy under the levy limit is decreased by the difference between the two amounts. However, the same provision exempts a county or municipality from having to decrease its allowable levy if it does not claim a separate adjustment under which it carries forward unused levy authority from a prior year. The bill would delete this exemption from the required reduction and require counties and municipalities to reduce their levies by the amount of the reduction in annual debt service associated with this type of debt. The proposed modification to the levy limit program would first apply to amounts levied in December, 2017.

[Bill Sections: 985 and 9331(1)]

Local Revenue Options

1. SALES TAX HOLIDAY AND LOCAL GOVERNMENT OPTIONAL SALES-RELATED TAXES

Governor: Extend the state sales and use tax holiday for certain school supply items to apply to those jurisdictions that have adopted a county sales and use tax, professional baseball district tax, and premier resort area taxes.

Specify that the effective date of the provision would be May 1, 2017, unless the date of the bill's publication is after that date, in which case the effective date would be January 1, 2018. Sunset the sales and use tax holiday after 2018. For more detailed information on the sales tax holiday and the products affected see "General Fund Taxes -- Sales and Use Taxes."

Currently, 63 counties collect the county sales and use tax (effective April 1, 2017, Kewaunee County will be the 64th county to impose the tax) and five counties in southeast Wisconsin collect the professional baseball park district tax. In a fiscal estimate attached to a similar school supply sales tax holiday bill, 2015 AB 781, DOR estimated that local (county and baseball district) sales tax revenues make up approximately 7.2% of state sales tax revenue. Using this percentage, the estimated sales and use tax revenue decrease for counties and the baseball district could range from $750,000 to $800,000 annually.

Currently, six local governments impose the premier resort area tax (City of Bayfield, City of Eagle River, Village of Lake Delton, City of Rhinelander, Village of Stockholm, and the City of Wisconsin Dells). Certain tourism-related retailers subject to the premier resort tax would have sales of merchandise that would be subject to the sales tax holiday. DOR, under 2015 AB 781, did not provide an estimate of the fiscal impact on premier resort area revenues.

[Bill Sections: 1181, 1183, 1194, and 9438(1)]

Other Credits

Descriptions of any budget provisions related to other tax credits and cigarette and tobacco products tax refunds are provided under "General Fund Taxes."

STATE FAIR PARK

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$3,293,000	$2,894,400	$2,380,800	- $1,310,800	- 19.9%	0.00	0.00	0.00	0.00	0.0%
PR	20,662,500	22,436,600	22,418,000	3,529,600	8.5	48.00	48.00	47.00	- 1.00	- 2.1
TOTAL	$23,955,500	$25,331,000	$24,798,800	$2,218,800	4.6%	48.00	48.00	47.00	- 1.00	- 2.1%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	$270,200

Governor: Provide adjustments to the agency base budget for the following: (a) full funding of salaries and fringe benefits for continuing positions (-$27,000 annually); and (b) overtime costs ($162,100 annually).

2. DEBT SERVICE REESTIMATES

GPR	- $1,310,800
PR	3,259,400
Total	$1,948,600

Governor: Reestimate principal and interest payments on State Fair Park facilities by -$398,600 GPR in 2017-18 and by -$912,200 GPR in 2018-19. Further, reestimate PR-supported principal and interest payments by $1,639,000 in 2017-18 and by $1,620,400 in 2018-19.

GPR debt service is associated with bonds issued to fund primarily agricultural and other exhibition facilities at State Fair Park, as well as various land acquisitions, certain infrastructure projects, and the Tommy G. Thompson Youth Center. Total GPR debt service payments for State Fair Park are budgeted at $2.9 million in 2017-18 and $2.4 million in 2018-19. State Fair Park's PR-supported debt service is primarily associated with the Milwaukee Mile racetrack and grandstand, the Wisconsin Exposition Center, and other general facilities improvements. PR-supported debt service is budgeted at $5.4 million each year of the 2017-19 biennium.

3. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
PR	- 1.00

Governor: Delete 1.0 position in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. The position would be deleted from the general operations appropriation. Beginning in 2018-19, funding of $113,300 associated with the position would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, the position (including the incumbent employee holding the position), assets and liabilities, personal property, and contracts relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that the incumbent transferred to DOA would retain his or her employee rights and status held immediately before the transfer, and provide that if the employee transferred to DOA has attained permanent status, he or she would not be required to serve a probationary period.

The administration indicates that although the position would be transferred to and employed by DOA, the individual holding the position would continue to be located at State Fair Park.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

STATE TREASURER

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
PR	$173,300	$113,500	$113,500	- $119,600	- 34.5%	1.00	1.00	1.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- $19,600

Governor: Provide adjustments to the base budget totaling -$9,800 annually for full funding of continuing position salary and fringe benefits.

2. STATE OPERATIONS REDUCTION

PR	- $100,000

Governor: Delete $50,000 annually in supplies and services expenditure authority associated with underspending relative to the budget for the Office of State Treasurer. In 2015-16, supplies and services expenditures for the agency totaled $12,400. Base funding for supplies and services for the State Treasurer is $71,000 annually, from unclaimed property program revenue.

SUPREME COURT

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$15,627,400	$17,499,100	$17,871,100	$4,115,400	13.2%	115.50	117.50	117.50	2.00	1.7%
FED	935,700	987,100	987,200	102,900	5.5	5.00	5.00	5.00	0.00	0.0
PR	12,184,000	12,709,800	12,733,200	1,075,000	4.4	96.25	97.25	97.25	1.00	1.0
SEG	764,100	820,200	821,400	113,400	7.4	5.00	5.00	5.00	0.00	0.0
TOTAL	$29,511,200	$32,016,200	$32,412,900	$5,406,700	9.2%	221.75	224.75	224.75	3.00	1.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$3,173,800
PR	1,075,000
FED	102.900
SEG	113,400
Total	$4,465,100

Governor: Provide $2,201,500 in 2017-18 and $2,263,600 in 2018-19 for standard budget adjustments as follows: (a) salary and fringe benefits, $1,528,100 GPR, $499,000 PR, $51,600 FED, and $54,700 SEG annually; and (b) full funding of lease and directed moves costs, $40,100 GPR, $26,800 PR, -$200 FED, and $1,400 SEG in 2017-18 and $77,500 GPR, $50,200 PR, -$100 FED, and $2,600 SEG in 2018-19.

2. JUDICIAL COMPENSATION

GPR	$334,000

Governor: Provide $334,000 GPR on a one-time basis in 2018-19 to the Director of State Courts and law library general program operations biennial appropriation to support salary increases for justices of the Supreme Court as well as circuit and appeals court judges. Funding under the bill is intended to support a 2% salary increase for judges on September 30, 2018, as well as another 2% salary increase for judges on May 26, 2019. [The timing and level of the salary increases for judges are similar to the timing and level of salary increases budgeted for general state employees under compensation reserves (see "Budget Management and Compensation Reserves").] Funding under the bill is provided on a one-time basis and would, therefore, not be included in the Supreme Court's base budget for the 2019-21 biennium.

Create a new continuing PR appropriation under the Supreme Court for judicial wage adjustments. Authorize the appropriation to receive money from the Supreme Court or from the Director of State Courts from transfers from other judicial appropriations, as approved in the new process for determining judicial compensation (discussed below). Provide that no moneys may be transferred to this appropriation from sum sufficient appropriations utilized to support: (a) salaries and expenses of the judges, reporters, and assistant reporters of the circuit courts; (b) the functions of the court of appeals; and (c) the functions of the Supreme Court.

Establish a new procedure under which salaries for state justices and judges are recommended to the Joint Committee on Employment Relations (JCOER) and established. Require the Director of State Courts to submit to JCOER recommendations and a proposal for adjusting the compensation and employee benefits for circuit and appeals court judges and justices of the Supreme Court. Require the Director to include all of the following in the proposal to JCOER: (a) a plan for the transfer of moneys from one or more appropriation accounts under subchapter VII of Chapter 20 of the statutes (judicial appropriations) to the new judicial wage adjustments appropriation created under the bill, except that the proposal may not include a plan to transfer funds from the sum sufficient appropriations utilized to support the circuit courts, Court of Appeals, and Supreme Court; (b) an identification of the appropriation from which the transfers under "a" are proposed to be made; (c) a projection of the amounts that will be transferred in each fiscal year; and (d) a projection of the amount the Director will receive in the judicial wage adjustments appropriation created under the bill during the biennium. Require JCOER to review the Director's proposal.

Provide that if JCOER approves one or more of the recommendations in the Director's proposal to transfer funds from judicial appropriations to the judicial wage adjustments appropriation, the Director may make the corresponding transfers between appropriations. Under the bill, separate legislation or approval of the Joint Committee on Finance (JFC) would not be required to authorize the transfer of funds between appropriations if such a transfer is approved by JCOER. Provide that in reviewing the Director's proposal, JCOER must apply certain procedures required of the review of the state employee compensation plan for general state employees. These procedures include:

- *Legislative Action*. If JCOER approves a provision of the Director's proposal that requires legislative action for implementation, JCOER would be required to introduce a bill or companion bills to be put on the legislative calendar to effectuate such a provision. [Notwithstanding, as identified above, separate legislation or JFC approval would not be required to authorize the Director of State Courts to transfer funds between judicial appropriations if such a transfer is approved by JCOER.] The bill or companion bills introduced by JCOER: (a) would not be required to be referred to the Joint Committee on Finance even if the bill appropriated money; (b) would not be required to be referred to the Joint Survey Committee on Retirement Systems even if the bill related to retirement or pension payments for public officers or employees; and (c) could be passed by either house of the Legislature prior to the budget bill being passed by both houses even if the bill introduced by JCOER increased or decrease state revenues or costs by an annual amount exceeding $10,000. The Joint Committee on Employment Relations would be required to accompany the introduction of such proposed legislation with a message that informs the Legislature of JCOER's concurrence with the matters under consideration and which recommends the passage of such legislation without change.

- *Public Hearing of Proposal*. In reviewing the Director of State Court's plan, JCOER would be required to hold a public hearing on the proposal.

• *Adoption of Plan, Governor's Veto*. The recommendations from the Director of State Court's proposal that are approved by JCOER could be vetoed by the Governor within 10 calendar days of JCOER approval. A vote of six members of JCOER would be required to override such a gubernatorial veto.

Under current law, annual salaries for Supreme Court justices and circuit court and appeals court judges, along with other elected executive and legislative executive and legislative officials, are included in the state employee compensation plan. The state employee compensation plan is established by the administrator of the Division of Personnel Management within the Department of Administration and submitted to JCOER for review and approval. Generally, the compensation plan is established on a biennial basis to coincide with each biennial budget. [See "Legislature."]

[Bill Sections: 479, 503, 504, and 2225]

3. TRANSFER JUDICIAL COMMISSION TO SUPREME COURT

	Funding	Positions
GPR	$607,600	2.00

Governor: Eliminate the Judicial Commission as a separate entity. Provide $303,500 in 2017-18 and $304,100 in 2018-19 with 2.0 positions annually in the Supreme Court to perform the functions of the Commission. Under current law, the Judicial Commission is an independent agency which investigates and prosecutes any possible misconduct or permanent disability of Wisconsin judges or court commissioners. [See "Judicial Commission."]

[Bill Sections: 470 thru 474]

4. NEW APPROPRIATION AND POSITION RELATED TO ELIMINATION OF JUDICIAL COUNCIL

	Positions
PR	1.00

Governor: Create a new interagency and intra-agency assistance appropriation for monies received from a court or transferred from any state agency for services provided to the court or state agency and provide 1.0 PR position under the appropriation. Under a separate provision, statutory language, funding, and position authority for the Judicial Council is deleted. According to the Governor's Executive Budget, the "Supreme Court has the authority to create and support such an advisory council if it so chooses." Funding for the current Judicial Council position is currently supported by funding from the Supreme Court's Director of State Courts and State Law Library programs. [See "Judicial Council."]

Transfer all assets, personal property, and contracts associated with the Judicial Council, as determined by the Secretary of the Department of Administration, to the Supreme Court.

[Bill Sections: 154, 475, 478, 508, 1759, 2222 thru 2224, and 9142(1)]

5. APPROPRIATION CHANGES RELATED TO CONSOLIDATED COURT AUTOMATION PROGRAM REVENUE

Governor: Modify statutory language to provide that revenue for services and documents related to the consolidated court automation program (CCAP) be deposited under the Supreme Court's court information systems appropriation, rather than its materials and services appropriation. As a result, modify language under the court information systems appropriation to specify that monies may be used to provide services and sell documents related to CCAP uniform forms, special reports, photocopies, and pamphlets.

Under current law, the Director of State Courts is authorized to establish and charge fees for the provision of services or sale of documents concerning any of the following: uniform court forms, computer-generated special reports of court information, photocopies, and pamphlets. Under this authority, the Director of State Courts charges subscriber fees for access to the Courts' Wisconsin Circuit Court Access Information website. Revenue from these fees and others is deposited into the Supreme Court's program revenue material and services appropriation. The bill's change to deposit the CCAP subscriber fees into its court information system appropriation was included in the Supreme Court's budget request "to simplify internal financial reporting for CCAP." According to the Director of State Court's Office, revenue associated with the CCAP subscriber fees was $131,900 in 2015-16.

[Bill Sections: 476 and 477]

6. BUSINESS COURT PILOT PROJECT

Governor: Under a nonstatutory provision, request that the Supreme Court promulgate rules establishing a pilot project to create a specialized business court program for commercial disputes by January 1, 2019.

[Bill Section: 9142(2)]

TOURISM

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$5,264,100	$5,024,100	$5,071,700	- $432,400	- 4.1%	30.00	29.00	29.00	- 1.00	- 3.3%
FED	768,900	763,700	763,700	- 10,400	- 0.7	1.00	1.00	1.00	0.00	0.0
PR	9,605,500	9,590,400	9,590,400	- 30,200	- 0.2	4.00	4.00	4.00	0.00	0.0
SEG	1,603,500	1,603,500	1,603,500	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$17,242,000	$16,981,700	$17,029,300	- $473,000	- 1.4%	35.00	34.00	34.00	- 1.00	- 2.9%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $432,400
PR	- 30,200
FED	- 10,400
Total	- $473,000

Governor: Provide adjustments to the agency base budget for the following: (a) full funding of salaries and fringe benefits for continuing positions (-$241,000 GPR, -$5,200 PR, and -$5,200 FED annually); and (b) full funding of lease and directed moves costs ($1,000 GPR in 2017-18 and $48,600 GPR in 2018-19, and -$9,900 PR annually).

2. FINANCIAL MANAGEMENT POSITION TRANSFER

	Positions
GPR	- 1.00

Governor: Transfer 1.0 position to the Department of Administration (DOA) Bureau of Financial Management for the provision of budget and accounting services. The provision includes reallocating funding of $50,400 GPR annually in Tourism general operations from salary and fringe benefits to supplies and services. Increased supplies and services funding would be intended to reimburse DOA for budget and accounting services provided to Tourism. (A corresponding item adds 1.0 position and $52,300 PR annually to DOA, reflecting different fringe benefit rates between the agencies.) Provide that the incumbent employee transferred to DOA would retain his or her employee rights and status held immediately before the transfer, and provide that if the employee transferred to DOA has attained permanent status, he or she would not be required to serve a probationary period.

[Bill Section: 9144(1)]

3. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

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

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

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

TRANSPORTATION

Budget Summary						FTE Position Summary				
				2017-19 Change Over Base Year Doubled					2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	Amount	%	2016-17	Governor 2017-18	Governor 2018-19	Number	%
GPR	$109,442,200	$126,587,700	$116,642,200	$24,345,500	11.1%	0.00	0.00	0.00	0.00	0.0%
FED	828,444,000	872,368,600	890,730,100	106,210,700	6.4	828.12	827.12	822.82	- 5.30	- 0.6
PR	6,047,400	10,777,300	10,472,500	9,155,000	75.7	19.00	19.00	19.00	0.00	0.0
SEG	1,645,390,300	1,772,814,500	1,704,784,100	186,818,000	5.7	2,645.67	2,643.67	2,592.79	- 52.88	- 2.0
SEG-L	107,950,600	114,517,800	114,517,800	13,134,400	6.1	0.00	0.00	0.00	0.00	0.0
SEG-S	105,487,800	121,317,300	109,333,600	19,675,300	9.3	5.00	5.00	5.00	0.00	0.0
TOTAL	$2,802,762,300	$3,018,383,200	$2,946,480,300	$359,338,900	6.4%	3,497.79	3,494.79	3,439.61	- 58.18	- 1.7%
BR		$500,000,000								

Budget Change Items

Transportation Finance

FUND CONDITION STATEMENT

The following table shows the 2017-19 transportation fund condition statement under the provisions of the bill. The "General Fund Transfer" amounts are the annual statutory transfers that will be made from the general fund to the transportation fund based on estimated general fund tax revenues under the bill. Appropriations to the Department of Transportation (DOT) represent the bulk of the appropriations from the transportation fund. However, appropriations are also made for the following purposes, which are shown in the table, in total, as "Other Agency Appropriations": (a) to the Department of Revenue for the administration of the motor fuel tax, the air carrier and railroad property taxes, and the rental vehicle fee; (b) to the conservation fund to reflect estimated motor fuel taxes paid by users of motorboats, snowmobiles, all-terrain vehicles, and utility-terrain vehicles; (c) railroad terminal tax distributions, which are payments made to local governments where railroad terminal property is located; and (d) payment of reissued checks related to DOT.

	2017-18	2018-19
Unappropriated Balance, July 1	$107,568,800	$23,723,100
Revenues		
Motor Fuel Tax	$1,029,987,300	$1,028,524,900
Vehicle Registration	706,961,400	709,851,800
Less Revenue Bond Debt Service	-233,023,600	-231,006,700
General Fund Transfer	39,932,900	41,432,500
Petroleum Inspection Fund Transfers	30,258,500	30,258,500
Driver's License Fees	39,722,400	39,747,300
Miscellaneous Motor Vehicle Fees	29,649,400	29,818,000
Aeronautical Taxes and Fees	8,082,700	8,226,100
Railroad Taxes and Fees	44,255,100	45,293,100
Miscellaneous Departmental Revenues	20,208,000	19,464,500
Investment Earnings	1,000,000	1,000,000
Total Annual Revenues	$1,717,034,100	$1,722,610,000
Total Available	$1,824,602,900	$1,746,333,100
Appropriations and Reserves		
DOT Appropriations	$1,772,416,300	$1,704,385,900
Other Agency Appropriations	26,817,800	26,867,200
Less Estimated Lapses	-3,500,000	-3,500,000
Compensation and Other Reserves	5,145,700	10,137,000
Net Appropriations and Reserves	$1,800,879,800	$1,737,890,100
Unappropriated Balance, June 30	$23,723,100	$8,443,000

1. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS

Governor: Under the bill, revenue from the general fund and the petroleum inspection fund would be used to support transportation programs. To reflect estimated changes in general fund tax collections included in the bill, current law general fund transfers have been adjusted by $474,600 (1.2%) in 2017-18 and by $1,974,200 (5.0%) in 2018-19 compared to the base year transfer of $39,458,300. The table below shows these provisions, separated by ongoing, current law transfers and proposed changes.

	2017-18	2018-19	Biennial Total
Current Law*			
General Fund			
0.25% Transfer of General Fund Taxes	$39,932,900	$41,432,500	$81,365,400
Petroleum Inspection Fund			
Ongoing Appropriation Transfer	6,258,500	6,258,500	12,517,000
Subtotal, Current Law Transfers	$46,191,400	$47,691,000	$93,882,400
Bill Changes			
Petroleum Inspection Fund			
One-time Transfers	$24,000,000	$24,000,000	$48,000,000
Total			
General Fund	$39,932,900	$41,432,500	$81,365,400
Petroleum Inspection Fund	30,258,500	30,258,500	60,517,000
Both Funds	$70,191,400	$71,691,000	$141,882,400

*Excludes debt service amounts on general fund-supported bonds issued for transportation purposes.

2. TRANSFER OF PETROLEUM INSPECTION FUND REVENUE

SEG-Transfer	$48,000,000

Governor: Transfer $24,000,000 annually during the 2017-19 biennium from petroleum inspection fund (PIF) to the transportation fund. This transfer would be in addition to the existing ongoing transfer of $6,258,500 annually from PIF to the transportation fund. As a result, the total estimated PIF revenues provided to the transportation fund would be $30,258,500 annually compared to a total of $27,258,500 annually in the 2015-17 biennium in ongoing ($6,258,500) and one-time ($21,000,000) transfers.

Require the Secretary of the Department of Administration (DOA), beginning on June 30, 2020, and on June 30 of each subsequent fiscal year, to transfer the unencumbered balance of PIF to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by PIF during the fiscal year in which the transfer is made.

The petroleum inspection fund was originally established to fund the petroleum environmental cleanup fund award (PECFA) program, which was created in response to federal legislation requiring the cleanup of underground storage tanks. The fund receives revenue from a 2.0 cents per gallon petroleum inspection fee on petroleum products (primarily home heating fuel and motor fuel) distributed in the state. Under the bill, the Department of Natural Resources would continue to oversee the management of the PECFA program. Revenues to the petroleum inspection fund are first used by a trustee to pay for annual debt service on outstanding PECFA revenue bond obligations issued to fund cleanup and remediation actions at PECFA sites. Remaining funds, after annual PECFA debt service obligations are met, are currently deposited to the petroleum inspection and used to cover: (a) PECFA program costs and administration; (b) petroleum inspection and tank regulation; (c) transfers to the transportation fund; and (d) environmental and other programs in several state agencies.

[Bill Sections: 144 thru 147, and 9245(1)]

3. ALLOCATION OF FEDERAL HIGHWAY AID

Governor: Estimate federal highway formula aid at $773,037,600 in 2017-18 and $790,558,700 in 2018-19, which represents an increase of $59,317,200 in 2017-18 and $76,838,300 in 2018-19, relative to the 2016-17 appropriation base.

The increased, 2017-19 aid amounts reflect the relatively higher, anticipated level of federal highway aid under the most recent federal surface transportation authorization act (the Fixing America's Surface Transportation (FAST) Act). The actual amount of the state's federal highway aid in 2017-19 will be determined on an annual basis under federal transportation appropriations acts of Congress.

The following table shows the change to the appropriation base under the bill and the resulting distribution of federal highway formula aid. As shown in the table, the bill would transfer federal highway aid from the state highway rehabilitation program, department management and operations, administration and planning, and two local assistance programs to support the southeast Wisconsin freeway megaprojects and major highway development programs.

		Change to Base		Governor	
Appropriation	Base	2017-18	2018-19	2017-18	2018-19
State Highway Rehabilitation	$468,758,000	-$51,795,700	-$52,534,000	$416,962,300	$416,224,000
Southeast Freeway Megaprojects	101,100	59,643,900	34,887,000	59,745,000	34,988,100
Major Highway Development	107,537,000	52,772,900	95,789,200	160,309,900	203,326,200
Highway System Mgmt. and Ops.	1,102,500	0	0	1,102,500	1,102,500
Departmental Mgmt. and Ops.	14,931,200	-1,169,900	-1,169,900	13,761,300	13,761,300
Administration and Planning	3,573,900	-52,400	-52,400	3,521,500	3,521,500
Local Transportation Facility Improvement Assistance	72,243,300	-32,000	-32,000	72,211,300	72,211,300
Local Bridge Improvement	24,413,300	-49,600	-49,600	24,363,700	24,363,700
Railroad Crossing Improvements	3,291,800	0	0	3,291,800	3,291,800
Transportation Alternatives	7,049,300	0	0	7,049,300	7,049,300
Congestion Mitigation/Air Quality Improvement	10,719,000	0	0	10,719,000	10,719,000
Total	$713,720,400	$59,317,200	$76,838,300	$773,037,600	$790,558,700

4. TRANSPORTATION-RELATED BOND SUMMARY

Governor: The following table summarizes the biennial usage of bonds for transportation projects in the 2015-17 biennium and under the bill for the 2017-19 biennium, by type of bond and program or project. The bill would not authorize any general fund-supported, general obligation bonding for transportation purposes in the 2017-19 biennium. The amounts shown for the use of transportation revenue bonds reflect both the amount authorized and the SEG-S appropriations for the two programs using these bonds. These projects may be initially financed through a temporary use of cash balances in the transportation fund. Eventually, bonds are sold to replenish those balances and this becomes the ultimate financing source for these projects.

	2015-17	2017-19
Transportation Fund-Supported, General Obligation Bonds		
Freight Rail Preservation	$29,800,000	$12,000,000
Harbor Assistance	13,200,000	14,100,000
High-Cost Bridge/Major Interstate Bridges	36,800,000	0
Southeast Wisconsin Freeway Megaprojects	300,000,000	0
Major Highway Development*	55,227,600	0
State Highway Rehabilitation	75,000,000	308,738,300
Subtotal	$510,027,600	$334,838,300
Transportation Revenue Bonds		
Major Highway Development	$169,012,200	$153,281,700
Administrative Facilities	11,880,000	11,880,000
Subtotal	$180,892,200	$165,161,700
Less Carryover Balance	-17,478,600	0
New Authorization	$163,413,600	$165,161,700
General Fund-Supported, General Obligation Bonds		
Major Highway Development	$100,000,000	$0
State Highway Rehabilitation	75,000,000	0
Passenger Rail Development	-43,000,000	0
Subtotal	$132,000,000	$0
Total	$805,441,200	$500,000,000

* A 2015 Act 55 provision, as affected by the Joint Committee on Finance's action in November, 2015, required a $44.8 million reduction in SEG-supported, general obligation bonding provided to the major highway development program due to actual 2015-16 transportation fund revenues exceeding Act 55 estimates. This table shows the 2015-17 bonding levels for that program following this adjustment. Act 55 provided DOT the authority to submit a request in 2016-17 to replace the bonding reduction with the available transportation fund revenue. However, the Governor's recommendations assume that DOT will not request these funds in 2016-17 and appropriate the funds from the transportation fund balance in the 2017-19 biennium.

5. TRANSPORTATION REVENUE BOND AUTHORIZATION

BR	$165,161,700

Governor: Increase revenue bond authority by $165,161,700, to reflect the proposed use of revenue bonds for major highway development projects and administrative facility construction projects under the bill. The Governor recommends the appropriation of these bonds as follows: (a) $82,632,700 in 2017-18 and $70,649,000 in 2018-19 for the major highway development program; and (b) $5,940,000 annually for administrative facility construction projects. Under the bill, an anticipated balance of $38,081,600 in revenue bonding authority would remain beyond the 2017-19 biennium. DOT could contract against this balance in 2019-20 to fund improvement projects that were commenced, but not completed in the 2017-19 biennium.

[Bill Section: 1224]

6. TRANSPORTATION-RELATED DEBT SERVICE SUMMARY

This item summarizes the transportation fund-supported and general fund-supported debt service on transportation-related bonds under the bill.

Transportation Fund-Supported. Estimated transportation fund-supported debt service on previously authorized bonds and the bonds authorized in the biennium would total $394,393,800 in 2017-18 and $413,409,800 in 2018-19. DOA's reestimates of existing transportation fund-supported debt service on bonds issued for transportation purposes are shown in separate entries. The following table provides information on the estimates of transportation fund-supported debt service levels for each year of the 2015-17 biennium, as well for each year of the 2017-19 biennium under the provisions of the bill.

Gross Transportation Fund Revenue*
(Excluding Federal Aid, Bond Revenue, and Transfers from Other Funds)
and Transportation Fund-Supported Debt Service
($ in Millions)

Fiscal Year	Transportation Fund Debt Service	Gross Transportation Fund Revenue	Debt Service as % of Revenue
2015-16	$340.8	$1,867.4	18.2%
2016-17	372.2	1,854.9	20.1
2017-18	394.4	1,879.9	21.0
2018-19	413.4	1,881.9	22.0

*Revenue is shown before the payment of revenue bond debt service.

Note: Debt service and revenue values shown for 2015-16 are actual, while those values for other years are estimated. Estimates also reflect the administration's intention that no principal would be amortized in the 2017-19 biennium on the $144 million in transportation revenue bond obligations scheduled to be issued in spring, 2017.

General Fund-Supported. The bill would not authorize new general fund-supported bonding for transportation purposes. General fund-supported debt is not included in the above calculation of transportation fund-supported debt service as a percentage of transportation revenue. DOA's reestimate of existing general fund-supported debt service on bonds issued for transportation purposes ($126.6 million in 2017-18 and $116.6 million in 2018-19) is shown in a separate entry.

7. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE

SEG-REV	- $4,274,900

Governor: Decrease estimated transportation fund revenue by $3,145,900 in 2017-18 and $1,129,000 in 2018-19 to reflect increases in the amount of vehicle registration revenue needed to pay principal and interest on transportation revenue bonds. Revenue bond debt service is primarily paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, debt service payments are considered negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2016-17 is estimated at $229,877,700 an amount that is projected to increase under the bill to an estimated $233,023,600 in 2017-18 and $231,006,700 in 2018-19.

This reestimate reflects the administration's intention that no principal payments would be made in the 2017-19 biennium on transportation revenue bond obligations scheduled to be issued in the spring, 2017. Instead, debt repayment on these obligations would be structured such that all principal payments would begin in 2019-20, and be fully repaid over the subsequent 17 years (a 20-year maturity in total).

8. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE

GPR	$24,345,500

Governor: Increase funding by $17,145,500 in 2017-18 and $7,200,000 in 2018-19 to reflect a reestimate of debt service payments on existing general fund-supported, general obligation bonds authorized for state highway projects in previous biennia. With this reestimate, total debt service on these bonds would increase from a base amount of $109,442,200 to $126,587,700 in 2017-18 and $116,642,200 in 2018-19. No additional general fund-supported, general obligation bonds for transportation-related purposes would be authorized under the bill.

9. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- CONTINGENT HIGHWAY BONDS

SEG	$19,803,900

Governor: Increase funding by $7,469,400 in 2017-18 and by $12,334,500 in 2018-19 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation contingent bonds authorized for state highway rehabilitation and major highway development projects. With this reestimate, total debt service on these previously-authorized bonds would increase from a base amount of $1,791,000 to $9,260,400 in 2017-18 and $14,125,500 in 2018-19.

10. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER PROJECTS

SEG	$13,695,000

Governor: Increase funding by $5,660,900 in 2017-18 and by $8,034,100 in 2018-19 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation bonds authorized for state highway rehabilitation, major highway development, freight rail preservation, harbor improvement projects, and department facilities. With this reestimate, total debt service on these existing bonds would increase from a base amount of $53,777,200 to $59,438,100 in 2017-18 and $61,811,300 in 2018-19.

The bill would authorize $308,738,300 in transportation fund-supported, general obligation bonds for state highway rehabilitation projects. Estimated debt service on the partial issuance of these bonds in the 2017-19 biennium, equal to $13,865,200 in 2018-19, is shown in a separate entry for the state highway rehabilitation program. The bill would also authorize additional bonds for the freight rail preservation ($12,000,000) and harbor assistance ($14,100,000) programs. Although no debt service is specifically associated with the issuance of these new bond authorizations for harbor and rail improvements, the Department could use these bonds in 2017-19 for contracting purposes in these programs, even if they are not issued in the biennium.

11. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY AND HIGH-COST BRIDGE PROJECTS

SEG	- $2,233,000

Governor: Decrease estimated debt service payments by $1,081,200 in 2017-18 and by $1,151,800 in 2018-19 to reflect a reestimate of debt service on existing transportation fund-supported, general obligation bonds authorized for southeast Wisconsin freeway reconstruction and high-cost bridge projects. With this reestimate, total debt service on these previously-authorized bonds would decrease from the base amount of $93,752,900 to $92,671,700 in 2017-18 and $92,601,100 in 2018-19.

12. REMOVE COMPLETED SOLVENCY STUDY FUNDING

SEG	- $1,400,000

Governor: Reduce funding by $700,000 annually in the departmental management and operations appropriation to reflect the removal of funding associated with a transportation fund solvency study required under 2015 Act 55. This study was completed in December, 2016. Act 55 provided a total of $1,000,000 for this purpose ($300,000 in 2015-16 and $700,000 in 2016-17). The reduction under the bill reflects the removal of the base-year funding provided for this completed study that would have otherwise carried forward into the 2017-19 biennium.

Local Transportation Aid

1. GENERAL TRANSPORTATION AIDS

SEG	$56,935,200

Governor: Provide the following related to the general transportation aids program:

a. County Aid. Increase funding by $3,173,400 in 2017-18 and $12,693,600 in 2018-19 to fund a 12.9% increase to the calendar year 2018 general transportation aid distribution for counties. The statutory, calendar year distribution for counties is currently equal to $98,400,200 for 2017 and thereafter. This would provide a calendar year distribution amount for counties equal to $111,093,800 for 2018 and thereafter.

b. Municipal Aid. Increase funding by $13,689,400 in 2017-18 and $27,378,800 in 2018-19 to fund an 8.5% increase to the calendar year 2018 general transportation aid distribution for municipalities. The statutory, calendar year distribution level for municipalities is currently equal to $321,260,500 for 2017 and thereafter. This would provide a calendar year distribution amount for municipalities equal to $348,639,300 for 2018 and thereafter. The mileage aid rate would also increase by 8.5% (from its current level of $2,202 per mile) to $2,389 per mile for calendar year 2018 and thereafter.

There are two basic formulas by which general transportation aid is distributed: (a) share of costs aid; and (b) mileage aid. Counties receive only share of costs aid, while municipalities (including towns) receive payments based on either share of costs aid or mileage aid, whichever is greater. Share of costs aid amounts are computed by multiplying each community's six-year average highway-related costs (2010 through 2015 for 2017 payments) by a statewide average cost-sharing percentage. Mileage aid (mostly received by towns) is computed by multiplying the number of miles of road or street under the jurisdiction of each municipality by a specified mileage rate.

Delete the statutory references to prior calendar year funding amounts for counties and municipalities, as well as the prior year mileage aid rate amounts for municipalities.

[Bill Sections: 1228 thru 1230]

2. MASS TRANSIT OPERATING ASSISTANCE

Governor: Provide no change to base level funding for DOT's mass transit operating assistance program. Total base level funding from the transportation fund for mass transit operating assistance would equal $110,737,500 SEG annually. The distribution of mass transit aid payments consists of the following four tiers: (a) $64,193,900 annually for Milwaukee County/Transit Plus in Tier A-1 (b) $16,868,000 annually for Madison in Tier A-2; (c) $24,486,700 annually for the larger bus and shared ride taxi systems in Tier B; and (d) $5,188,900 for smaller bus and shared-ride taxi systems in Tier C. No base funding is provided for Tier A-3, which includes any commuter or light rail mass transit system enumerated as a major capital improvement in the statutes.

3. VOLKSWAGEN SETTLEMENT -- MILWAUKEE COUNTY BUS PURCHASES

Governor: Require DOA to distribute $5,000,000 in 2017-18 and $21,000,000 in 2018-19 in settlement funds under the Volkswagen settlement agreement to a county with a population of 750,000 or more (Milwaukee County) for the payment of all costs incurred by the county to replace eligible aging vehicles owned by the county. Milwaukee County has indicated that the funds would be used to replace eligible aging diesel transit busses currently in service by the Milwaukee County Transit System.

Specify that any distribution to Milwaukee County is subject to approval from the trustee of the environmental mitigation trust established pursuant to the settlement agreement and is subject to the receipt of sufficient settlement funds by DOA to make the distribution. [See "Miscellaneous Appropriations" for the fiscal effect and a more detailed description on the settlement agreement.] Provide that DOA must reduce county and municipal aid payments to Milwaukee County by $1,950,000 annually from 2018 through 2027 if Milwaukee County receives a distribution from the Volkswagen settlement funds. [See "Shared Revenue and Tax Relief -- Direct Aid Payments" for additional detail on the aid reduction to Milwaukee County.]

[Bill Sections: 111, 484, and 1210]

4. SENIORS AND INDIVIDUALS WITH DISABILITIES AIDS

SEG	$840,500

Governor: Provide $278,300 in 2017-18 and $562,200 in 2018-19 for county assistance in the provision of seniors and individuals with disabilities specialized transportation services. Total state funding for county assistance would equal $14,193,900 in 2017-18 and $14,477,800 in 2018-19. This would provide a 2% annual increase in the county assistance appropriation.

5. TRIBAL ELDERLY TRANSPORTATION GRANT PROGRAM

PR	$297,000

Governor: Increase funding by $148,500 PR annually to the 11 federally recognized Wisconsin tribes with additional financial assistance for the provision of transportation service to tribal elders on and off tribal reservations. This would increase funding from $247,500 in base funding to $396,000 annually. Funding for the program is transferred from the DOA's Indian gaming appropriation, to which gaming revenues are deposited, to DOT's grant appropriation. Any increase in Indian gaming receipts not otherwise credited to agency appropriation accounts are deposited in the general fund. Therefore, an increase in funding for DOT's tribal elderly transportation grant program will result in a decrease in monies deposited in the state's general fund (see "Department of Administration -- Division of Gaming" for the general fund fiscal effect).

Local Transportation Assistance

1. LOCAL ROADS IMPROVEMENT PROGRAM

SEG	$14,000,000
SEG-L	12,134,400
Total	$26,134,400

Governor: Provide $7,000,000 SEG annually for the local roads improvement program (LRIP) and $6,067,200 SEG-L annually to reflect the local government share of project costs. Specify that the SEG funding be allocated as follows: (a) $2,336,000 annually for the formula-based component of the program; and (b) $4,664,000 annually for the discretionary grant component of the program. Of the $4,664,000 annual funding increase for the discretionary component of the program, $373,000 would be provided to counties, $4,023,500 would be provided to municipalities (cities and villages), and $267,500 would be provided to towns.

The bill would increase the annual statutory distribution of discretionary LRIP funding in 2017-18, and thereafter as follows: (a) the amount provided to counties from $5,127,000 to

$5,500,000; (b) the amount provided to municipalities from $976,500 to $5,000,000; and (c) the amount provided to towns from $5,732,500 to $6,000,000. The table below reflects biennial funding for LRIP for 2015-17 and under the recommended 2017-19 funding level for these program components.

Current Law and Governor's Recommended Biennial LRIP Funding

	2015-17	Governor 2017-19	Difference	% Change
Formula-Based Allocation*				
Counties (43%)	$13,756,732	$15,765,692	$2,008,960	14.6%
Municipalities (28.5%)	9,117,834	10,449,354	1,331,520	14.6
Towns (28.5%)	9,117,834	10,449,354	1,331,520	14.6
Total Formula Funds	$31,992,400	$36,664,400	$4,672,000	
Discretionary Allocation				
Counties	$10,254,000	$11,000,000	$746,000	7.3%
Municipalities	1,953,000	10,000,000	8,047,000	412.0
Towns	11,465,000	12,000,000	535,000	4.7
Total Discretionary Funds	$23,672,000	$33,000,000	$9,328,000	
Biennial Program Total	$55,664,400	$69,664,400	$14,000,000	25.2%

*Total, biennial LRIP funding is equal to $56,066,000. Of this amount, $401,600 from the formula-based allocation supports 3.0 positions in DNR for the environmental review of local road projects under current law and under the bill. This amount is deducted from the total prior to calculating the percentage-based formula allocations shown in the top section of the table.

LRIP provides grants of state funds on a biennial basis for capital improvements on existing county, town, and municipal (city or village) roads and for feasibility studies for such improvements. For the purposes of the program, a capital improvement is defined as a project with a projected design life of at least 10 years. Grants may cover up to 50% of the total project cost, with the balance being provided, generally, by the local recipient. All costs of improvements are initially the responsibility of the local government. Upon completion of a project, a local government can apply to DOT for reimbursement of up to 50% of the project costs.

Increase the allowable reimbursement amount for program applicants under the discretionary portion of the program by specifying that applicants would instead be eligible for reimbursement of not more than 60% of eligible costs (compared to 50% under current law). Applicants under the entitlement portion of the program would continue to be reimbursed for not more than 50% of eligible project costs. Specify that these modifications related to the share of project cost to be reimbursed would first apply to a project commenced on the effective date of the bill.

[Bill Sections: 1231 thru 1234, and 9345(1)]

2. LOCAL BRIDGE IMPROVEMENT ASSISTANCE PROGRAM

SEG	$5,000,000
SEG-L	1,000,000
Total	$6,000,000

Governor: Provide $2,500,000 SEG and $500,000 SEG-L annually for the local bridge improvement assistance program (the SEG-L amount reflects the local government share of project cost). The local bridge improvement assistance program makes grants using both state and federal funds for bridges not on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Local governments are responsible for providing a funding match equal to at least 20% of eligible project costs. Base level state funding for the local bridge improvement assistance program is $8,470,600.

3. FREIGHT RAIL PRESERVATION PROGRAM

BR	$12,000,000

Governor: Authorize $12,000,000 in transportation fund-supported, general obligation bond for the freight rail preservation program. The bonds authorized for this program may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state to upgrade them to modern freight rail standards. The amount of bonds authorized would be $23,000,000 lower than the $35,000,000 in total program resources provided in the 2015-17 biennium ($29,800,000 in bonds, plus $5,200,000 SEG). Although no debt service is specifically associated with the issuance of these bonds under the bill, the Department could use these bonds for contracting purposes in this program, even if the bonds are not issued in the 2017-19 biennium.

[Bill Section: 493]

4. HARBOR ASSISTANCE PROGRAM

BR	$14,100,000

Governor: Authorize $14,100,000 in transportation fund-supported, general obligation bonds for the harbor assistance program, which provides grants for making capital improvements to harbors on the Great Lakes or the Mississippi River system. The amount authorized would be $900,000 more than the bonding authority provided to the program in the 2015-17 biennium ($13,200,000). However, a provision of the 2015-17 biennial budget act earmarked up to $4,220,000 for a harbor-related project in the City of Kewaunee, resulting in only $8,980,000 generally available for projects in the biennium. Although no debt service is specifically associated with the issuance of these bonds under the bill, the Department could use these bonds for contracting purposes in this program, even if the bonds are not issued in the 2017-19 biennium.

[Bill Section: 492]

5. TRAFFIC SIGNAL AND MARKING ENHANCEMENT GRANT PROGRAM TRANSFER

SEG-Transfer	$1,025,700
SEG	$1,025,700

Governor: Transfer $1,025,700 in 2017-18 from the balance in the local bridge improvement assistance program, local funds appropriation to the transportation fund. Make a corresponding increase of $1,025,700 SEG in 2017-18 to the highway and local bridge improvement assistance, state funds appropriation. The Department has indicated that this local funding amount reflects unused, SEG grant funding from a traffic signal and marking enhancement program that was repealed under 2013 Act 20.

6. RAIL PASSENGER SERVICE ASSISTANCE PROGRAM

SEG	$200,000

Governor: Provide $200,000 in 2017-18 for one-time start-up costs related to the implementation of two new locomotives on the Amtrak Hiawatha rail service line. Total state funding for rail passenger service assistance would equal $7,000,000 in 2017-18 and $6,800,000 in 2018-19 to fund Wisconsin's share of the cost to maintain existing service for the Hiawatha service under the state's contract with Amtrak.

State Highway Program

1. STATE HIGHWAY IMPROVEMENT PROGRAM

The following tables compare total funding for state highway improvement programs in the 2015-17 biennium with the Governor's recommended funding levels. The first table shows total biennial program resources by funding type and the percentage changes to the composition of this funding under the bill. The second table provides this information by program component.

Highway Improvement Program Summary

	2015-17	Governor 2017-19	Biennial Change in Resources	% Change in Biennial Resources
SEG	$794,961,800	$746,024,200	-$48,937,600	-6.2%
FED	1,184,525,200	1,293,396,900	108,871,700	9.2
Bonds	811,039,800*	462,020,000	-349,019,800	-43.0
Total	$2,790,526,800	$2,501,441,100	-$289,085,700	-10.4%

*Includes $5,598,600 in carryover bonding authority from the prior biennium.

Highway Improvement Program
Under Governor's 2017-19 Budget Recommendations*

	2015-17	Governor 2017-19	Biennial Change in Resources	% Change in Biennial Resources
State Highway Rehabilitation				
SEG	$627,294,500	$557,866,400	-$69,428,100	
FED	920,730,900	835,027,700	-85,703,200	
General Obligation Bonds**	150,000,000	308,738,300	158,738,300	
Subtotal	$1,698,025,400	$1,701,632,400	$3,607,000	0.2%
Major Highway Development				
SEG	$131,120,400	$152,947,700	$21,827,300	
FED	185,741,200	363,636,100	177,894,900	
Trans. Revenue Bonds	169,012,200	153,281,700	-15,730,500	
General Obligation Bonds**	155,227,600	0	-155,227,600	
Subtotal	$641,101,400	$669,865,500	$28,764,100	4.5%
SE Wis. Freeway Megaprojects				
SEG	$36,546,900	$27,210,100	-$9,336,800	
FED	78,053,100	94,733,100	16,680,000	
General Obligation Bonds (SEG)	300,000,000	0	-300,000,000	
Subtotal	$414,600,000	$121,943,200	-$292,656,800	-70.6%
High-Cost Bridge				
General Obligation Bonds (SEG)	$16,800,000	$0	-$16,800,000	-100.0%
Major Interstate Bridge Construction				
SEG	$0	$8,000,000	$8,000,000	
General Obligation Bonds (SEG)	20,000,000	0	-20,000,000	
Subtotal	$20,000,000	$8,000,000	-$12,000,000	-60.0%
Total -- State Highway Improvement Program	$2,790,526,800	$2,501,441,100	-$289,085,700	-10.4%

*Amounts shown comprise all highway improvement program items under the bill including federal aid reestimates and standard budget adjustments.

**Contingent highway bonding (SEG and GPR) provided under 2015 Act 55. The amount shown for the major highway development program reflects a $44.8 million reduction in bonding (SEG), as required by provisions of that Act.

2. STATE HIGHWAY REHABILITATION PROGRAM

SEG	- $7,648,200
FED	- 102,312,100
BR	308,738,300
Total	$198,778,000

Governor: Make the following changes to funding for the state highway rehabilitation program: (a) a decrease of $10,756,700 SEG annually; (b) decreases of $50,786,900 FED in 2017-18 and $51,525,200 FED in 2018-19; (c) authorize $308,738,300 in transportation fund-supported, general obligation bonds ($152,238,300 for use in 2017-18 and $156,500,000 for use in 2018-19); and (d) provide

$13,865,200 SEG in 2018-19 for debt service associated with the partial issuance of the $308,738,300 in bonds in the biennium. The purpose of the state highway rehabilitation program is to preserve and make limited improvements to the state highway system (including most state bridges), such as resurfacing, reconstruction, and reconditioning. All funds adjusted base funding (plus bonding) for this program is equal to $832,273,900.

The table below shows the total 2017-19 funding for the program under the bill, including the following amounts shown separately under other items: (a) standard budget adjustments (-$695,700 SEG and -$1,008,800 FED annually); and (b) a reestimate of federal aid amounts to be used for state highway rehabilitation ($920,800 FED annually). Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would increase by 0.2%.

State Highway Rehabilitation Program -- Biennial Funding Comparison

	2015-17		
Fund Source	2015-16	2016-17	Biennial Total
SEG	$337,991,700	$289,302,800	$627,294,500
FED	452,759,800	467,971,100	920,730,900
General Obligation Bonds	75,000,000	75,000,000	150,000,000
Total	$865,751,500	$832,273,900	$1,698,025,400

	2017-19 (Bill)		
Fund Source	2017-18*	2018-19*	Biennial Total
SEG	$278,933,200	$278,933,200	$557,866,400
FED	417,883,000	417,144,700	835,027,700
General Obligation Bonds	152,238,300	156,500,000	308,738,300
Total	$849,054,500	$852,577,900	$1,701,632,400
% Change in Total Resources			0.2%

*Calculations are shown inclusive of adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

[Bill Section: 491]

3. MAJOR HIGHWAY DEVELOPMENT PROGRAM

SEG	$16,479,300
SEG-S	19,715,100
FED	148,897,700
Total	$185,092,100

Governor: Make the following changes to funding for the major highway development program: (a) an increase of $60,892,600 SEG in 2017-18 and a decrease of -$44,413,300 SEG in 2018-19; (b) increases of $15,849,400 in SEG-S (transportation revenue bond expenditure authority) in 2017-18 and $3,865,700 SEG-S in 2018-19; and (c) increases of $52,940,700 FED in 2017-18 and $95,957,000 FED in 2018-19. The 2016-17 adjusted base funding plus bonding for this program is equal to $272,701,400.

The table below shows the total 2017-19 funding for the program under the bill, which included standard budget adjustments of -$177,700 SEG and -$167,800 FED annually (shown in a separate item). Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would increase by 4.5%.

Major Highway Development Program -- Biennial Funding Comparison

	2015-17		
Fund Source	2015-16	2016-17	Biennial Total
SEG	$62,773,300	$68,347,100	$131,120,400
FED	78,263,500	107,477,700	185,741,200
Trans. Revenue Bonds	102,363,200	66,649,000	169,012,200
General Obligation Bonds	125,000,000	30,227,600*	155,227,600
Total	$368,400,000	$272,701,400	$641,101,400

	2017-19 (Bill)		
Fund Source	2017-18**	2018-19**	Biennial Total
SEG	$129,126,800	$23,820,900	$152,947,700
FED	160,309,900	203,326,200	363,636,100
Trans. Revenue Bonds	82,632,700	70,649,000	153,281,700
Total	$372,069,400	$297,796,100	$669,865,500
% Change in Total Resources			4.5%

*A 2015 Act 55 provision, as affected by the Joint Committee on Finance's action in November, 2015, required a $44.8 million reduction in SEG-supported, general obligation bonding provided to the major highway development program due to actual 2015-16 transportation fund revenues exceeding Act 55 estimates. This table shows the 2015-17 bonding levels for that program following this adjustment. Act 55 provided DOT the authority to submit a request in 2016-17 to replace the bonding reduction with the available transportation fund revenue. However, the Governor's recommendations assume that DOT will not request these funds in 2016-17 and appropriate the funds from transportation fund balance in the 2017-19 biennium.

**Calculations are shown inclusive of adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

Estimated project completion schedules for five major projects (which were previously delayed under 2015-17 funding levels) are shown in the following table.

Anticipated Major Highway Development Project Completion Dates
Under Governor's Recommendation ($669.9 Million in 2017-19)

Highway	Project Segment	Counties	Completion Year	Completion Delay
USH 10/441	Winnebago CTH CB to Oneida Street	Outagamie, Calumet &Winnebago	2020	No Delay
STH 15	STH 76 to New London	Outagamie	2021	No Delay
USH 18/151	Verona Road/Madison Beltline	Dane	2019	No Delay
STH 23	STH 67 to USH 41	Sheboygan & Fond Du Lac	*	Ongoing Litigation
I-39/90	Illinois State Line to USH 12/18	Dane & Rock	**	**

*This project is also the subject of ongoing litigation in federal court, which may affect this estimate, irrespective of the level of funding provided.

**DOT indicates that it is not yet known when the beltline highway interchange (BIC) component of the I-39/90 project, which was part of this project's scope at the time of enumeration and is within the project's statutory boundaries, will be completed. The BIC component is no longer included in the current estimate of the total project cost provided to the Transportation Finance Commission (TPC). A separate environmental impact statement is being completed for this project component. The current estimate of the cost of the BIC component is $550 million. Under the bill's program funding level, the administration indicates all other portions of the project would be completed by 2021, according to schedule.

Note: Anticipated completion dates provided by DOT in the August, 2016, report to the TPC.

4. DELETE ENUMERATION OF COMPLETED MAJOR HIGHWAY DEVELOPMENT PROJECTS

Governor: Delete the following four projects from the list of enumerated major highway development projects for which construction has been completed: (a) the USH 53 project in Eau Claire and Chippewa Counties; (b) the Rock County transportation plan (the "Janesville bypass project") in Rock County; (c) the STH 64 project from Houlton to New Richmond in St. Croix County; and (d) the USH 12 project (the "Whitewater bypass") in Jefferson and Walworth Counties.

[Bill Sections: 1213 thru 1216]

5. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS

SEG	- $2,860,300
FED	94,530,900
Total	$91,670,600

Governor: Make the following changes to the southeast Wisconsin freeway megaprojects project funding: (a) a decrease of $3,546,900 SEG and an increase of $59,643,900 FED in 2017-18, and (b) increases of $686,600 SEG and $34,887,000 FED in 2018-19 for the southeast Wisconsin freeway megaprojects program. A southeast Wisconsin freeway megaproject is generally defined as an improvement project in the southeast region of the state with an estimated cost exceeding $625,400,000 (this cost threshold is adjusted annually for inflation). These megaprojects must be enumerated in the statutes prior to construction. Presently, the Zoo Interchange and I-94 North-South freeway projects are the only such projects enumerated. The 2016-17 adjusted base funding for the southeast Wisconsin freeway megaprojects program is $15,063,600 SEG and $101,100 FED. Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would decrease by 70.6%.

Southeast Wisconsin Freeway Megaprojects Program -- Biennial Funding Comparison

	2015-17		
Fund Source	2015-16	2016-17	Biennial Total
SEG	$21,546,900	$15,000,000	$36,546,900
FED	78,053,100	0	78,053,100
General Obligation Bonds	300,000,000	0	300,000,000
Total	$399,600,000	$15,000,000	$414,600,000

	2017-19 (Bill)		
Fund Source	2017-18	2018-19	Biennial Total
SEG	11,488,300	$15,721,800	$27,210,100
FED	59,745,000	34,988,100	94,733,100
Total	$71,233,300	$50,709,900	$121,943,200
% Change in Total Resources			-70.6%

Of the total $121,943,200 that would be provided for this program under the bill, the administration indicates that funding would allocated as follows: (a) $31,000,000 would be used to fund continued work on the I-94 North-South project; and (b) $90,943,200 would be available for the continued construction of the Zoo Interchange project. Any funding not used by DOT on the core component could be used on remaining elements of the Zoo Interchange project (such as the north leg of that project) or for work associated with the I-94 North-South project.

6. MAJOR INTERSTATE BRIDGE CONSTRUCTION

SEG	$8,000,000

Governor: Provide $8,000,000 in 2017-18 to the major interstate bridge program to complete the construction of the St. Croix Crossing (Stillwater Bridge replacement) project. The major interstate bridge program funds projects involving the construction or reconstruction of a bridge crossing a river that forms the boundary of the state, for which the state's share of costs is estimated to exceed $100 million. The St. Croix Crossing project, which will replace the Stillwater Bridge connecting Stillwater, Minnesota, with Houlton, Wisconsin, is the only project that has met these criteria. No SEG base funding exists for the major interstate bridge program. The main construction of the bridge, which is managed by the State of Minnesota, initially scheduled for completion in 2016, has been delayed due a number of issues, among them, workforce shortages, equipment issues, project complexity, material shortages, and weather delays. According to DOT, Wisconsin's share of cost for the bridge and approaches is estimated at $277.6 million (of which $269.6 million has been provided).

7. CONSTRUCTION MANAGER/GENERAL CONTRACTOR PILOT PROGRAM

Governor: Authorize the Department to engage in an alternative state highway project delivery and construction model through a four-year construction manager/general contractor (CMGC) pilot program for contracts awarded prior to July 1, 2021. Specify that this contract authority would extend only to instances where DOT finds the CMGC process to be more feasible and advantageous. Stipulate that the Department would be able to use a CMGC contract for no more than three highway improvement projects during the pilot period.

Under current law, the Department must award bids to the lowest qualified bidder (often referred to as the design-bid-build model). During this process, the Department may contract with several different design consultants in addition to working with its own staff to develop a design for the bidding process. Following the submission of project bids, if the Department decides to awards a contract, it is required by statute to select what it determines to be the lowest competent and responsible bidder. The Department indicates that the CMGC model may allow for more efficient and cost-effective delivery of projects that require specialized equipment or expertise.

Specify that the Department would be able to award a two-phase CMGC contract to a construction manager for preconstruction and construction services. Define a "construction manager" as a person in the business of providing construction services that is also qualified to supervise, manage, or otherwise participate in the engineering, design, or construction work for a highway improvement project. Specify that for the design and engineering phase of a project, the Department would be able award a CMGC contract based on qualifications, experience, best value, or any other combination of factors the Department considers appropriate. Require that before project design is 90% complete, the construction manager would have to provide the Department with a proposal to construct the project. Specify that this proposal would have to include a certification that at least 30% of the work for the construction phase would be performed by the construction manager. In addition, require the Department to obtain an independent cost estimate for the construction of the project. For the construction phase, specify that the Department would be able to enter into a construction contract with the construction manager pursuant to the submitted proposal or could instead opt to revert to the current law bidding process.

Modify various existing statutory references to the competitive bid contract method to reflect the addition of the CMGC pilot program contracting method, including the following: (a) the definition of subcontractor, supplier, or service provider as it relates to form of contracts, performance bonds, and remedy; (b) when an action may be taken on a performance and payment bond; and (c) the liability exemption for handling petroleum-contaminated soil under contracts with the Department.

Specify that these provisions would be initially applicable to contracts entered into on the general effective date of the bill.

[Bill Sections: 1217 thru 1221, 2229, 2230 2240, 2241, and 9345(3)]

8. STATE HIGHWAY MAINTENANCE PROGRAM SUMMARY

The table below summarizes biennial changes in funding to the two main components of the state highway maintenance program under the bill as compared to the 2015-17 biennium.

State Highway Maintenance Program -- Biennial Funding Comparison

	2015-17	2017-19	Biennial Change in Resources	% Change in Biennial Resources
Routine Maintenance				
SEG	$340,000,000	$373,733,000	$33,733,000	9.9%
Highway System Management & Operations				
SEG*	$168,818,600	$199,211,800	$30,393,200	
FED	6,205,000**	2,205,000	-4,000,000	
Subtotal	$175,023,600	$201,416,800	$26,393,200	15.1%
Maintenance Program Totals				
SEG	$508,818,600	$572,944,800	$64,126,200	
FED	6,205,000	2,205,000	-4,000,000	
Total	$515,023,600	$575,149,800	$60,126,200	11.7%

*Includes the following standard budget adjustments: (a) $276,100 annually for overtime; (b) -$55,200 annually for full funding continuing positions salaries and fringe benefits; and (c) -$269,800 annually for turnover reduction.

**Includes one-time federal aid allocated for maintenance under a 2015-16 federal highway aid appropriations adjustment plan approved by the Joint Committee on Finance as submitted by DOT.

9. ROUTINE MAINTENANCE PROGRAM

SEG	$33,733,000

Governor: Provide $15,366,500 in 2017-18 and $18,366,500 in 2018-19 for routine highway maintenance, which is generally performed by counties under contract with the state. The recommended amounts, when added to the 2016-17 adjusted base funding ($170,000,000), would provide total funding equal to $185,366,500 in 2017-18 and $188,366,500 in 2018-19 for this appropriation.

The recommended increase in the level of funding would be used as follows: (a) $7,791,500 annually to fund a backlog of work as well as maintain a certain level of pavement treatments, such as crack routing and sealing intended to extend the usable life of road surfaces; (b) $2,000,000 in 2017-18 and $5,000,000 in 2018-19 for reducing shoulder drop-offs and improving other roadway grade and drainage features; (c) $5,000,000 annually for waterborne pavement marking (which would fund an additional 87 million feet of waterborne pavement marking per year on state highways); and (d) $575,000 annually in onetime funding for the replacement of an estimated 23,000 ground and overhead mounted highway signs, which would begin to reduce a backlog of signs needing to be replaced.

Routine maintenance is frequent, of limited scope, carried out on a day-to-day basis, and includes a wide variety of highway-related maintenance activities, such as winter road maintenance and minor road and bridge treatments and repair (grading, crack sealing, and waterborne pavement marking).

10. HIGHWAY SYSTEMS MANAGEMENT AND OPERATIONS FUNDING

SEG	$29,977,000

Governor: Provide $16,000,000 in 2017-18 and $13,977,000 in 2018-19 for the highway systems management and operations program, which is responsible for a variety of activities related to the upkeep of state highways, highway rights-of-way, and rest areas. The recommended amounts, when added to the 2016-17 adjusted base funding ($84,666,300) and standard budget adjustments (-$48,900 annually), would provide total funding equal to $100,617,400 in 2017-18 and $98,594,400 in 2018-19 for this appropriation.

The recommended increase in the level of funding would be used as follows: (a) $6,419,000 annually for epoxy paint pavement marking; (b) $2,946,000 in 2017-18 and $923,000 in 2018-19 for maintenance and repair of state rest areas and waysides; (c) $2,500,000 annually to fund half of a system-wide replacement of high pressure sodium lights with light emitting diode (commonly known as "LED" lights); (d) $2,135,000 annually to replace deteriorated and/obsolete state highway signs; and (e) $2,000,000 annually to replace the Department's oversize/overweight permitting software system.

The highway systems management and operations program is distinct from the state highway maintenance program funding provided for the upkeep of state highways performed by counties under contract with the state. The highway systems management and operations program activities include the minor repair of pavements and bridges, winter maintenance (such as snow plowing and ice removal), mowing and vegetation management, and the maintenance of highway rest areas and waysides. A separate component of the program is also responsible for the installation, repair, and maintenance of signs, highway lighting, pavement marking, and traffic signals, as well as for some limited emergency or corrective maintenance activities (generally performed by private contractors).

11. INTELLIGENT TRAFFIC SYSTEMS AND TRAFFIC CONTROL SIGNALS APPROPRIATIONS SUNSET

Governor: Extend the sunset of the state, federal, and local appropriation accounts for intelligent traffic systems and traffic control signals until June 30, 2021. Under current law, no moneys may be encumbered from these appropriation accounts after June 30, 2019. These appropriations are eligible to fund the installation, replacement, or rehabilitation of traffic control signals and intelligent transportation systems (a broad set of technologies and equipment related to traffic management). No above-base funding for this purpose would be provided under the bill. The 2016-17 adjusted base funding for this purpose is $10,000,000 SEG (the federal and local appropriation accounts do not have existing base funding).

[Bill Sections: 360 thru 362]

Motor Vehicles

1. VERIFICATION SYSTEM FEES

SEG	$780,900

Governor: Provide $386,700 in 2017-18 and $394,200 in 2018-19 to fund the fees paid by the Department for access to electronic verification systems used in the processing of driver license and identification card applications by DMV. These systems are used to verify immigration status, passport information, and vital records in other states, as a part of the state's compliance with the REAL ID Act of 2005, which generally requires states to standardize and enhance certain driver license and identification card application practices and products. Federal grants that had been used to cover the cost of accessing these systems have or will expire. As a result, DOT will be required to pay the costs associated with the use of these systems in 2017-19. The amount provided reflects DOT's estimate of these costs.

2. DMV CONTRACTORS FUNDING

SEG	- $100,000

Governor: Decrease funding by $100,000 in 2017-18 to the Division of Motor Vehicles, which the administration indicates would reduce funding for information technology contractors.

3. DMV METHOD OF CORRESPONDENCE

Governor: Provide the Department permissive statutory authority that would allow DMV to send electronic mail notices and materials related to the expiration or renewal of vehicle registration and special vehicle identification cards for physically disabled persons. Under current law, at least 30 days prior to expiration, such notification and accompanying forms must be sent by mail to the last-known address of persons holding an expiring vehicle registration or such a card. This provision would also allow DMV to send these documents electronically.

Specify that refusal to accept, or failure to receive, an electronic mail order of suspension, revocation, or cancellation provided by the Department is not a defense to a violation of operation of a vehicle after suspension, revocation, or cancellation of registration. Stipulate that persons who are required to submit their vehicle for emissions inspection may elect to receive notification of this requirement by any electronic means offered by the Department. DOT has indicated that DMV does not intend to substitute electronic communication for all of the various notices that are currently mailed.

[Bill Sections: 1225 and 1445]

4. ADMINISTRATION OF CERTAIN SPECIAL LICENSE PLATES

Governor: Make various statutory modifications related to the following special license plates:

a. Donate Life Wisconsin. Transfer this special license plate's program revenue appropriation account from the Department of Health Services (DHS) to a program revenue appropriation account under DOT. Specify that all moneys in the appropriation account be used for payments to the nonprofit organization that promotes organ and tissue donation, rather than specifically to Donate Life Wisconsin, as required under current law. Amend statutory references related to the administration, crediting, depositing, and expending of these revenues to refer to the DOT appropriation rather than to the DHS appropriation.

Under current law, the recipient of payments from this special plate's appropriation account is identified as Donate Life Wisconsin or as an organization that provides organ and tissue donation-related services, if Donate Life Wisconsin should cease to exist. Also under current law, payments from this appropriation account shall be discontinued if Donate Life Wisconsin is no longer a tax-exempt organization. Specify that if Donate Life Wisconsin is no longer tax-exempt, that DOT, as allowed for under current law, would be required, in consultation with DHS, to designate a new, non-profit recipient of these payments that promotes organ and tissue donation. Specify that any new recipient of these funds must comply with same set of requirements imposed on Donate Life Wisconsin, as a condition of receiving payments.

b. Wisconsin Women's Health Foundation. Transfer this special license plate's program revenue appropriation account from DHS to a program revenue appropriation account under DOT. Specify that all moneys in the appropriation account be used for payments to Wisconsin Women's Health Foundation. Amend statutory references related to the administration, crediting, depositing, and expending of these revenues to refer to the DOT appropriation rather than to the DHS appropriation.

[Bill Sections: 372, 373, 535, 536, 1784, 1785, and 1894 thru 1897]

State Patrol

1. IN-VEHICLE VIDEO CAMERA REPLACEMENT

SEG	$2,777,200

Governor: Provide $1,388,600 annually for the replacement of approximately 500 in-vehicle video cameras and to fund costs associated with the wireless, remote storage of data produced by these cameras. The Department has indicated that the existing cameras, which were purchased between 2006 and 2008, are technologically outdated and in need of frequent repair. The cameras would be purchased through a three-year master lease. The current in-vehicle camera system uses flash memory cards that must be removed by officers and downloaded for evidentiary purposes. The cameras that would be purchased under the recommendation use a wireless connection to store captured data remotely. DOT has indicated the new cameras would provide improved video and audio quality, as well as an additional, rear-facing view (current cameras only provide front-facing and in-cabin views).

2. TACTICAL VESTS AND HELMETS

SEG	$800,000

Governor: Provide $800,000 in 2017-18 for the purchase of 500 Level IV tactical vests and helmets, which are used to protect against certain high-caliber, high-velocity bullets (those used in common sporting rifles, such as the 30-06), as well as some armor-piercing rounds. The estimated, per-unit purchase price is $400 per helmet and $1,200 per vest. The Department currently provides officers with lower level protection body armor that protects against common handgun rounds, such as 9mm and .357 rounds. Officers may purchase their own body armor, if a higher level of protection is desired. Some concern exists that officers may encounter an increasing number of incidents in which rifles, rather than handguns, are being used by shooters, and that the current body armor offered by the Department may not provide adequate protection in these situations.

3. REMOVAL OF FUNDING FOR STATE PATROL CLASS

SEG	- $1,417,300

Governor: Decrease funding by $1,417,300 in 2018-19 to the State Patrol, which the administration indicates would be associated with elimination of funding for one recruitment class. Recruitment classes are the mechanism through which the State Patrol recruits, trains, and tests cadets in order to fill vacant law enforcement positions within the Division.

4. DEPOSIT OF RADIOLOGICAL MATERIAL SHIPMENT PERMIT FEES

Governor: Redirect the deposit of the permit fees for the transportation of radiological materials from the program revenue appropriation for escort, security and traffic enforcement to the transportation fund, and delete the related statutory references. No additional revenues are included in the transportation fund associated with this provision.

Under current law, transportation of radiological materials in Wisconsin requires a state patrol escort and a fee of $1,800, which is intended to cover the state's cost of providing escort services. Currently, any surplus revenue from this fee remains in the program revenue appropriation account. Under the proposed modification, all revenues from the fee would be available in the transportation fund and the costs of escorting vehicles transporting radiological materials would be paid from other vehicle escort revenue sources deposited to the existing PR appropriation.

[Bill Sections: 363, 534, and 1900]

5. INCREASING FORFEITURE FOR INATTENTIVE DRIVING AND TEXTING AND DRIVING

Governor: Increase the minimum forfeiture for inattentive driving, and for composing or sending an electronic text or mail message while driving, from $20 to $40. [The maximum forfeiture for this violation would remain at $400.] DOT has indicated that inattentive driving results in an estimated 21,900 crashes annually and that enforcement of laws prohibiting inattentive and distracted driving is becoming a greater priority for the Department and law enforcement agencies in the state. Any additional revenue resulting from the increase of these forfeiture amounts would be deposited to the common school fund.

Specify that this increased minimum forfeiture amount would first apply to violations committed on the general effective date of the bill.

[Bill Sections: 1898, 1899, and 9345(2)]

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
SEG	$1,628,500	0.00
FED	- 1,769,400	- 1.00
SEG-S	- 39,800	0.00
PR	187,400	0.00
Total	$6,700	- 1.00

Governor: Provide adjustments to the base budget for: (a) turnover reduction (-$4,491,300 SEG and -$1,389,200 FED annually); (b) removal of noncontinuing elements from the base (-1.0 FED position annually); (c) full funding of continuing position salaries and fringe benefits ($957,400 SEG, -$282,000 FED, -$19,900 SEG-S and -$77,400 PR annually); (d) overtime ($2,870,400 SEG, $773,000 FED, and $166,500 PR annually); (e) night and weekend salary differential ($258,400 SEG and $13,500 FED annually); (f) reclassifications and semiautomatic pay progression ($4,600 PR annually); and (g) full funding of lease costs and directed moves ($1,782,300 SEG in 2017-18 and $656,400 SEG in 2018-19).

2. FEDERAL AID REESTIMATES

FED	- $33,136,400

Governor: Decrease federal appropriations by $16,988,400 in 2017-18 and $16,148,000 in 2018-19 to reflect a reestimate of federal transportation aid in the biennium, excluding federal highway aid, as follows: (a) -$15,563,200 annually for aeronautics assistance; (b) -$1,719,500 in 2017-18 and -$1,634,500 in 2018-19 for vehicle inspection and traffic enforcement; (c) -$917,700 in 2017-18 and -$858,900 in 2018-19 for seniors and individuals with disabilities aids; (d) -$383,400 in 2017-18 and -$248,700 for highway safety, local assistance; (e) -$94,100 in 2017-18 and $308,600 in 2018-19 for transit and other transportation-related aids; (f) -$40,000 annually for rail service assistance; (g) -$237,100 in 2017-18 and -$136,500 in 2018-19 for transportation safety; (h) $8,100 in 2017-18 and $14,100 in 2018-19 for transit safety oversight; (i) $104,400 in 2017-18 and $133,100 in 2018-19 for departmental management and operations; (j) $920,800 annually for state highway rehabilitation; and (k) $933,300 in 2017-18 and $957,200 in 2018-19 for vehicle registration and driver licensing.

3. PROGRAM REVENUE CONTINUING APPROPRIATION REESTIMATES

PR	$8,670,600

Governor: Provide $4,487,700 in 2017-18 and $4,182,900 in 2018-19 to reflect reestimates of revenues to the following the PR continuing appropriations: (a) license plate revenue distributions for professional football stadium maintenance and operating costs ($450,000 annually); (b) child abuse and neglect prevention ($125,000 annually); (c) surveying reference station system ($120,000 in 2018-19); (d) supplement from sponsorship ($10,500 annually); (e) damage claims ($1,574,700 in 2017-18 and $1,533,800 in 2018-19); (f) utility facilities within highway rights-of-way ($279,700 annually); (g) repaired salvage vehicle examinations ($145,900 annually); (h) public safety radio management, service funds ($535,000 annually); (i) convenience fees ($218,400 in 2017-18 and $118,400 in 2018-19); (j) escort, security and traffic enforcement services ($50,900 in 2017-18 and $29,000 in 2018-19); (k) chemical testing training and services ($269,400 annually); (l) public safety radio management, state funds ($160,900 in 2017-18 and $138,900 in 2018-19); (m) safe-ride grant program ($401,400 in 2017-18 and $161,400 in 2018-19); (n) license plate revenue distributions to the Wisconsin Lions Foundation ($7,000 annually); (o) motorcycle safety program supplement ($38,300 annually); (p) license plate revenue distributions for baseball plate licensing fees ($5,000 annually); (q) license plate revenue distributions for certain special plates ($5,000 annually); (r) license plate revenue distributions to Boy Scouts of America National Foundation ($5,000 annually); (s) license plate revenue distributions to Whitetails Unlimited ($5,000 annually); (t) license plate revenue distributions to Wisconsin Rocky Mountain Elk Foundation ($5,000 annually); (u) license plate revenue distributions to Wisconsin Organization of Nurse Executives ($5,000 annually); (v) license plate revenue distributions to the Milwaukee Bucks Foundation ($5,000 annually); (w) license plate revenue distributions to Midwest Athletes Against Childhood Cancer ($5,000 annually); and (x) traffic academy tuition payments ($180,600 annually).

4. STATE OPERATIONS FUNDING REDUCTIONS

SEG	- $3,668,600

Governor: Reduce state operations funding to the Department by $1,834,300 annually as follows: (a) -$54,400 annually for limited-term employee salaries in the Division of Business Management; (b) -$150,000 annually to reduce funding for state highway map printing from an administration and planning appropriation; (c) -$193,900 annually for contractual services in the Division of Transportation Investment Management; (d) -$201,900 annually for travel, training, supplies and services, contractual services, and data processing in the Secretary's office; (e) -$1,234,100 annually for travel, training, supplies and services, contractual services, and data processing in the Division of Business Management. [Recommended state operations reductions related to DMV and State Patrol are shown under those sections.]

5. FACILITIES MAINTENANCE FUNDING

SEG	$800,000

Governor: Provide $400,000 annually in facilities operations and maintenance funding for the 257 facilities owned, leased, and managed by the Department (such as DMV service centers, regional office buildings, and highway maintenance buildings). Funding provided for this purpose is generally used for functions such as carpet cleaning, pest control, janitorial services, snow removal, as well as maintenance and repair of water heaters, boilers, air conditioning and ventilation equipment, flooring, and lighting.

6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
SEG	- 50.88
FED	- 4.30
Total	- 55.18

Governor: Delete 55.18 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to DOA for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) departmental management and operations, state funds (35.45 SEG positions); (b) vehicle registration, inspection, and maintenance, driver licensing, and aircraft registration, state funds (0.23 SEG position); (c) vehicle inspection, traffic enforcement and radio management, state funds (7.50 SEG positions); (d) highways, bridges and local transportation clearing account (7.70 SEG positions); and (e) highways, bridges and local assistance clearing account, federally funded positions (4.30 FED positions). Funding associated with the positions ($3,934,500 SEG and $276,600 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DOT but would become DOA employees rather than employees of DOT

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

7. TRANSFER OF ACCOUNTANT POSITION FOR STATE CONTROLLER'S OFFICE STAFFING

	Funding	Positions
SEG	- $158,600	- 1.00

Governor: Delete $79,300 annually from DOT's departmental management and operations, state funds appropriation associated with salary and fringe benefits for the position and transfer 1.0 accountant position to DOA's State Controller's Office. [See "Administration -- Transfers."]

8. TRANSFER OF VACANT INFORMATION TECHNOLOGY POSITION

	Funding	Positions
SEG	- $172,200	- 1.00

Governor: Delete $86,100 annually from DOT's departmental management and operations, state funds appropriation and transfer 1.0 vacant position to DOA to centralize information technology and services procurement and purchasing in that Department. [See "Administration -- Transfers."]

9. INTERNAL REORGANIZATION POSITION REALIGNMENT

Governor: Transfer 1.23 positions from DMV to reflect internal departmental reorganizations as follows: (a) 1.00 DOT supervisor position to the Office of Public Affairs; and (b) 0.23 position to the Division of Business Management.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$1,056,970,200	$1,075,529,200	$1,115,541,300	$77,130,100	3.6%	18,035.88	18,035.88	18,035.88	0.00	0.0%
FED	1,817,878,700	1,817,878,700	1,817,878,700	0	0.0	5,483.03	5,483.03	5,483.03	0.00	0.0
PR	3,192,840,200	3,270,388,900	3,275,256,000	159,964,500	2.5	11,744.83	11,904.05	11,904.05	159.22	1.4
SEG	29,762,500	29,762,500	29,762,500	0	0.0	137.12	137.12	137.12	0.00	0.0
TOTAL	$6,097,451,600	$6,193,559,300	$6,238,438,500	$237,094,600	1.9%	35,400.86	35,560.08	35,560.08	159.22	0.4%

Budget Change Items

1. PERFORMANCE FUNDING AND REPORT CARDS

GPR	$42,500,000

Governor: Provide $21,250,000 annually through the UW System's general program operations appropriation and specify that, beginning in the 2017-18 fiscal year, these funds would be distributed based on a plan developed by the Board of Regents and approved by the Secretary of the Department of Administration (DOA). The bill would define the amount of funding allocated for making distributions in a fiscal year under the plan approved by the DOA Secretary as performance funding. Require the Board of Regents to submit a plan for distributing the performance funding based on each institution's rank on criteria specified in the bill and criteria specified by the Board to the DOA Secretary no later than January 1, 2018. Specify that the plan would include the Board's method for ranking performance regarding each set of performance criteria specified in the bill and by the Board. The DOA Secretary would have 30 days to approve the plan or to require the Board to submit a revised plan. If the Board is required to submit a revised plan, the DOA Secretary would have 30 days to approve the plan or require another revised plan. The Board could not implement a plan for the distribution of the performance funding until such a plan was approved by the DOA Secretary. If the Board is unable to distribute the performance funding provided in the 2017-18 year, the Board would be required to distribute the entire amount of performance funding provided in the biennium, $42,500,000, in the 2018-19 year. The Board may only distribute the performance funding as specified in the plan approved by the DOA Secretary and may not otherwise spend the performance funding.

The bill would require the Board to rank each institution's performance on five sets of criteria for each fiscal year and specify the proportion of the performance funding that would be distributed to the institutions based on their relative ranking on criteria in that set. The five sets and the proportion of the performance funding that should be distributed based on the criteria in that set are as follows: (a) affordability and attainability, 30%; (b) work readiness, 15%; (c) student success in the state workforce, 30%; (d) efficiency, 10%; and (e) service, 5%. The remaining 10% of the performance funding would be distributed based on each institution's rank on two additional criteria specified by the Board. The bill would specify between one and eight criteria within each of the five sets and require the Board establish a formula for distributing the proportion of the performance funding provided to be based on an institution's ranking on criteria in that set and the two criteria specified by the Board. Require that each formula ensure that an institution receives a distribution that is greater than any other institution with a lower ranking. Specify that in ranking institutional performance and establishing formulas for the distribution of the performance funding, the Board would control for the number of students enrolled at each institution so that institutions with larger enrollments are not advantaged over institutions with smaller enrollments.

The affordability and attainability criteria would be: (a) the average length of time for students to obtain each degree awarded by the institution; (b) participation in dual enrollment programs; (c) percentage of students who were awarded degrees who completed degree requirements within three years; (d) percentage of students who were awarded degrees who completed degree requirements within four years; (e) percentage of students who were awarded degrees who completed degree requirements within six years; (f) percentage of students awarded degrees in healthcare, science, technology, engineering, or mathematics; (g) the graduation rate of low-income students as determined in a manner specified by the Board; and (h) faculty instructional hours. The bill would define dual enrollment programs as programs or courses of study designed to provide high school students the opportunity to gain credits in both a high school and a university or UW Colleges campus. These programs would include transcripted credit programs or other education services provided by contract between a school district and a university or UW Colleges campus and the early college credit program.

The work readiness criteria would be: (a) the average number of high-impact practices experienced at any time during undergraduate enrollment by bachelor's degree graduates; and (b) the percentage of students who participated in internships at any time during their undergraduate enrollment. The bill would define high-impact practices as techniques and designs for teaching and learning that the Board has identified as proven to be beneficial for student engagement and successful learning among students from many backgrounds.

The student success in the state workforce criteria would be: (a) the percentage of students awarded degrees who obtained full-time postgraduate employment; (b) the percentage of students awarded degrees who obtained full-time postgraduate employment in a field related to the degree awarded; (c) the percentage of the state workforce, defined by the bill as the number of state residents aged 25 to 64, who graduated from the institution in the five prior fiscal years; (d) the percentage of students awarded degrees who are employed or continuing their education within one year of graduation; and (e) the number of degrees awarded by the institution that are in high-demand fields. Under the bill, the Department of Workforce Development would determine what constitutes high-demand fields and revise the determination as necessary.

The service measures would be: (a) the number of state residents served by the UW-Extension and outreach programs at the institution; and (b) expenditures at the institution on student community service programs that do not award academic credit. Efficiency would be measured by each institution's performance in minimizing expenditures for supplies, services, personnel, and other administrative expenses.

Provide that the Board may substitute different criteria to apply to the UW Colleges if the Board determines that different criteria are appropriate for evaluating the performance of the UW Colleges. The Board may also exempt the UW Colleges from any ranking and distribution of the performance funding if the Board determines the criteria should not apply to the UW Colleges.

Specify that, beginning in the 2018-19 fiscal year, the Board of Regents would require each institution to prepare an evaluation designated as the "performance funding report card." The performance funding report card would summarize the institution's performance during the prior fiscal year with respect to the performance criteria identified by the bill and specified by the Board and other metrics specified by the Board. If the Board specifies others metric that should be reported by the institutions, those metrics would apply to all institutions. The performance funding report card prepared by each institution would compare the performance of the institution on those criteria and metrics to the performance of the other UW institutions. The Board may require the institutions to include additional information in their performance funding report cards including the information the Board and the UW-Madison Chancellor are required to include in their current law annual accountability reports regarding performance, access and affordability, undergraduate education, graduate and professional education, and faculty. Specify that each institution's performance funding report card would be prepared in a single-page format specified by the Board, would be accessible via a prominent link on the institution's Internet home page, and would be updated as necessary at the end of each semester.

In addition, require the Board to publish data on the UW System's online accountability dashboard regarding each institution's performance with respect to the performance criteria identified by the bill and specified by the Board and any other metrics included in each institution's performance funding report card as specified by the Board.

[Bill Section: 603]

2. FUNDING FOR A 5% TUITION REDUCTION IN 2018-19

GPR	$35,000,000

Governor: Increase the amount of funding provided through the UW System's general program operations appropriation by $35,000,000 in 2018-19. According to the Executive Budget Book, this funding is provided to fund a 5% reduction in tuition in that year and should be allocated to the institutions in proportion to the estimated reduction in revenues as a result of the tuition decrease. The bill does not include any statutory or nonstatutory language regarding the amount by which tuition should be decreased or for which students or program tuition should be decreased.

3. GENERAL WAGE ADJUSTMENTS AND FRINGE BENEFIT COSTS FOR UW EMPLOYEES

GPR	$11,644,400

Governor: Provide $126,500 in 2017-18 and $11,517,900 in 2018-19 to fund the following: (a) expected inflation in fringe benefit costs in each year of the biennium; and (b) general wage adjustments for UW employees of 2% on both September 30, 2018, and May 26, 2019. These general wage adjustments would be equal to those proposed for other state employees in 2018-19. According to the Budget in Brief, the amounts provided are the net of the estimated costs of (a) and (b) above and anticipated savings to the UW System if the Joint Committee on Finance potentially were to approve a contract to self-insure health care costs for state employees. The bill specifies that the Board of Regents could not request any funds from the state's compensation reserve during the 2017-19 biennium to fund compensation and fringe benefit costs.

[Bill Section: 9148(1)]

4. FINANCIAL AID FOR STUDENTS ENROLLED IN UW FLEXIBLE OPTION PROGRAMS

GPR	$700,000

Governor: Provide $700,000 in 2018-19 through the UW System's appropriation for general program operations. According to the Executive Budget Book, this funding would be used to provide financial aid to students enrolled in programs offered through the UW Flexible Option platform. Another bill provision would require the UW System to create at least one program offered through the UW Flexible Option platform that would prepare nonteacher school district employees to successfully complete a standardized examination prescribed by the State Superintendent as a condition for obtaining a professional teaching permit or an initial teaching license. A provision under the Department of Public Instruction would permit a school district that partners with the UW-Extension's Flexible Option program to apply for a grant from the Department of Workforce Development (DWD). The DWD grant could be used to design and implement a teacher development program designed to prepare employees of the school district who work closely with students and hold a bachelor's degree to successfully complete the requirements for obtaining a professional teaching permit or an initial teaching license. Those requirements would include any standardized examination prescribed by the State Superintendent as a condition for permitting licensure.

5. INCREASE FLEXIBLE OPTION DEGREE AND CERTIFICATE PROGRAMS

Governor: Require the Board of Regents to ensure that the total number of accredited competency-based degree and certificate programs offered through the UW Flexible Option platform is increased by at least 50% by December 1, 2019. Specify that the number of programs offered through the UW Flexible Option platform on the effective date of the bill should be used for the purpose of calculating the increase. Provide that if the number of programs offered on the effective date of the bill is odd, the increase should be calculated using the next even number. Require that the new programs created between the effective date of the bill and December 1, 2019, include: (a) at least one program that assists certified nursing assistants in becoming registered nurses; and (b) at least one program that prepares nonteacher school district employees to successfully complete a standardized examination prescribed by the State Superintendent as a condition for obtaining a professional teaching permit or an initial teaching license.

[Bill Section: 9148(2)]

6. RURAL PHYSICIAN RESIDENCY ASSISTANCE PROGRAM

GPR	$200,000

Governor: Provide $100,000 annually through the UW System's general program operations appropriation for the rural physician residency assistance program. Under current law, the Department of Family Medicine in the UW School of Medicine and Public Health receives $755,300 annually from the critical access hospital assessment fund to establish and support physician residency positions through the rural physician residency assistance program. To qualify for support through the program, a residency position must either be: (a) in a hospital that is located in a rural area or in a clinic staffed by physicians who admit patients to a hospital located in a rural area; or (b) include a rural rotation, begun after June 30, 2010, which consists of at least eight weeks of training experience in a hospital that is located in a rural area or in a clinic staffed by physicians who admit patients to a hospital located in a rural area. Only physician residencies in family practice, general surgery, internal medicine, obstetrics, pediatrics, or psychiatry may be supported with program funding.

7. ALZHEIMER'S DISEASE RESEARCH CENTER FUNDING

GPR	$100,000

Governor: Provide $50,000 annually through the UW System's general program operations appropriation for the Alzheimer's Disease Research Center at UW-Madison. Under 2005 Act 25, the Legislature provided $1,000,000 GPR in 2005-06 and $1,500,000 GPR in 2006-07 to the UW System to support Alzheimer's research. This funding was provided on an ongoing basis.

8. REVIEW OF POLICIES RELATED TO ACADEMIC FREEDOM

GPR	$10,000

Governor: Provide $10,000 in 2017-18 through the UW System's appropriation for general program operations for the UW System to review and revise policies related to academic freedom.

9. CREATE A RENEWABLE ENERGY APPROPRIATION

Governor: Create a sum certain appropriation under the UW System for electric energy derived from renewable resources and provide $4,367,000 annually. Specify that these funds would be used for the premium cost incurred for the generation or purchase of electric energy derived from renewable resources as defined under current law. Reduce the UW System's GPR general program operations appropriation by $4,367,000 annually and prohibit the Board of Regents from using funds provided through that appropriation for the premium cost incurred for the generation or purchase of electric energy derived from renewable resources.

[Bill Sections: 221 and 222]

10. REESTIMATE TUITION REVENUES AND POSITIONS

	Funding	Positions
PR	$167,916,600	159.22

Governor: Provide additional expenditure authority of $83,958,300 annually and 159.22 positions beginning in 2017-18 to reflect increases in tuition revenues and positions funded by those revenues that have been incorporated into UW System's operating budget since 2014. These increases are attributable to the following: (a) changes in enrollment ($9,659,000); (b) self-supporting programs ($15,970,400); (c) differential tuition increases ($5,869,700); and (d) increases in nonresident and graduate tuition ($52,549,200). Tuition revenues are deposited in the UW System's PR general program operations appropriation. That appropriation is an all-moneys-received appropriation meaning that the UW System can expend all moneys deposited in the appropriation regardless of the amount shown in the appropriation schedule. In addition, the Board of Regents and the UW-Madison Chancellor may create or abolish positions funded with tuition revenue without the approval of the Legislature or the Joint Finance Committee.

11. REESTIMATE GPR DEBT SERVICE

GPR	- $13,024,300

Governor: Reduce the GPR debt service appropriation by $2,977,500 in 2017-18 and by $10,046,800 in 2018-19 to reestimate debt service costs.

12. REESTIMATE PR DEBT SERVICE

PR	- $7,952,100

Governor: Reduce the PR debt service appropriation by $6,409,600 in 2017-18 and by $1,542,500 in 2018-19 to reestimate debt service costs.

13. UW-EXTENSION WATERSHED-NONPOINT SOURCE CONTRACTS

Governor: Delete the requirement that the Department of Natural Resources allocate $500,000 annually from its appropriation for watershed-nonpoint source contracts for contracts for educational and technical assistance provided by UW-Extension. Under current law, these funds are deposited in the UW System's program revenue appropriation for funds transferred from other state agencies. The bill would not reduce the amount of this appropriation to reflect this provision.

[Bill Section: 1818]

14. DELETE TRIBAL GAMING REVENUE APPROPRIATION FOR UW-GREEN BAY PROGRAMMING

Governor: Delete the appropriation under the Department of Administration for UW-Green Bay programming. This appropriation provides $247,500 annually from tribal gaming revenues for programing that is jointly developed by the Oneida Tribe and UW-Green Bay. Under current law, the funds provided by this appropriation are deposited in the UW System's program revenue appropriation for funds transferred from other state agencies. The bill would not reduce the amount of that appropriation to reflect this provision.

[Bill Sections: 135, 420, and 459]

15. PERMIT STUDENTS TO DECLINE TO PAY ALLOCABLE SEGREGATED FEES

Governor: Require the Board of Regents to ensure that each student has the opportunity to decline to pay all allocable segregated fees charged for a semester, session, or academic year at the time that the student pays tuition for that semester, session, or academic year. Require the Board to ensure that each student's tuition bill for a semester or session would include a statement that allocable segregated fees are optional and that a student may decline to pay all allocable segregated fees charged by the institution or UW Colleges campus.

In addition, require the Board to ensure that a statement that allocable segregated fees are optional and that a student may decline to pay all allocable segregated fees charged by an institution or UW Colleges campus is posted on each institution's and UW Colleges campus's Internet site. Under current law, the Board must ensure that the segregated fees applicable at each institution and UW Colleges campus are posted on the institution's or UW Colleges campus's Internet site along with detailed information on the organizations and activities for which allocable segregated fees are expended.

Under the bill, allocable segregated fees would be defined as segregated fees that provide substantial support for campus student activities and that students are responsible for allocating in consultation with the chancellor and subject to the final confirmation of the Board. These provisions would first apply to fees charged for the first semester or session of the 2018-19 academic year.

[Bill Sections: 611, 612, 615 thru 622, and 9348(2)]

16. TUITION AND FEE REMISSIONS FOR THE CHILDREN AND SPOUSES OF DECEASED OR DISABLED VETERANS

Governor: Provide that, for the purpose of tuition and fee remissions for children and spouses, an eligible veteran is a person who meets all of the following criteria: (a) has service on active duty under honorable conditions in the U.S. Armed Force, in forces incorporated as part of the U.S. Armed Forces, in the National Guard, or in a reserve component of the U.S. Armed Forces; (b) was a resident of this state at the time of entry into that service or resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session for which the person registers at an institution; and (c) either died on active duty, died as the result of a service-connected disability, or died in the line of duty while on active or inactive duty for training purposes while a resident of this state or has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs. Under current law, an eligible veteran for the purpose of tuition and fees remissions for children and spouses is a person who meets the criteria described in (a) and (c) above and who was a resident of this state at the time of entry into service.

Under current law, the Board of Regents is required to grant a full remission of tuition and segregated fees for 128 credits or eight semesters, whichever is longer, to a resident student who is the spouse, unremarried surviving spouse, or child of an eligible veteran. The amount of tuition and fees remitted to such a student is reduced by the amount paid on behalf of the student by the U.S. Department of Veterans Affairs through the Post 9/11 G.I. Bill. Credits or semesters for which the student received a remission from a technical college district board are counted against the 128 credit or eight semester limit. To remain eligible for remissions, a student must maintain a cumulative grade point average of at least a 2.0. Children of eligible veterans are only eligible to receive remissions while they are at least 17 but not yet 26 years of age.

In 2015-16, the Board of Regents remitted $10.0 million in tuition and fees to the spouses, unremarried surviving spouses, and children of eligible veterans under current law. A sum certain general purpose revenue appropriation under the Higher Educational Aids Board partially reimburses the Board of Regents and the technical college district boards, which are also required to grant such remissions, for these remissions. In 2015-16, HEAB reimbursed the Board of Regents and the technical college district boards for 15% of tuition and fees remitted to spouses, unremarried surviving spouses, and children of eligible veterans.

[Bill Sections: 613 and 614]

17. LEASES OF STUDENT HOUSING

Governor: Delete the exemption from the Board of Regents' lease authority for leases of real property to be used as student housing that were not in effect on July 14, 2015. Under current law, provision of all leases of real property to be occupied by the Board of Regents for use other than for student housing is the responsibility of the Board. The provision of leases for use as student housing is the responsibility of the Department of Administration, except for leases of student housing that were in effect as of July 14, 2015, which are the responsibility of the Board. Under this provision, the Board of Regents would be responsible for all leases of real property to be occupied by the Board.

[Bill Section: 596]

18. THREE-YEAR DEGREE STATEMENTS

Governor: Require each university to submit to the Board of Regents and post on its website a statement describing how each major for which the university offers a bachelor's degree may be completed within three academic years. Specify that the chronology of the statement would begin with the fall semester of the student's first year of the bachelor's degree program. Under current law, university is defined as any baccalaureate or graduate degree granting institution, which would include the UW System's 13 four-year institutions and the UW Colleges which grant a bachelor's of applied arts and science degree.

Specify that the statement could include any of the following methods for contributing to earning a bachelor's degree in three academic years: (a) advanced placement credit; (b) international baccalaureate program credit; (c) satisfaction of degree and credit-hour requirements by completing courses that are widely available at technical colleges or through online programs offered by UW institutions or private, nonprofit institutions of higher education; (d) postsecondary credit earned through the early college credit program; (e) completion of course work during summer sessions; (f) waiver of foreign language degree requirements based on a proficiency examination specified by the university; or (g) any other method specified by the university. Specify that this provision would not require a university to take any action that would violate the requirements of any independent association that accredits bachelor's degree programs.

Under the bill, each university would be required to submit these statements for at least 10% of all bachelor's degree programs offered no later than January 1, 2018, and for at least 60% of bachelor's degree programs no later than June 30, 2020. Statements submitted to the Board would be provided to the State Superintendent of Public Instruction, who would be required to distribute copies of the statements to school boards, operators of independent charter schools, and the governing bodies of private schools that participate in the special needs scholarship program and the private school choice programs that operate high school grades. The school boards, governing bodies, and charter school operators would be required to make copies of the statements available to high school principals, guidance counselors, or equivalent positions.

In addition, the Board and the UW-Madison Chancellor would be required to include the number of bachelor's degrees that were completed within three academic years and the percentage of bachelor's degree programs for which statements were submitted to the Board in the annual accountability reports that they are required to submit to the Governor and Legislature under current law.

[Bill Sections: 610 and 624]

19. REQUIRE BACHELOR'S DEGREE CANDIDATES TO HAVE AN INTERNSHIP OR WORK EXPERIENCE

Governor: Provide that the Board of Regents could not confer a bachelor's degree on a student enrolled in a university unless the student has had an internship or work experience while enrolled in the university and require the Board to establish policies for determining whether a student has satisfied this degree requirement. Specify that this provision would first apply to students who first enroll in the 2018-19 academic year.

[Bill Sections: 595, 601, 602, and 9348(1)]

20. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT

Governor: Increase the number of credits for completing courses identified in the core general education courses transfer agreement from 30 to 60. Specify that, beginning in the 2018-19 academic year, the Board of Regents and the Wisconsin Technical College System Board (WTCS) would establish policies to ensure that credits for completing courses identified in that agreement would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. In addition, specify that core general education courses completed by high school students enrolled in UW System institutions or other educational institutions through the early college credit program would be included in the agreement.

Under 2013 Act 20, the Board of Regents and the WTCS Board were required to enter into and implement an agreement that identified core general education courses totaling not fewer than 30 credits by the 2014-15 academic year. The Board of Regents and the WTCS Board were required to establish policies to ensure that the credits for completing those courses would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. The governing boards of tribally controlled colleges in this state and the Wisconsin Association of Independent Colleges and Universities, on behalf of private colleges, may also enter into this agreement.

[Bill Section: 623]

21. EARLY COLLEGE CREDIT TRANSFER POLICIES

Governor: Require the Board of Regents to establish policies for the appropriate transfer of postsecondary credits earned by high school students enrolled in courses at UW System institutions and at institutions outside the UW System through the early college credit program. If the Board determines that postsecondary credits earned by a high school student through the early college credit program would not be transferable, the Board would be required to permit the student to take an examination to determine the student's competency in the subject area of the course. If the student were to receive a passing score on the examination, the Board would be required to award equivalent credits to the student.

[Bill Sections: 597 and 599]

22. CREDIT TRANSFER REPORT

Governor: Require the Board of Regents to measure the effectiveness of its policies regarding the appropriate transfer of credits between institutions within the UW System, including postsecondary credits earned by high school students at UW institutions through the early college credit program. Require the Board to submit a report that describes any barriers to credit transferability within the UW System to the Chief Clerk of each house of the Legislature by January 1, 2018.

[Bill Sections: 598 and 600]

23. FACULTY AND ACADEMIC STAFF TEACHING WORKLOAD POLICIES AND REPORTING REQUIREMENTS

Governor: Require the Board of Regents to develop and implement a plan that includes all of the following for each institution within the UW System, including UW-Madison: (a) policies for monitoring teaching workloads of faculty and instructional academic staff, including requirements for individual faculty and instructional academic staff members to report the number of hours spent teaching to UW System Administration; and (b) policies for rewarding faculty and instructional academic staff who teach more than a standard academic workload. Specify that the Board and the UW-Madison Chancellor should revise their personnel systems and employment relations policies and practices to ensure that those systems, policies, and practices are consistent with the plan described above. Specify that any changes made to the personnel systems to ensure that those systems are consistent with the plan would not require approval by the Joint Committee on Employment Relations before they could be implemented.

Require the Board and the UW-Madison Chancellor to include aggregate data on teaching hours reported to UW System Administration under the plan described above in the annual accountability reports that they are required to submit to the Governor and Legislature under current law. In addition, require the Board to publish the aggregate data on teaching hours included in the annual accountability reports on the accountability dashboard published on the UW System's Internet site and to make the teaching hours reported by individual faculty and academic staff members accessible via links on the dashboard.

[Bill Sections: 604 thru 609, 625, and 626]

24. FREEDOM OF EXPRESSION

Governor: Require that the Board of Regents and each institution and UW Colleges campus be committed to free and open inquiry in all matters and guarantee all members of the UW System's community the broadest possible latitude to speak, write, listen, challenge, and learn. Except to the extent limitations on that freedom are necessary to the functioning of the UW System, require the Board and each institution and UW Colleges campus to fully respect and support the freedom of all members of the UW System's community to discuss any problem that presents itself.

Specify that, in the face of conflicting ideas, it is not the proper role of the Board or any institution or UW Colleges campus to attempt to shield individuals from ideas and opinions they find unwelcome, disagreeable, or even deeply offensive. Specify that although the Board and each institution and UW Colleges campus greatly value civility, and although all members of the UW System's community share in the responsibility for maintaining a climate of mutual respect, concerns about the civility and mutual respect can never be used as a justification for closing off discussion of ideas, however offensive or disagreeable those ideas may be to some members of the UW System's community.

Specify that, although members of the UW System's community would have freedom to debate and discuss the merits of competing ideas, the Board and each institution and UW Colleges campus may restrict expression that violates the law, that falsely defames a specific individual, that constitutes a genuine threat or harassment, that unjustifiably invades substantial privacy or confidentiality interests, or that is otherwise directly incompatible with the functioning of the UW System. Provide that in addition, the Board and each institution and UW Colleges campus may reasonably regulate the time, place, and manner of expression to ensure that it does not disrupt the ordinary activities of the UW System. Require that these exceptions to the general principle of freedom of expression be construed narrowly and specify that they are not intended to be used in a manner that is inconsistent with the UW System's commitment to a completely free and open discussion of ideas. Specify that the UW System's fundamental commitment is to the principle that debate or deliberation may not be suppressed because the ideas put forth are thought by some or even by most members of the UW System's community to be offensive, unwise, immoral, or wrongheaded. Specify that it is for the individual members of the UW System's community, not for the Board or any institution or UW Colleges campus, to make those judgements by themselves, and to act on those judgements not by seeking to suppress speech, but by openly and vigorously contesting the ideas that they oppose. Specify that fostering the ability of members of the UW System's community to engage in such debate and deliberation in an effective and responsible manner is an essential part of the UW System's educational mission.

Specify that, as a corollary to the UW System's commitment to protect and promote free expression, members of the UW System's community must also act in conformity with the principle of free expression. Provide that although members of the UW System's community are free to criticize and contest the views expressed on the campuses of the UW System, and to criticize and contest speakers who are invited to express their views on these campuses, they may not obstruct or otherwise interfere with the freedom of others to express views they reject or even loathe. Specify that to this end, the Board and each institution and UW Colleges campus has a responsibility not only to promote a lively and fearless freedom of debate and deliberation, but also to protect that freedom when others attempt to restrict it.

[Bill Section: 594]

VETERANS AFFAIRS

Budget Summary						FTE Position Summary				
		Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	2016-17 Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$1,944,600	$1,993,700	$1,910,300	$14,800	0.4%	0.00	0.00	0.00	0.00	0.0%
FED	2,927,900	2,799,400	2,800,700	- 255,700	- 4.4	16.00	16.00	16.00	0.00	0.0
PR	110,048,800	111,390,500	111,859,700	3,152,600	1.4	1,164.20	1,170.94	1,147.30	- 16.90	- 1.5
SEG	27,784,600	26,082,500	24,975,300	- 4,511,400	- 8.1	114.00	108.26	98.90	- 15.10	- 13.2
TOTAL	$142,705,900	$142,266,100	$141,546,000	- $1,599,700	- 0.6%	1,294.20	1,295.20	1,262.20	- 32.00	- 2.5%
BR		- $273,300,000								

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
FED	- $255,700	0.00
PR	- 912,900	- 8.00
SEG	247,400	0.00
Total	- $921,200	- 8.00

Governor: Reduce funding by $691,400 (-$128,500 FED -$537,800 PR, and -$25,100 SEG) in 2017-18 and by $229,800 (-$127,200 FED -$375,100 PR, and $272,500 SEG) in 2018-19, and delete 8.0 PR positions, beginning in in 2018-19, to reflect the following standard budget adjustments: (a) -$494,800 PR and -$142,900 SEG annually for turnover reduction; (b) -$82,700 FED, -$4,000,800 PR, and $70,000 SEG annually for full funding of continuing position salaries and fringe benefits; (c) $1,092,500 PR annually for overtime; (d) $2,191,200 PR annually for night and weekend differential pay; (e) -$45,800 FED $674,100 PR, and $47,800 SEG in 2017-18 and -$44,500 FED, $836,800 PR, and $345,400 SEG in 2018-19 for full funding of lease and directed move costs; (f) a reduction of 8.0 PR positions, beginning in 2018-19, for the removal of noncontinuing elements from the base; and (g) minor funding and position transfers within appropriations.

The bill would retain $1,000,000 PR that was provided in 2016-17 as one-time funding under 2015 Act 55 for DVA to purchase additional equipment and contractual services at the state veterans homes. While one-time funding is usually deleted as a standard budget adjustment ("removal of noncontinuing elements"), the administration has indicated its intent to maintain this amount of funding for the veterans homes to make these purchases in the 2017-19 biennium.

2. VETERANS HOMES OPERATIONS

PR	$2,721,400

Governor: Provide $1,360,700 annually for equipment maintenance and operations at the state veterans homes. Of these amounts, $980,500 would be for medical services provided for residents for which the homes receive Medicare reimbursement, and $382,200 annually would be for maintenance of equipment used to monitor and manage medical care and medications for residents. Of the total, $1,060,200 annually would be provided for the King State Veterans Home and $300,500 annually would be provided for the Union Grove State Veterans Home.

3. CONVERT POSITIONS TO INCREASE DIRECT CARE STAFF AT KING

	Funding	Positions
PR	$934,000	6.74
SEG	- 883,600	- 6.74
Total	$50,400	0.00

Governor: Create 7.30 PR positions, beginning in 2017-18, to provide direct care services at the State Veterans Home at King by converting 6.74 SEG positions and 0.56 PR position currently budgeted elsewhere in DVA to PR positions at King. Reduce SEG funding for salary, fringe benefits, supplies and services, and unallotted reserve by $441,800 annually and provide corresponding PR funding increases for salary, fringe benefits, and supplies and services to reflect this conversion. Provide $25,200 PR annually for salary, fringe benefits, and supplies and services to account for higher anticipated position costs associated with the new positions. All of the positions that would be converted are currently vacant. Of the 6.74 SEG positions, 6.34 positions are funded from the veterans trust fund and 0.30 position is funded from the veterans mortgage loan repayment fund. The 0.56 FTE PR position (two 0.28 FTE positions) is funded from state home revenues, but is not associated with direct care services.

The following table shows the position titles and funding source for the positions that would be deleted and for the new positions.

Deleted Positions

Position Title	SEG	PR	Total
Attorney	0.72	0.28	1.00
Administrative Manager	0.72	0.28	1.00
Veterans Claims Officer	2.00	0.00	2.00
Veterans Benefit Specialist	2.00	0.00	2.00
Veterans Program Supervisor	1.00	0.00	1.00
Real Estate Specialist	0.30	0.00	0.30
Total	6.74	0.56	7.30

Created Positions

Position Title	PR
Licensed Practical Nurse	4.30
Nurse Clinician	2.00
Nursing Supervisor	1.00
Total	7.30

4. REDUCE VETERANS LOAN BOND AUTHORITY

BR	- $273,300,000

Governor: Reduce general obligation bond authority by $273,300,000 for veterans mortgage and home improvement loans. Currently the Department has $278.3 million in unused bond authority to finance loans for veterans. This item would eliminate all but $5.0 million of that authority. The Department suspended the mortgage and home improvement loan programs in 2011, citing low demand and an inability to compete with commercial loan rates. No mortgage loan bonds have been issued for the program since 2008.

[Bill Section: 496]

5. DEBT SERVICE REESTIMATE

GPR	$14,800
PR	302,100
SEG	- 4,596,800
Total	- $4,279,900

Governor: Reduce funding by $1,541,100 ($49,100 GPR, -$2,200 PR, and -$1,588,000 SEG) in 2017-18 and by $2,738,800 (-$34,300 GPR, $304,300 PR, and -$3,008,800 SEG) in 2018-19 to reflect reestimates of debt service payments for bonds previously issued to fund capital projects at DVA facilities and the veteran mortgage loan program.

Debt service on mortgage loan bonds is paid from the veterans mortgage loan repayment fund, while cemetery debt service is paid from the veterans trust fund. The following table shows base funding for DVA's debt service appropriations, the reestimate changes under this item, and estimates of the total funding that would be required to make debt service payments from these appropriations in the 2017-19 biennium.

		Change to Base		Total Debt Service Estimate	
Source and Purpose	Base	2017-18	2018-19	2017-18	2018-19
SEG -- Veterans Mortgage Loan Bonds	$8,191,300	-$1,576,800	-$2,942,000	$6,614,500	$5,249,300
SEG -- Cemetery Bonds	89,500	-11,200	-66,800	78,300	22,700
SEG -- Subtotal	$8,280,800	-$1,588,000	-$3,008,800	$6,692,800	$5,272,000
GPR -- Veterans Homes	$1,494,700	$49,100	-$34,300	$1,543,800	$1,460,400
PR -- Veterans Homes	2,040,700	-2,200	304,300	2,038,500	2,345,000
Total	$11,816,200	-$1,541,100	-$2,738,800	$10,275,100	$9,077,400

6. RENEWABLE ENERGY APPROPRIATION

PR	$108,000

Governor: Provide $54,000 annually in a new appropriation for the state veterans homes to fund the premium cost incurred by the homes for the generation or purchase of electrical energy derived from renewable resources. Modify DVA's state veterans home institutional operations appropriation to specify that it may not be used for costs that would be funded from the new renewable resource energy appropriation, and to permit the transfer of state veterans home revenues to the new appropriation for the purposes of financing the PR account.

This item is part of the administration's initiative to create separate appropriations in various agencies to separately account for, and limit the amount paid for, the premium costs incurred for the generation or purchase of electrical energy derived from renewable resources. Currently, DVA finances any premium cost associated with renewable energy used at the state veterans homes from its existing institutional operations appropriation.

[Bill Sections: 413 and 414]

7. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Positions
PR	- 15.64
SEG	- 9.36
Total	- 25.00

Governor: Delete 25.00 positions (-15.64 PR positions and -9.36 SEG positions) in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. The PR positions would be deleted from DVA's appropriations for the state veterans homes, while the SEG positions would be deleted from DVA's appropriation for general administration of veterans benefit programs. Funding associated with the positions ($1,122,200 PR and $807,200 SEG) would be reallocated to the Department's supplies and services budget, beginning in 2018-19, to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that each incumbent employee that is transferred to DOA would retain the employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DVA, but would become DOA employees, rather than employees of DVA.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

8. COUNTY VETERANS SERVICE OFFICE LIAISON

	Funding	Positions
SEG	$251,600	1.00

Governor: Create 1.0 position, beginning in 2017-18, to serve as a Department liaison to county veteran service offices (CVSOs) and provide $107,800 in 2017-18 and $143,800 in 2018-19 to support the position. Budget funding for salary, fringe benefits, and supplies and services costs for the position in a current appropriation, supported by the veterans trust fund, which supports grants to CVSOs. Modify the appropriation to specify that it may be used to fund the administration of the grant program, in addition to grants.

[Bill Section: 415]

9. CVSO GRANT PROGRAM -- REIMBURSEMENT REQUIREMENT

Governor: Repeal provisions that require DVA to provide grants to counties and tribes on a reimbursable basis, up to statutory limits that are based on county population (for county grants), or $15,000 per tribe. Repeal provisions that require DVA to make reimbursement payments twice each year. Instead, require DVA to provide annual grants to counties and tribes that equal the current statutory maximum grant amounts. Repeal a requirement that DVA promulgate rules relating to procedures for reimbursing expenses.

Under current law, counties and tribes must submit documentation of reimbursable expenses, which include costs they incur for: (a) information technology; (b) transportation for veterans and service veterans with barriers; (c) special outreach to veterans; (d) training and services provided by DVA and the U.S. Department of Veterans Affairs; and (e) salary and fringe benefit expenses incurred in 2015, 2016, and 2017 (although these expenses incurred in 2016 may not exceed 50% of the grant award and these expenses incurred in 2017 may not exceed 25% of the maximum grant award).

The bill would not modify the types of expenses for which counties and tribes could use grant funds. However, it would update references to the years limiting the use of grants for salaries and fringe benefits, so that grantees could not use more than 50% of their grant funding to support salary and fringe benefit expenses in 2018 and not more than 25% of grant funding to support salary and fringe expenses in 2019. No grant funds could be used for salary and fringe benefit costs after 2019.

The current maximum reimbursement grants for CVSOs would become the amount of the fixed grants, and are as follows: (a) $8,500 for a county with a population less than 20,000; (b) $10,000 for a county with a population of 20,000 to 45,499; (c) $11,500 for a county with a population of 45,500 to 74,999; and (d) $13,000 for a county with a population of 75,000 or more. [A county with a part-time county veterans service officer receives an annual grant of $500, regardless of population. This policy would not change under the bill.]

Under this item, the method of distributing CVSO and tribal veteran service offices (TVSO) grants would be restored to the way DVA awarded grants prior to the passage of the 2015-17 budget act, which required DVA to make grants to on a reimbursable basis. However, the limits on the use of grant funds for salary and fringe benefit costs, which was also a change included in the 2015-17 budget act, would be retained in modified form.

[Bill Sections: 740 thru 744]

10. VETERANS TRANSPORTATION GRANT

SEG	$160,000

Governor: Provide $80,000 annually to increase the amount of a grant paid to the

Disabled Veterans of America for providing transportation services for veterans. Under current law, DVA is required to provide a grant of $120,000 annually to Disabled Veterans of America. The administration indicates that the funding provided under this item is intended to increase the amount of the annual grant to $200,000. However, the statutory grant amount would need to be increased to accomplish this intent.

11. GRANTS TO VETERANS SERVICE ORGANIZATIONS

SEG	$120,000

Governor: Provide $60,000 annually from the veterans trust fund to increase, from $70,000 to $100,000 per year, the grant amounts certain organizations may receive under the veterans services organization (VSO) grant program. Modify the statutory maximum grant amount, and specify that this increase would first apply to applications for assistance DVA receives on April 1, 2018.

Under the VSO program, DVA distributes grants to certain organizations that provide claims service to Wisconsin veterans at the U.S. Department of Veterans Affair Regional Benefit Office in the City of Milwaukee. VSOs that have documented salary and transportation costs that exceed $120,000 in a year may receive a grant of $70,000. VSOs with documented salary and transportation costs that are less than $120,000 may receive a grant equal to 50% of their documented costs. The funding increase in the bill would apply to the VSOs with eligible costs that exceed $120,000.

The funding increase in the bill is based on the expectation that two organizations, the American Legion and the Veterans of Foreign Wars, which qualified for the $70,000 grants in 2015-16, would receive $100,000 grants in each year of the 2017-19 biennium.

[Bill Sections: 739 and 9349(1)]

12. CRISIS INTERVENTION SERVICES

SEG	$120,000

Governor: Provide $60,000 in 2017-18 and 2018-19 in one-time funding from the veterans trust fund to support a crisis intervention services pilot program for veterans in Kenosha and Racine counties. One-time funding items are deleted from the agency's base as a standard budget adjustment in the next biennium.

13. GRANT FOR CAMP AMERICAN LEGION

SEG	$50,000

Governor: Provide $25,000 annually to increase, from $50,000 to $75,000, the amount of a grant DVA makes to the American Legion to operate Camp American Legion. Camp American Legion provides cabins and recreational facilities free of charge for disabled and injured veterans and their families. The camp is located in Oneida County on property owned by the State and managed by the Department of Natural Resources. (Since the bill would not modify a statutory provision that limits the annual grant award to $50,000 per year, a statutory change would be needed to accomplish the administration's intent.)

14. WOMEN VETERANS STUDY

SEG	$20,000

Governor: Provide $20,000 in 2017-18 from the veterans trust fund to support a study on the needs of women veterans in Wisconsin.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

Budget Summary						FTE Position Summary
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	
GPR	$12,474,700	$1,519,500	$16,392,500	- $7,037,400	- 28.2%	As a corporation, there are no state positions for the Wisconsin Economic Development Corporation.
SEG	22,776,000	33,731,200	25,158,200	13,337,400	29.3	
TOTAL	$35,250,700	$35,250,700	$41,550,700	$6,300,000	8.9%	

Budget Change Items

1. MODIFY WEDC APPROPRIATION STRUCTURE AND INCREASE OVERALL FUNDING LEVEL

GPR	- $7,037,400
SEG	13,337,400
Total:	$6,300,000

Governor: Make the following changes to the Wisconsin Economic Development Corporation's (WEDC's) appropriation structure.

Brownfield site assessment grants (SEG). Under current law, WEDC has a biennial SEG appropriation from the environmental fund of $1,000,000 annually for brownfield site assessment grants. The Governor recommends maintaining base funding for this appropriation.

Economic development fund; operations and programs (SEG). Under current law, WEDC has a continuing SEG appropriation from the economic development fund equal to the amounts identified in the appropriation schedule ($21,776,000 annually), which funds its operations and economic development programs. The revenue source for the economic development fund is the economic development surcharge imposed on C-corporations and S-corporations.

The Governor recommends converting this appropriation to an all moneys received appropriation equal to deposits of economic development surcharge revenues, interest, and penalties collected in the economic development fund after (as under current law) deducting amounts appropriated to the Department of Revenue for administration of the surcharge. Under the Governor's recommendation, WEDC could use all monies received from the economic development fund and would not be limited to the amounts provided in the appropriation schedule.

The administration estimates that this appropriation will receive $32,731,200 SEG in 2017-18 and $24,158,200 SEG in 2018-19, including an estimated opening balance in the economic development fund of $9,949,900. These amounts are higher than the base funding level by $10,955,200 SEG in 2017-18 and $2,382,200 SEG in 2018-19.

Operations and programs (GPR). Under current law, WEDC has a continuing GPR appropriation with base funding of $12,474,000 in 2016-17. This appropriation is also used for WEDC operations and economic development programs.

The Governor recommends converting this appropriation to a sum sufficient appropriation equal to the amount obtained by subtracting from $35,250,700 in 2017-18 and $41,550,700 in 2018-19 the amounts expended from WEDC's two SEG appropriations described above. However, this appropriation would also be limited to no more than $12,747,000 in 2017-18 and $18,774,000 in 2018-19 and annually thereafter. In addition, no monies could be expended from the GPR appropriation unless the balance in the SEG appropriation for operations and programs is zero.

The administration estimates that the GPR appropriation would expend $1,519,500 in 2017-18 and $16,392,500 in 2018-19. Compared to the base funding level, these amounts are $10,955,200 lower in 2017-18 and $3,917,800 higher in 2018-19.

Overall Funding Level. As a result of the Governor's recommendations, WEDC's total appropriated funds would increase by $6,300,000 in 2018-19. According to the administration, WEDC has been supporting its current economic development programs by reducing its existing fund balances. The additional funds would be used to support WEDC's state economic development efforts rather than curtail its existing economic development programs.

[Bill Sections: 203, 204, and 9150(1)]

2. WEDC LOAN ACTIVITY

Governor: Make the following changes to laws governing WEDC loan activity.

Under current law, pursuant to 2015 Wisconsin Act 55, WEDC cannot originate new loans of more than $10 million in 2015-16 and $5 million in 2016-17. WEDC cannot originate a new loan after June 30, 2017. However, this provision does not apply to the technology development loan program as it existed and was administered by WEDC on January 1, 2015. Under the technology development loan program, WEDC can originate new loans of up to $3 million from non-federal sources, annually, and no annual limit applies to technology development loans funded from federal revenues. The Governor recommends repealing these provisions.

Instead, all loans originated by WEDC, other than loans issued under its technology development loan program as that program was constituted on January 1, 2015, could not be funded from any of WEDC's appropriations and could only be funded from repayments of other loans. WEDC would be prohibited from originating a loan that may be forgivable, in whole or in part, upon the loan recipient's achievement of one or more conditions or goals. These provisions would first apply to a loan originated by WEDC on the effective date of the bill. Also, each new lending program implemented or administered by WEDC would have to adhere as closely as practicable to commonly accepted commercial lending practices. WEDC would have to adopt policies and procedures to implement this requirement.

[Bill Sections: 1770, 1771, and 9350(1)]

3. FABRICATION LABORATORIES GRANT PROGRAM

Governor: Require WEDC to award at least $500,000 in 2017-18 and 2018-19 from its operations and programs GPR appropriation for grants for fabrication laboratories. Grants would be provided to eligible recipients for purchases of equipment used in fabrication laboratories for instructional and educational purposes by grade school, junior high school, and high school students. A fabrication laboratory is a medium-scale, high-technology workshop equipped with computer-controlled additive and subtractive manufacturing components, including three-dimensional printers, laser engravers, computer numerical control routers, and plasma cutters.

[Bill Section: 9150(2)]

4. TAX CREDIT MODIFICATIONS

Governor: Make a number of modifications to tax credit programs that are administered, in part, by WEDC, which are described in "General Fund Taxes -- Income and Franchise Taxes."

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Budget Change Items

1. HOUSING CHOICE VOUCHER WORK REQUIREMENT

Governor: Specify the Wisconsin Housing and Economic Development Authority (WHEDA) may develop a pilot program that requires able-bodied adults who receive a Housing Choice Voucher (HCV) to satisfy employment, training, and self-sufficiency requirements determined by WHEDA. Specify WHEDA may request approval from the federal Department of Housing and Urban Development if necessary to create this pilot program. Further, specify the Authority may develop a program to provide self-sufficiency services, such as job search assistance, to recipients of HCVs. Additionally, specify that the Authority may coordinate with state agencies, public housing agencies, or WHEDA contractors to implement these programs.

Currently, WHEDA administers approximately 2,300 vouchers and annual funding of approximately $8 million under the federal HCV program. Multiple public housing authorities across Wisconsin also receive federal funding to provide HCVs, with typical funding statewide of approximately $150 million to $160 million each year. WHEDA reports it collects wage and earnings information on applications to ensure that participants meet federal eligibility requirements for HCVs, but it does not collect data on employment status of applicants.

[Bill Sections: 9123(2)&(3)]

2. HOUSING CHOICE VOUCHER ELIGIBILITY PRIORITY

Governor: Specify WHEDA may develop a two-year pilot program to give priority to chronically homeless individuals and families on the waiting list for federal Housing Choice Vouchers (HCVs) administered by the Authority. Additionally, specify the Authority may provide case management services to these individuals when they receive a voucher after being prioritized under the pilot program.

Currently, WHEDA reports the total number of applicants on waitlists is approximately 4,900. These applicants are spread out over 41 primarily county-level wait lists. WHEDA reports that once admitted to a waiting list, an applicant can spend anywhere from a few months to five years waiting to receive a voucher, depending on the rate at which vouchers become available for each list. Further, allocation of vouchers to wait-listed persons can vary with the characteristics of others on the list. For instance, federal program rules and WHEDA administration generally require most available vouchers to be allocated to persons or households of "extremely low income," or no more than 30% of the area median-family income level.

[Bill Section: 9123(1)]

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary						FTE Position Summary				
	2016-17	Governor		2017-19 Change Over Base Year Doubled			Governor		2018-19 Over 2016-17	
Fund	Adjusted Base	2017-18	2018-19	Amount	%	2016-17	2017-18	2018-19	Number	%
GPR	$519,642,500	$524,513,500	$524,519,100	$9,747,600	0.9%	23.25	23.25	23.25	0.00	0.0%
FED	32,754,300	32,806,400	32,812,100	109,900	0.2	26.75	26.75	26.75	0.00	0.0
PR	5,308,100	4,920,900	4,579,700	- 1,115,600	- 10.5	11.50	11.50	5.00	- 6.50	- 56.5
SEG	500,000	0	0	- 1,000,000	- 100.0	0.00	0.00	0.00	0.00	0.0
TOTAL	$558,204,900	$562,240,800	$561,910,900	$7,741,900	0.7%	61.50	61.50	55.00	- 6.50	- 10.6%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $252,400
FED	109,900
PR	- 79,000
SEG	- 1,000,000
Total	- $1,221,500

Governor: Provide adjustments to the base budget totaling -$129,000 GPR, $52,100 FED, -$44,600 PR, and -$500,000 SEG in 2017-18 and -$123,400 GPR, $57,800 FED, -$34,400 PR, and -$500,000 SEG in 2018-19 for: (a) removal of noncontinuing elements from the base (-$500,000 SEG annually); (b) full funding of continuing position salaries and fringe benefits (-$105,400 GPR, $29,600 FED, and -$69,400 PR annually); and (c) full funding of lease and directed moves costs (-$23,600 GPR, $22,500 FED, and $24,800 PR in 2017-18 and -$18,000 GPR, $28,200 FED, and $35,000 PR in 2018-19).

2. INCREASE STATE GENERAL AID

GPR	$10,000,000

Governor: Provide $5,000,000 annually above annual base level funding of $88,534,900 for state general aid for technical colleges.

3. TUITION AND MATERIALS FEE FREEZE

Governor: Prohibit any district board from charging a resident student an amount of program fee (tuition) for liberal arts, collegiate transfer and postsecondary and vocational-adult programs or a materials fee in 2017-18 or 2018-19 that exceeds the tuition or fees charged in the 2016-17 academic year.

In 2016-17, resident tuition is equal to $130.35 per credit (or $3,910.50 for a full-time student for one year) for post-secondary/vocational-adult programs and $176.35 per credit (or $5,290.50 for a full-time student for one year) for collegiate transfer programs.

[Bill Section: 9143(1)]

4. LOCAL IN-DISTRICT TUITION RATE

Governor: Allow district boards to charge students who reside in the district uniform program fees (tuition) and material fees that are less than the tuition and material fees established by the System Board.

Under current law, the Board establishes statewide tuition and material fees annually. Out-of-state students pay tuition equal to 150% of the in-state tuition rate, unless the student is attending a WTCS college under a reciprocity agreement.

[Bill Sections: 634 and 635]

5. TUITION AND FEE REMISSIONS FOR THE CHILDREN AND SPOUSES OF DECEASED OR DISABLED VETERANS

Governor: Provide that, for the purpose of tuition and fee remissions for children and spouses, an eligible veteran is a person who meets all of the following criteria: (1) has service on active duty under honorable conditions in the U.S. Armed Force, in forces incorporated as part of the U.S. Armed Forces, in the National Guard, or in a reserve component of the U.S. Armed Forces; (2) was a resident of this state at the time of entry into that service or resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session for which the person registers at an institution; and (3) either died on active duty, died as the result of a service-connected disability, or died in the line of duty while on active or inactive duty for training purposes while a resident of this state or has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs. Under current law, an eligible veteran for the purpose of tuition and fees remissions for children and spouses is a person who meets the criteria described in (1) and (3) above and who was a resident of this state at the time of entry into service.

Under current law, a technical college district board is required to grant a full remission of fees for 128 credits or eight semesters, whichever is longer, to a resident student who is the spouse, unremarried surviving spouse, or child of an eligible veteran. The amount of tuition and fees remitted to such a student is reduced by the amount paid on behalf of the student by the U.S. Department of Veterans Affairs through the Post 9/11 G.I. Bill. Credits or semesters for which the student received a remission from another technical college district board or the UW Board of Regents are counted against the 128 credit or eight semester limit. To remain eligible for remissions, a student must maintain a cumulative grade point average of at least a 2.0. Children of eligible veterans are only eligible to receive remissions while they are at least 17 but not yet 26 years of age.

In 2015-16, the technical college district boards remitted $1.9 million in tuition and fees to the spouses, unremarried surviving spouses, and children of eligible veterans under current law. A sum certain general purpose revenue appropriation under the Higher Educational Aids Board partially reimburses the technical college district boards and the UW System Board of Regents, who are also required to grant such remissions, for these remissions. In 2015-16, HEAB reimbursed the technical college district boards and the UW System Board of Regents for 15% of tuition and fees remitted to spouses, unremarried surviving spouses, and children of eligible veterans.

[Bill Sections: 636 and 637]

6. PERFORMANCE BASED FUNDING ALLOCATION AND CRITERIA

Governor: Require that 30% ($28,060,500) of the total amount appropriated as general aid to technical college districts would be distributed according to the performance based formula in 2017-18.

Effective January 1, 2018, specify that 70% of state aid ($65,474,400) would be distributed based on the equalization formula, as under current law. The remaining 30% of state aid would be allocated according to four performance categories. For each category, the System Board would be required to rank each district board's performance on the specified criteria and establish a formula for allocating funding based on the district's ranking for the prior year, so that a district would receive a greater allocation than any district with a lower ranking. The four performance categories are as follows:

a. Affordability and attainability (10.5%, or $9,821,200), based on the following criteria: (1) participation in dual enrollment programs; and (2) the development and implementation of a policy to award course credit for relevant educational experience or training not obtained through an institution of higher education, including skills training received during military service.

b. Workforce readiness (10.5%, or $9,821,200), based on the following criteria: (1) placement rate of students in jobs related to their programs of study; (2) the number of degrees and certificates awarded in high demand fields, as determined jointly by the System Board and the Department of Workforce Development; (3) the number of programs or courses with industry-validated curriculum; and (4) the workforce training provided to businesses and individuals.

c. Student success in state workforce (6%, or $5,612,100), based on the following criteria: (1) number of adult students served by basic education courses, adult high school or English language learning courses, or courses that combine basic skill and occupational training as a means of expediting basic skills remediation, and the success rate of adult students completing such courses; (2) the transition of adult students from basic education to skills training; and (3) training or other services provided to special populations or demographic groups that can be considered unique to the district.

d. Efficiency (3%, or $2,806,000), based on participation in statewide or regional collaboration or efficiency initiatives.

Require the System Board to submit a plan for making allocations under the new performance criteria to the Secretary of the Department of Administration (DOA). Specify that the System Board could not implement the plan unless the Secretary approved or modified the plan. If the Secretary modified the plan, the System Board would be required to implement the plan as modified.

Delete current law requiring the System Board to submit an annual report to the Joint Committee on Finance describing how performance funding allocations were made to each district. Instead, beginning in 2018-19, require the System Board to submit such a report to the Secretary of DOA. The report would be required to include the following: (a) the amount allocated to each district; (b) the performance of each district with respect to the criteria; (c) the methodologies used to calculate each district's allocation; and (d) the performance of the System as a whole with respect to the criteria.

Delete current law establishing performance criteria and specifying that each district's performance funding allocation is calculated based on seven of the 10 criteria defined under current law. Delete current law specifying the percentage of state general aids allocated to performance funding from 2014-15 to 2017-18, effective January 1, 2018.

Under current law, 30% of general aid funding is distributed using the performance based formula in 2016-17, but this percentage will be set at 0% in 2017-18 and thereafter. Funding amounts are calculated based on each district's performance on seven of the 10 performance criteria in the three previous fiscal years. The 10 performance criteria under current law are as follows: (a) the placement rate of students in jobs related to students' programs of study; (b) the number of degrees and certificates awarded in high-demand fields, as determined by the Board and the Department of Workforce Development; (c) the number of programs or courses with industry-validated curriculum; (d) the transition of adult students from basic education to skills training; (e) the number of adult students served by basic education courses, adult high school or English language learning courses, or courses that combine basic skills and occupational training as a means of expediting basic skills remediation, and the success rate of adult students completing these courses; (f) participation in dual enrollment programs; (g) the workforce training provided to businesses and individuals; (h) participation in statewide or regional collaboration or efficiency initiatives; (i) training or other services provided to special populations or demographic groups that can be considered unique to the district; and (j) the development and implementation of a policy to award course credit for relevant educational experience or training not obtained at an institution of higher education, including skills training received during military service. The current law performance criteria were subject to 14-day passive approval by the Joint Committee on Finance.

[Bill Sections: 224, 632, 641 thru 662, 1709, and 9443(2)]

7. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT

Governor: Increase the number of credits for completing courses identified in the core general education courses transfer agreement from 30 to 60. Specify that, beginning in the 2018-19 academic year, the Board of Regents and the Wisconsin Technical College System Board (WTCS) would ensure that credits for completing courses identified in that agreement would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. In addition, specify that core general education courses completed by high school students enrolled in UW System institutions or other educational institutions through the early college credit program would be included in the agreement.

Under 2013 Act 20, the Board of Regents and the WTCS Board were required to enter into and implement an agreement that identified core general education courses totaling not fewer than 30 credits by the 2014-15 academic year. The Board of Regents and the WTCS Board were required to ensure that the credits for completing those courses would be transferable and would satisfy general education requirements at the receiving institution or college, and between and within each institution, UW Colleges campus, and technical college. The governing boards of tribally controlled colleges in this state and the Wisconsin Association of Independent Colleges and Universities, on behalf of private colleges, may also enter into this agreement.

[Bill Section: 623]

8. ANNUAL ACCOUNTABILITY REPORT

Governor: Require the System Board to submit an annual accountability report to the Governor and the Legislature by December 31 of each year. The report would be required to include the following information for each district and for the technical college system as a whole:

a. For each program that awards a diploma or degree, the graduation rate, total number of graduates, the time needed for graduation, retention rates, and placement of graduates;

b. The percentage of residents and nonresident graduates who reside in Wisconsin 10 years after graduation;

c. The number of degrees, diplomas, and certificates awarded in high-demand fields, as determined by the Department of Workforce Development and the System Board;

d. Financial reports prepared using generally accepted accounting principles;

e. A profile of enrolled students, including mean per capita family income, the percentage of resident and nonresident students who are low-income, the percentage of resident and nonresident students who are members of minority groups, the number of transfers from other institutions of higher education in Wisconsin, a description of any improvements made in the transfer of credit between institutions of higher education, the number of high school pupils who have earned credit, the published cost for resident students and the actual cost for resident students once financial aid is subtracted, and increases in available institutional financial aid for students with demonstrated need;

f. For the collegiate transfer program, the extent of access to courses required for popular undergraduate majors, improvements in overall student experience, efforts to close the achievement gap between majority and underrepresented minority students, the number of students participating in internships or cooperative work experiences, and post-graduation success;

g. A profile of the faculty, including faculty teaching loads, success or failure in recruiting and retaining teachers, and teachers who are rated at the top of their fields;

h. Partnerships and collaborative relationships among technical colleges, employers, state and local governments, or school districts; and

i. The goals, results, and budget for each program awarded an incentive grant to support certain programs specified under current law, and a summary of this information.

The reporting requirement would take effect on the first day of the seventh month beginning after publication of the bill.

[Bill Sections: 627 and 9443(1)]

9. PERFORMANCE FUNDING REPORT CARDS

Governor: Require each district board to annually prepare a single-page performance funding report card in a format specified by the System Board that would include the following: (a) a summary of the district's performance in the prior fiscal year with respect to the performance funding criteria and other metrics specified by the Board; (b) a comparison of the district's performance with that of other districts; and (c) any additional information the Board may require. If the Board requires districts to include performance metrics in addition to the performance funding criteria, it would be required to apply the same metrics to all districts. Require each district to prominently link to the report on the home page of its Internet site, and update the evaluation at the end of each semester.

The reporting requirement would take effect on the first day of the seventh month beginning after publication of the bill.

[Bill Sections: 628 and 9443(1)]

10. DELETE OBSOLETE REPORT LANGUAGE

Governor: Delete statutory language describing reports required to be submitted by districts and by the System Board in 1992 and 1993 regarding information on postsecondary programs and courses, student residency, and instructional staff positions.

[Bill Sections: 638 thru 640]

11. ELIMINATE EDUCATIONAL APPROVAL BOARD

	Funding	Positions
PR	- $1,036,600	- 6.50

Governor: Delete $342,600 PR in 2017-18 and $694,000 PR in 2018-19 and 6.50 PR positions beginning in 2018-19 by eliminating the Educational Approval Board (EAB), effective January 1, 2018, or on the day after publication of the budget act, whichever is later.

Transfer functions of EAB to the Department of Safety and Professional Services (DSPS). Major responsibilities that would be transferred include the following: (a) investigating the adequacy of courses and courses of instruction offered by schools to Wisconsin residents and establishing minimum standards for those courses of instruction; (b) investigating and establishing minimum standards for schools' facilities, equipment, instructional materials, and instructional programs; (c) establishing rules, standards, and criteria to prevent fraud and misrepresentation in the sale and advertising of courses and courses of instruction; (d) establishing rules restricting the negotiability of promissory instruments received by schools in payment of tuition and other charges; (e) establishing minimum standards for refund of the unused portion of tuition, fees, and other charges if a student does not enter a course or course of instruction, withdraws, or is discontinued from the course; (f) requiring schools offering courses and courses of instruction to Wisconsin residents to furnish information concerning their facilities, curricula, instructors, enrollment policies, tuition and other charges and fees, refund policies, and policies concerning the negotiability of promissory instruments received in payment of tuition and other charges; (g) approving courses of instruction, schools, changes of ownership or control of schools, and teaching locations meeting the requirements, standards, and rules established by the Department and publishing a list of approved schools and courses of instruction and a list of schools authorized to use the terms "college," "university," "state," or "Wisconsin" in their names, including publishing the list on the Department's Internet site; (h) issuing permits to individuals soliciting the enrollment of individuals in a school; and (i) requiring schools to furnish a surety bond in an amount as provided by rule.

Transfer PR appropriations relating to the examination and approval of proprietary school programs, student protection, and the preservation of student records to DSPS. Allow DSPS to establish and charge fees for evaluating an educational institution, which must be sufficient to cover all costs incurred in examining and approving the schools. Allow DSPS to take possession of student records in danger of being destroyed or made unavailable, and charge a fee for providing a copy of the record based on the administrative cost of taking possession of, preserving, and providing the copy.

Delete the requirement for EAB to employ a person to perform the duties of an Executive Secretary and any other employees required to carry out EAB's responsibilities. Delete the requirement that the Executive Secretary be in charge of the administrative functions of EAB, and that EAB maintain its office with the Wisconsin Technical College System Board. Provide that the Secretary of DSPS or his or her designee would replace the Executive Secretary of EAB on the Distance Learning Authorization Board. Delete current law allowing a $25 per diem for EAB members for each day on which they were engaged in the performance of their duties.

The bill specifies that EAB's assets, liabilities, tangible personal property, and records would become the assets, liabilities, property, and records of DSPS. All contracts entered into by EAB prior to January 1, 2018, remain in effect and would be transferred to DSPS. DSPS would be required to carry out any obligations under a contract until the contract was modified or rescinded, to the extent allowed under the contract. All rules and orders developed by EAB in effect on January 1, 2018, would remain in effect until their specified expiration dates or until amended or repealed by DSPS. Any matter pending with EAB on January 1, 2018, would be transferred to DSPS. All materials submitted to or actions taken by EAB would be considered to have been submitted to or taken by DSPS.

[Bill Sections: 22, 68, 69, 225 thru 228, 579, 663 thru 704, 733 thru 738, 1018, 1043, 1044, 1087, 1088, 1112, 1113, 1332, 1454, 1642 thru 1644, 1691, 1935, 1936, 2248, 2250, 2264, 9111(1), and 9411(1)]

WORKFORCE DEVELOPMENT

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor 2017-18	Governor 2018-19	2017-19 Change Over Base Year Doubled Amount	%	2016-17	Governor 2017-18	Governor 2018-19	2018-19 Over 2016-17 Number	%
GPR	$43,814,500	$57,188,300	$45,299,800	$14,859,100	17.0%	148.87	150.87	150.82	1.95	1.3%
FED	211,462,200	203,537,500	203,210,100	- 16,176,800	- 3.8	1,183.13	1,176.13	1,166.18	- 16.95	- 1.4
PR	77,149,800	75,471,000	75,519,800	- 3,308,800	- 2.1	240.25	237.25	218.25	- 22.00	- 9.2
SEG	30,176,700	24,786,000	24,795,100	- 10,772,300	- 17.8	67.30	66.80	66.80	- 0.50	- 0.7
TOTAL	$362,603,200	$360,982,800	$348,824,800	- $15,398,800	- 2.1%	1,639.55	1,631.05	1,602.05	- 37.50	-2.3%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $654,700	0.00
FED	- 7,813,800	- 8.00
PR	- 2,826,000	0.00
SEG	- 232,500	0.00
Total	- $11,527,000	- 8.00

Governor: Adjust the agency's base budget by -$336,500 GPR, -$3,743,200 FED, -$1,437,400 PR, and -$120,800 SEG in 2017-18, and -$318,200 GPR, -$4,070,600 FED, -8.00 FED positions, -$1,388,600 PR, and -$111,700 SEG in 2018-19. The adjustments are for: (a) turnover reduction (-$217,100 GPR, -$1,650,700 FED, -$475,500 PR, $90,700 SEG annually); (b) removal of noncontinuing elements from the base (-$418,400 FED and -8.00 FED positions in 2018-19); (c) full funding of continuing position salaries and fringe benefits (-$54,700 GPR, -$2,387,300 FED, -$668,400 PR, and $6,600 SEG annually); (d) overtime ($154,200 PR annually); (e) full funding of lease and directed moves costs (-$64,700 GPR, $294,800 FED, -$447,700 PR, and -$36,700 SEG in 2017-18, and -$46,400 GPR, $385,800 FED, -$398,900 PR, and -$27,600 SEG in 2018-19); and (f) minor transfers within the same appropriation.

2. FEDERAL APPROPRIATIONS REESTIMATE

FED	- $8,363,000

Governor: Delete $4,181,500 in 2017-18 and $4,181,500 in 2018-19 to align federal expenditure authority with the amount of revenue that the Department of Workforce Development (DWD) estimates will be deposited into appropriations. The adjustments are as follows:

Appropriation	2017-18	2018-19
Workforce investment and assistance	$688,400	$ 688,400
Unemployment administration	-5,568,200	-5,568,200
Unemployment administration; apprenticeship and other employment services	-900,400	-900,400
Vocational rehabilitation; program aids and operations	1,598,700	1,598,700
Total	$4,181,500	$4,181,500

3. WORKER INJURY SUPPLEMENTAL BENEFIT FUND REESTIMATE

SEG	- $10,539,800

Governor: Delete $5,269,900 in 2017-18 and $5,269,900 in 2018-19 from the Worker Injury Supplemental Benefit Fund (WISBF) to align expenditure authority within the WISBF appropriation to reflect estimated expenditure levels (down from $10.6 million to $5.4 million annually). 2015 Act 55 terminated reimbursements for supplemental workers compensation benefits paid by insurers from the WISBF beginning July 14, 2015. Instead, an insurer paying supplemental benefits after that date would be entitled to annual reimbursement from the workers compensation operations fund.

4. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA

	Funding	Positions
GPR	$0	- 0.05
PR	- 173,000	- 20.00
FED	0	- 1.95
Total	- $173,000	- 22.00

Governor: Delete $86,500 PR and 1.0 vacant PR position annually associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Funding and position authority would be deleted from DWD's administrative services appropriation (-$86,500 PR and -1.0 PR positions annually). The administration indicates that the vacant PR position deleted from DWD and transferred to DOA would become an employee who is located at the Division of Personnel Management in DOA.

In addition, delete 21.0 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to the Department of Administration (DOA) for a human resources shared agency services program. Positions would include 0.05 GPR, 19.0 PR, and 1.95 FED, and would be deleted from the following appropriations: (a) general program operations (-0.05 GPR position); (b) interagency and intra-agency agreements (-0.1 PR position); (c) administrative services (-18.9 PR positions); (d) workforce investment and assistance (-0.95 FED positions); and (e) employment assistance and unemployment insurance administration (-1.0 FED position). Funding associated with the positions ($3,300 GPR, $1,837,500 PR, and $164,100 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

With regards to the positions transferred to DOA in 2018-19, the administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DWD but would become DOA employees rather than employees of DWD.

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

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

5. TRANSFER POSITION FOR STATE CONTROLLER'S OFFICE STAFFING

	Funding	Positions
PR	- $156,600	- 1.00

Governor: Transfer 1.0 position to the Department of Administration "to better align staffing with workload changes resulting from the implementation of the enterprise resource planning system," commonly known as STAR (for State Transforming Agency Resources). Delete $78,300 annually from DWD's administrative services appropriation associated with salary and fringe benefits for the position. While the position identified for transfer was initially determined to be vacant, the position was occupied as of February, 2017. The bill does not provide for transfer of any incumbent holding this position. [See "Administration -- Transfers."]

6. TRANSFER POSITION TO ADMINISTRATION FOR INFORMATION TECHNOLOGY PURCHASING

	Funding	Positions
PR	- $153,200	- 1.00

Governor: Transfer 1.0 position to the Department of Administration "to strengthen information technology and services procurement and purchasing." Delete $76,600 annually from DWD's administrative services appropriation associated with salary and fringe benefits for the position. While the position identified for transfer was initially determined to be vacant, the position was occupied as of February, 2017. The bill does not provide for transfer of any incumbent holding this position. [See "Administration -- Transfers."]

Employment and Training

1. WISCONSIN FAST FORWARD

	Funding	Positions
GPR	$11,500,000	2.00

Governor: Provide $11,500,000 in 2017-18 to DWD's workforce training grant program appropriation. Provide 2.0 GPR positions annually to the Department's workforce training administration appropriation. No funding is associated with the additional positions. The Department could reallocate funding from supplies within the administration appropriation.

Modify the Department's existing Fast Forward workforce training program to allow DWD to award grants from the Fast Forward appropriation for any of the following additional activities:

a. Grants for collaborative projects among school districts, technical colleges, and businesses to provide high school students with industry-recognized certifications in high-demand fields, as determined by the Department.

b. Grants for programs that train teachers and that train individuals to become teachers, including teachers in dual enrollment programs.

c. Grants for the development of public-private partnerships designed to improve workforce retention through employee support and training.

d. Grants to nonprofit organizations, institutions of higher education as defined in federal law, and employers to increase the number of students who are placed with employers for internships.

e. Grants to community-based organizations for public-private partnerships to create and implement a nursing training program for middle school and high school students.

Define "dual enrollment program" to mean a program or course of study designed to provide high school students the opportunity to gain credits in both technical college and high school, including transcripted credit programs or other educational services provided by contract between a school district and a technical college. Further, define "teacher" to include an instructor at a Wisconsin Technical College System technical college.

Permit DWD to expend money from the Department's workforce training grant program appropriation as well as DWD's workforce training administration appropriation for the Department's registered apprenticeship program and for grants under the apprenticeship completion awards program. Under current law, apprenticeship-related expenditures from these appropriations are only permitted for apprenticeship completion awards.

Specify that the Department must allocate not less than $5,000,000 in 2017-18 from

DWD's workforce training grant program appropriation for grants to technical colleges for: (a) workforce training programs as described above under "a." through "e."; and (b) grants to technical colleges under the existing Fast Forward workforce training program, which permits the Department to award grants to private and public organizations for the development and implementation of programs to train unemployed and underemployed workers and incumbent employees of businesses in this state.

Specify that the Department must allocate not less than $1,500,000 in the 2017-19 biennium from DWD's workforce training grant program appropriation for grants to nursing training programs as described above under "e.".

Specify that the Department may allocate $5,000,000 in additional funding provided in 2017-18 from DWD's workforce training grant program appropriation for the expanded Fast Forward grant program as shown in the following table.

	2016-17	Governor	
	Base	2017-18	2018-19
Expanded Fast Forward grant program	$10,545,900	$16,595,900	$10,595,900
Career and Technical Education Incentive Grants	3,000,000	3,000,000	3,000,000
Grants for Technical College Workforce Training Programs		5,000,000	
Grants for Nursing Training Programs		1,500,000	
Total	$13,545,900	$26,095,900	$13,595,900

In the above table, the Department may expend the amounts indicated for the expanded Fast Forward grant program on any of the following: youth apprenticeship grants, youth summer jobs programs, employment transit assistance grants, standard Fast Forward workforce training program grants, expanded workforce training grants as described under "a." through "e." in this section, teacher development program grants (see separate entry "Teacher Development Program Grants"), mobile classrooms (provided $1,050,000 in 2017-18 and $50,000 in 2018-19, see separate entry "Grants to Create Mobile Classrooms for Job Skills Training"), career and technical education incentive grants, and various DWD-administered apprenticeship programs.

Require DWD to report annually, by December 31, to the Governor and the Joint Committee on Finance: (a) the number of students who participate in certification or training programs under "a." and "e." above; and (b) information on the number of student interns who are placed with employers as a result of the grants awarded under "d." above.

[Bill Sections: 398, 399, 1397 thru 1402, 1404, 1406, and 9151(1)&(2)]

2. GRANTS TO CREATE MOBILE CLASSROOMS FOR JOB SKILLS TRAINING

GPR	$1,100,000

Governor: Provide $1,050,000 in 2017-18 and $50,000 in 2018-19 to DWD's workforce training grant program appropriation, commonly referred to as Wisconsin Fast Forward. Specify that of these amounts the Department may allocate: (a) up to $1,000,000 in 2017-18 for grants to fund the creation and operation of mobile classrooms; and (b) up to $50,000 in each of 2017-18 and 2018-19 for grants to fund the upkeep and maintenance of the mobile classrooms.

Specify that the mobile classrooms must be used to provide job skills training to individuals in underserved areas of this state, including inmates at correctional facilities who are preparing for reentry into the workforce. Further, allow the grant money to be used by the grant recipient to purchase capital equipment, such as a mobile or modular unit, that will be used as a mobile classroom, including costs to modify the equipment to make it suitable for classroom instruction, and to purchase and install any furniture, equipment, and supplies necessary or desirable for outfitting the mobile classroom for the job skills training that will be provided in the mobile classroom.

Require DWD to track job training outcomes of the mobile classrooms program, such as the number of program participants and the number of unemployed workers who obtain gainful employment, and to include these outcomes in an existing report issued annually, by December 31, by the Department to the Governor and the Joint Committee on Finance.

Specify that to implement the program, the Department must receive and review applications for the grants and prescribe the form, nature, and extent of the information that must be contained in an application for the grant.

[Bill Sections: 398, 1403, 1405, and 1406]

3. TEACHER DEVELOPMENT PROGRAM GRANTS

Governor: Specify that DWD must award grants from the Department's Fast Forward workforce training; programs, grants and services appropriation to a school district that has partnered with one of the following entities to design and implement a teacher development program: (a) a school of education in the University of Wisconsin System; or (b) the flexible option program in the University of Wisconsin System Extension. The bill does not specify the amount that must be awarded under the provision.

In awarding a grant, specify that DWD: (a) consult with the Department of Public Instruction (DPI) to confirm that the teacher development program satisfies certain requirements; (b) consider the methods by which the school district and partnering entity will make the teacher development program affordable to participating employees; and (c) consider whether the school district has agreed to contribute matching funds towards the teacher development program.

In applying for a grant, specify that a school district, together with a partnering entity, would be required to design the teacher development program to prepare employees of the school district who work closely with students and hold a bachelor's degree to successfully complete the requirements for obtaining a professional teaching permit or an initial teaching license, including any standardized examination prescribed by the State Superintendent as a condition for permitting or licensure.

Specify that, to implement the teacher development program, a school district would be required to allow employees who are enrolled in the program to satisfy student teaching requirements in a school in the school district, and that the partnering entity must prepare and provide intensive coursework for participating school district employees.

Allow DPI to issue an initial teaching license to an individual who completes a teacher development program under the grant program. [See "Public Instruction -- Administrative and Other Funding."]

[Bill Sections: 398, 399, 1407, and 1524]

4. EARLY COLLEGE CREDIT PROGRAM

GPR	$2,903,800

Governor: Create an annual GPR appropriation and provide $1,150,300 in 2017-18 and $1,753,500 in 2018-19 to reimburse school districts for payments under the early college credit program. Under the early college credit program, any public high school pupil could enroll in an institution of higher education for the purpose of taking one or more nonsectarian courses, including during a summer semester or session. [See "Public Instruction -- Choice, Charter, and Open Enrollment."]

Require the school board of the district in which the pupil is enrolled to pay the institution the determined tuition amount within 30 days after the end of the semester and submit to DPI an itemized report of the amount paid. Require DWD to pay to DPI a portion of the costs of tuition for a pupil attending an institution of higher education under this program on behalf of the school board, with the reimbursement percentage determined based on the type of course credit received by the pupil, as described below. Require DPI to reimburse each school board the amount received from DWD. If the appropriation under DWD is insufficient to reimburse all school districts the full amount of reimbursable tuition, the Secretary of DWD would be required to notify the State Superintendent, who would then be required to prorate the amount of the payments among eligible school districts.

Require DWD to reimburse school districts for 25% of the cost of tuition if the pupil is taking a course for high school credit, regardless of whether the pupil will also receive postsecondary credit, and if the course is not comparable to a course offered in the school district.

Require DWD to reimburse school districts for 50% of the cost of tuition if the pupil is taking a course for postsecondary credit and if the course is not comparable to a course offered in the school district.

[Bill Sections: 400, 1396, and 1566]

5. APPRENTICESHIP COORDINATOR FOR REENTRY POPULATION

Governor: Require DWD to designate an employee of the Department to serve as an apprenticeship coordinator to expand and streamline apprenticeship program offerings for inmates in correctional facilities in Wisconsin. The effective date of this provision would be October 1, 2017, or on the day after publication of the bill, whichever is later.

[Bill Sections: 1393 and 9451(1)]

6. MOBILITY GRANT STUDY

Governor: Require DWD, if funds are available from the Department's workforce investment and assistance federal appropriation, to allocate $50,000 in the 2017-19 biennium to conduct a study regarding the feasibility of establishing a program, using a social impact bond model, to assist claimants for unemployment insurance benefits by offering them mobility grants to relocate to areas with more favorable employment opportunities. While the bill does not define the term "social impact bond," the term typically refers to an alternative method for obtaining and providing public services which incorporates pay-for-performance contracting into the provision of social services.

[Bill Section: 9151(4)]

7. AGRICULTURAL EDUCATION AND WORKFORCE DEVELOPMENT COUNCIL TRANSFER

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

The Council does not receive direct appropriations of state funding. Transfer the PR appropriation dedicated to gifts and grants received by the Council from DATCP to DWD. [See "Agriculture, Trade and Consumer Protection."]

[Bill Sections: 35, 191, 192, 401, and 1238]

Other Programs

1. TRANSFER WORKERS COMPENSATION HEARINGS POSITIONS TO THE DEPARTMENT OF ADMINISTRATION

	Positions
SEG	- 5.50

Governor: Transfer 5.5 positions from the Division of Worker's Compensation to the Department of Administration's (DOA) Division of Hearings and Appeals.

On the effective date of the bill, specify that 5.5 FTE positions and the incumbent DWD employees holding those positions, who perform duties relating to worker's compensation hearings, as determined by the DOA Secretary, would be transferred to DOA. The administration indicates that these positions consist of: (a) 1.0 attorney position; (b) 1.5 legal associates; (c) 2.0 office operations associates; and (d) 1.0 workers compensation assistant.

Provide that transferred employees would have the same rights and status related to state employment relations under Chapter 230 of the statutes that the employee held immediately before the transfer. Transferred employees who have attained permanent status would not be required to serve a probationary period.

Funding associated with the positions would not be reduced from DWD's segregated worker's compensation operations administration appropriation, but rather reallocated to supplies and services to pay charges assessed by DOA. DWD's worker's compensation operations administration appropriation is supported with fees assessed upon and collected from worker's compensation carriers. [See "Administration -- Transfers."]

The 2015-17 biennial budget act transferred not less than 18.0 full-time equivalent (FTE) administrative law judge (ALJ) positions, and the incumbent DWD employees holding those positions, to DOA's Division of Hearings and Appeals. In determining the number of ALJ positions to be transferred, the DOA Secretary was instructed to ensure that not less than 6.0 FTE ALJ positions and 2.0 FTE legal support staff positions remain at DWD.

[Bill Section: 9151(3)]

2. WORKER'S COMPENSATION POSITIONS

	Positions
SEG	5.00

Governor: Provide 5.0 SEG positions annually under DWD's worker's compensation operations administration appropriation. The appropriation is supported with fees assessed upon and collected from worker's compensation carriers. Base funding for this appropriation is $12,823,500 SEG and 61.30 SEG positions. The administration indicates that there is adequate expenditure authority within the appropriation to fund the additional positions.

3. UNEMPLOYMENT INSURANCE POSITIONS

	Positions
FED	- 7.00

Governor: Delete 7.0 positions annually from DWD's unemployment insurance administration federal appropriation. No funding is deleted associated with the positions. The Department estimates that less federal funding will be deposited into this appropriation for the 2017-19 biennium. [See separate entry "Federal Appropriations Reestimates."]

4. TRANSFER CERTAIN ADMINISTRATIVE APPEALS FUNCTIONS FROM LABOR AND INDUSTRY REVIEW COMMISSION

Governor: Transfer responsibility for administrative review of administrative decisions related to unemployment insurance and equal rights from the Labor and Industry Review Commission (LIRC) to the DWD Administrator of the Division of Unemployment Insurance and the DWD Administrator of the Division of Equal Rights, respectively. Currently, administrative decisions related to unemployment insurance and equal rights are made by administrative law judges in the Division of Unemployment Insurance and the Division of Equal Rights at DWD. Currently, those decisions can be appealed to LIRC. Eliminate LIRC effective January 1, 2018, or on the first day of the sixth month after the effective date of the budget act, whichever is later. [See "Labor and Industry Review Commission."]

Under current law, unemployment insurance and equal rights monies are received from the federal government by DWD as FED and are transferred to LIRC as PR. On the effective date of the elimination of LIRC, modify the following DWD appropriations to remove language which authorizes the Department to transfer funding to the appropriation accounts under LIRC: (a) FED unemployment insurance administration; and (b) FED equal rights. On the effective date of the elimination of LIRC, DWD would retain all FED monies that would have otherwise transferred to LIRC. No additional position authority is granted to DWD to support the additional administrative review responsibilities acquired by the Department.

Require that a person who wants to file an appeal of an unemployment insurance or equal rights decision made by an administrative law judge at DWD, could file a petition for review by LIRC within 21 days after the effective date of the budget bill. On the effective date of the budget bill, a person could choose to file a petition with the DWD Administrator of the Division of Unemployment Insurance or the DWD Administrator of the Division of Equal Rights. As of 21 days after the effective date of the budget bill, a person would have to file a petition with the Administrator of the appropriate DWD Division instead of with LIRC.

Authorize DWD to promulgate any rules necessary to provide for review of unemployment insurance decisions. Under current law, DWD is authorized to promulgate rules necessary to provide for review of equal rights decisions.

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

Provide that any of LIRC's assets and liabilities, tangible personal property, records, contracts, orders, and pending matters related to unemployment insurance and equal rights would be transferred to DWD on the effective date of the elimination of LIRC. All contracts entered into by LIRC that are primarily related to unemployment insurance and equal rights would remain in effect and be transferred to DWD. DWD would be required to carry out the obligations of the contract until the contract is modified or rescinded by DWD to the extent allowed under the contract. All orders issued by LIRC would remain in effect until their specified expiration date or until modified or rescinded by DWD. All pending matters related to unemployment insurance and equal rights submitted to or actions taken by LIRC with respect to the pending matter would be considered as having been submitted to or taken by the Administrator of the Division of Unemployment Insurance or the Administrator of the Division of Equal Rights.

Require DWD to maintain a searchable, electronic database of significant unemployment insurance decisions made by administrative law judges and the administrator. Authorize DWD (but do not require) to include in the database decisions of LIRC that were required to be maintained in the database under current law. Currently, LIRC is required to maintain a searchable, electronic database of significant unemployment insurance decisions made by LIRC.

[Bill Sections: 33, 368, 402 thru 404, 1369 thru 1378, 1392, 1408 thru 1443, 1449 thru 1451, 1455, 1458, 1460, 1753, 1756, 1760, 9101(6)&(7), and 9401(3)]

5. REPEAL PREVAILING WAGE

Governor: Eliminate the state prevailing wage law for state building projects and state highway projects. Building and highway projects utilizing at least $2,000 in federal funds would remain subject to the federal prevailing wage rates as determined by the U.S. Department of Labor under the Davis-Bacon Act.

Generally, under current law, laborers, workers, mechanics, and truck drivers employed on the site of certain projects of public works: (a) must be paid the prevailing wage rate, as determined by the U.S. Department of Labor under the federal Davis-Bacon Act; and (b) may not be required or permitted to work a greater number of hours per day and per week than the prevailing hours of labor, which is no more than 10 hours per day and 40 hours per week, unless they are paid 1.5 times their basic rate of pay (commonly referred to as overtime pay) for all hours worked in excess of the prevailing hours of labor. The prevailing wage laws include two separate laws: (a) a state prevailing wage law that applies to certain projects of public works to which the state or any state agency is a party; and (b) a state highway prevailing wage law that applies to projects under a contract based on bids to which the state is a party for the construction or improvement of highways. The 2015-17 biennial budget act repealed the state prevailing wage law that applied to local projects of public works (counties, villages, towns, cities, school districts, municipal utilities and technical colleges) effective January 1, 2017. State prevailing wage requirements apply to any single-trade project of public works for which the estimated project cost of completion is more than $48,000 or any multiple-trade project of public works for which the estimated project cost of completion is more than $100,000. A "single trade project" is defined as one in which a single trade (such as a carpenter, glazier, or electrician) accounts for 85% or more of the total labor cost of the project. A "multiple-trade project" is defined as one in which no single trade accounts for more than 85% of the total labor cost of the project. The Department of Administration (DOA) administers and enforces the state prevailing wage law other than for state highway projects, which is administered and enforced by the Department of Transportation (DOT).

Retain the current law prohibition against local governments enacting or administrating their own prevailing wage laws or similar ordinances. Currently, a local governmental unit may not enact and administer an ordinance or other enactment requiring laborers, workers, mechanics, and truck drivers employed on projects of public works, or on publicly funded private construction projects, to be paid the prevailing wage rate and to be paid at least 1.5 times their hourly basic rate of pay for hours worked in excess of the prevailing hours of labor or any similar ordinance or enactment.

Retain current law provisions related to DWD's authority to receive and investigate wage claims related to state and local projects which were subject to state prevailing wage requirements. Further, retain the Department's authority to file suit against an employer and refer wage claim cases to district attorneys in the Department's attempt to equitably adjust controversies between employers and employees.

Retain current law provisions related to the prohibition of substance abuse for employees that performed prevailing wage work on projects of public works, if the project was erected, constructed, repaired, remodeled or demolished prior to the effective date of the bill. Further, retain current law provisions associated with this prohibition which specify conditions an employee must meet to commence or return to work on a project of public works or a public utility project.

Specify that for a project of public works that is subject to bidding, the prevailing wage repeal first applies to a project for which the request for bids is issued on or after the effective date of the bill.

Specify that for a project of public works that is not subject to bidding, the prevailing wage repeal first applies to a contract that is entered into on or after the effective date of the bill.

[Bill Sections: 164, 178, 179, 981, 993 thru 996, 1222, 1223, 1384 thru 1391, 1395, 1444, 1452, 1453, 1762, 1769, 2249, 2262, and 9352(3)]

6. PROJECT LABOR AGREEMENTS

Governor: Prohibit DOA and municipalities from engaging in certain practices during certain public bidding. For DOA, this would relate to the solicitation of bids, competitive sealed proposals and simplified bids for state procurement, and bids for state construction projects. For municipalities, this would relate to the solicitation of bids for a public contract. Prohibit DOA and municipalities from doing any of the following as part of the bidding process or a contract: (a) require that a bidder enter into or adhere to an agreement with a labor organization; (b) consider as a factor in making an award under this section whether any bidder has or has not entered into an agreement with a labor organization; and (c) require that a bidder enter into, adhere to, or enforce any agreement that requires, as a condition of employment, that the bidder or bidder's employees become or remain members of, or be affiliated with, a labor organization or pay any dues, fees, assessments, or other charges or expenses of any kind or amount, or provide anything of value, to a labor organization or a labor organization's health, welfare, retirement, or other benefit plan or program.

Define "agreement with a labor organization" to mean any agreement with a labor organization, including a collective bargaining agreement, a project labor agreement, or a community workforce agreement.

Define "bidder" to mean a person that is submitting a bid or a competitive sealed proposal or that is seeking an award.

Under current law for public contracts, "municipality" means the state or a town, city, village, school district, board of school directors, sewer district, drainage district, technical college district or other public or quasi-public corporation, officer, board or other public body charged with the duty of receiving bids for and awarding any public contracts.

Under current law, "public contract" means a contract for the construction, execution, repair, remodeling or improvement of a public work or building or for the furnishing of supplies or material of any kind, proposals for which are required to be advertised for by law.

Under current law, "labor organization" means any employee organization in which employees participate and which exists primarily for the purpose of engaging in collective bargaining with any employer concerning grievances, labor disputes, wages, hours or conditions of employment, or the promotion and advancement of the professional or occupational standards and the welfare of its members and families and any organization established for the same purposes composed of individuals or affiliates of any such employee organization.

Specify that employers or employees would not be prohibited from entering into agreements or engaging in any other activity protected by the National Labor Relations Act. For example, it would remain permissible for a private general contractor to attach an agreement with a labor organization (project labor agreement) to a government contract after winning a bid.

Specify that these provisions would first apply to bids or proposals solicited on the effective date of the bill.

[Bill Sections: 157, 163, 170, 986 thru 992, and 9352(4)]

7. CREATE AN ALTERNATIVE SETTLEMENT PROCEDURE FOR EQUAL RIGHTS COMPLAINTS

GPR	$10,000

Governor: Create statutory offers of settlement procedures for resolving complaints involving violations of Wisconsin's fair employment law, family and medical leave law, or bone marrow and organ donation leave law, hereafter referred to as "selected equal rights laws." Although the bill attaches $10,000 to this item, there is no indication in the bill of the purpose of the funding.

Under current family and medical leave law, an employee who believes that their employer has violated certain rights under the law, may file a complaint with DWD alleging the violation. Unless the investigation and determination of probable cause of the complaint is waived by the complainant, the Department investigates the complaint and attempts to resolve the complaint by conference, conciliation or persuasion. Under current bone marrow and organ donation leave law, an employee who believes that their employer has violated certain rights under the law, may file a complaint with DWD alleging the violation. The Department investigates the complaint and attempts to resolve the complaint by conference, conciliation or persuasion.

Currently, for family and medical leave law and bone marrow and organ donation leave law, if the complaint is not resolved and DWD finds probable cause to believe a violation has occurred, the Department must proceed with notice and a hearing on the complaint. The hearing shall be held within 60 days after the Department receives the complaint. The bill authorizes the parties to also attempt to resolve the complaint through offers of settlement, as prescribed in the bill.

Under current fair employment law, if DWD finds probable cause to believe that any discrimination has been or is being committed, that unfair honesty testing has occurred or is occurring, or that unfair genetic testing has occurred or is occurring, it may attempt to eliminate the practice by conference, conciliation, or persuasion. If DWD is unable to eliminate the discrimination, unfair honesty testing, or unfair genetic testing the Department issues and serves a written notice of a hearing before an examiner. The bill authorizes the parties to also attempt to resolve the complaint through offers of settlement, as prescribed in the bill.

Under current fair employment law, if the hearing examiner finds that the respondent has engaged in discrimination, unfair honesty testing, or unfair genetic testing, the examiner shall make written findings and order an action by the respondent in accordance with the fair employment law, with or without back pay liability. The bill provides that no attorney fees or costs be awarded to a complainant under the fair employment law if no reinstatement, monetary relief, or other substantive or tangible benefit is ordered.

Definitions

"More favorable award" would mean an order under selected equal rights laws to which either of the following applies: (a) the order includes an order of reinstatement, or for some other substantive or tangible benefit besides a mere finding that the law was violated, that was not provided for in a settlement offer made under this section; or (b) the order includes a monetary award to the complainant that, exclusive of the complainant's pre-offer costs and post-offer costs, exceeds the compensation provided for in a settlement offer made under this section.

"Prejudgment interest" would mean interest at an annual rate equal to one percent plus the prime rate in effect on the date of the settlement offer.

"Pre-offer costs" and "post-offer costs" would include reasonable attorney fees, filing fees, subpoena fees, copying costs, court reporter fees, reasonable investigative costs, reasonable travel expenses, and all other similar fees and expenses related to litigating the complaint.

Offers of Settlement

Provide that unless otherwise specified, a settlement offer is an offer to resolve all claims between the parties. Specify that settlement offers must be construed as including all compensation that may be awarded under selected equal rights laws or in a civil action under selected equal rights laws.

Specify that at any time between 10 days after a complaint is filed under selected equal rights laws and 10 days prior to commencement of a hearing under those laws, any party may serve an offer upon any other party to the action for settlement to be entered in accordance with the terms and conditions stated at that time. Specify that a settlement offer must satisfy all of the following: (a) be in writing; (b) identify parties making the offer and the parties to whom the offer is made; (c) identify generally the claim the offer is attempting to resolve; (d) state the terms and conditions of the offer; (e) state the deadline by which the offer must be accepted; (f) include a provision that requires the accepting party and, if the accepting party is represented by an attorney, the accepting party's attorney, to indicate acceptance of the offer by signing a statement that the offer is accepted; (g) be signed by the offeror or the offeror's attorney of record; (h) include a certificate of service and be served by certified mail; (i) be served on all parties to whom the offer is made; and (j) include one of the following:

(1) If the complainant is making the offer, the statement "In accordance with and subject to the offers of settlement statutes, if this offer is not accepted and a more favorable award is obtained by the complainant, prejudgment interest will attach to the final award from the date this offer was received."

(2) If the respondent is making the offer, the statement "In accordance with and subject to the offers of settlement statutes, if this offer is not accepted and the complainant fails to obtain a more favorable award, the respondent will be entitled to post-offer costs and fees, including attorney fees, from the date this offer was received."

Provide that a settlement offer may be made subject to a confidentiality requirement and such other reasonable conditions, including the execution of appropriate releases, indemnities, and other documents, as are typical of such settlement agreements.

Specify that all terms and conditions included in a final and fully executed settlement agreement are presumed to be reasonable.

Provide that if a settlement offer is declined by the offeree because of a condition the offeree believes to be unreasonable, and the condition is later determined by the Department to be unreasonable under the circumstances of the case, the offer may not be the basis for an award of post-offer costs or prejudgment interest.

Specify that if a complainant fails to obtain a more favorable award, the monetary amount in the settlement offer shall be considered reasonable.

Provide that service of a settlement offer suspends the offeror's obligations regarding discovery, responsive pleadings, and other investigative and litigation obligations until one of the following occurs: (a) the offeree accepts or declines the offer as provided under the "*Accepting or Declining an Offer*" section below; or (b) if the offer expires as provided under the "*Accepting or Declining an Offer*" section below, the offeree acknowledges receipt of the offer in writing, with the signature of the offeree and, if the offeree is represented by an attorney, the offeree's attorney.

Specify that a settlement offer may be withdrawn in writing at any time prior to acceptance by the offeree. Once withdrawn, the offer is void.

Provide that any settlement offer, the acceptance or declination of any such offer, and any negotiations related to such offers may not be proffered or accepted as evidence nor mentioned in a hearing under selected equal rights laws or in any other proceedings relating to the claim, except as provided under "*Evidence of a Declined Settlement Offer*."

Accepting or Declining an Offer of Settlement

Require that any acceptance of a settlement offer shall be in writing, be promptly delivered to the offeror or the offeror's attorney, and include the signature of the accepting party and, if represented, the accepting party's attorney. Upon acceptance, the parties are obligated to enter into good faith negotiations to memorialize the terms of the settlement and execute documents necessary to effectuate the settlement. Specify that if a settlement offer is accepted, the parties shall promptly file with DWD a notice that settlement has been reached between the parties, together with the complainant's request for dismissal of the complaint, and the Department shall enter the settlement and dismissal of the complaint accordingly.

Require that any declination of a settlement offer shall, be in writing, be promptly delivered to the offeror or the offeror's attorney, and include the signature of the offeree and, if represented, the offeree's attorney. If a settlement offer is not accepted or declined prior to a hearing or within 10 days after it is served, whichever occurs first, the offer shall expire and shall be deemed declined.

Consequences of Not Accepting a Settlement Offer

Provide that if a respondent's settlement offer is not accepted and the complainant fails to obtain a more favorable award, the complainant shall not recover any post-offer costs and shall pay the respondent's post-offer costs from the date of the offer. In addition, specify that the complainant would be required to pay a reasonable sum to cover the costs of services of any expert witness who is not a regular employee of any party that are actually incurred and reasonably necessary in preparation for the hearing or during the hearing. Provide that this provision supersedes any statute awarding post-offer costs and fees to a prevailing complainant. Specify that if a respondent's settlement offer is not accepted and the complainant fails to obtain a more favorable award, the respondent's post-offer costs (including costs of expert witness services) would be deducted from any award made in favor of the complainant. Further, specify that if the post-offer costs of the respondent exceed the amount awarded to the complainant, the net amount shall be awarded to the respondent and the award shall be entered accordingly.

Specify that if a complainant's settlement offer is not accepted and the complainant obtains a more favorable award, the Department must: (a) award prejudgment interest on the final award from the date of the offer; and (b) require the respondent to pay a reasonable sum to cover the costs of services of any expert witness who is not a regular employee of any party that are actually incurred and reasonably necessary in preparation for the hearing or during the hearing, in addition to the complainant's costs.

Evidence of a Declined Settlement Offer

Provide that after DWD makes an order under selected equal rights laws, either party may make a subsequent motion to introduce evidence of a valid settlement offer made under this section that was declined. Require that the motion must be made within 10 business days after the date of the award and must identify the parties in the offer, who made the offer, the amount of the offer, the date of the offer, and the date it was declined. Require that the motion also identify the effect the declined offer has on the final award and how the Department should proceed. Provide that a nonmoving party may file a response to the motion within five business days after the movant files the motion.

Other Provisions

Provide that police officers must be permitted to testify as expert witnesses for the purposes of this section. For purposes of this section, "complainant" includes a cross-complainant and "respondent" includes a cross-respondent.

[Bill Sections: 1379 thru 1383, 1456, 1457, and 1459]

8. DELETE UNANIMOUS VOTE REQUIREMENT

Governor: Specify that, if the DWD Division of Equal Rights finds, instead of currently finds by unanimous vote, that an employee of a governmental unit filed a frivolous complaint regarding certain retaliatory actions against the employee due to a disclosure of certain information. It appears this is a technical correction of language dating from the time certain responsibilities were transferred from the former Personnel Commission to the Division of Equal Rights, when the Personnel Commission used to take certain actions by unanimous vote.

[Bill Section: 1767]

9. STUDY ON CHRONIC ABSENTEEISM AND PUBLIC ASSISTANCE

Governor: Require DWD to collaborate with other agencies to prepare a report on the population overlap of families that receive public benefits and children who are absent from school for ten percent or more of the school year. The other agencies involved in the report would include the Departments of Children and Families, Health Services, and Public Instruction, and any other relevant programs or agencies the departments identify as appropriate. Require the report to be submitted on or before December 30, 2018, to the Governor and appropriate standing committees of the Legislature.

[Bill Section: 9152(1)]