



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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April 13, 2015

The Honorable Alberta Darling, Co-chair
Joint Committee on Finance
317 East, State Capitol
Madison, WI 53702

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ST. Finance

The Honorable John Nygren, Co-chair
Joint Committee on Finance
309 East, State Capitol
Madison, WI 53702

Dear Senator Darling and Representative Nygren:

As with every biennial budget process, modifications to correct errors or better reflect the Governor's intent in preparing the budget are required. The Governor requests the conceptual changes outlined below be added to or modified in 2015 Senate Bill 21 and 2015 Assembly Bill 21, the 2015-17 biennial budget bills. The net result of these changes will decrease the general fund balance by \$2,874,800.

1. Shared Agency Services Pilot Program

In order to ensure the successful implementation of this initiative and to ensure the STAR implementation also continues on budget and on schedule, additional time is needed. Therefore, this initiative should be delayed until July 1, 2016. In addition, as a result of this modification, the enterprisewide study should be removed. Finally, the Department of Administration Secretary should be granted the authority to exempt any agencies (or functions or specific positions within agencies) from the pilot and to allow larger agencies to participate voluntarily.

However, despite the suggested timing modification of the Shared Agency Services Pilot initiative, the Department of Administration, Bureau of Human Resources is intended to remain a part of the newly-created Division of Personnel Management, effective with the budget bill.

2. Grants for Native American Tourism of Wisconsin and Sports Marketing

Funding related to marketing activities for sporting activities and events (\$125,000 PR-S annually) and for grants to Native American Tourism of Wisconsin (\$200,000 PR-S annually) should be maintained. This correction would lower the amount of tribal gaming funds that are deposited into the state's general fund.

3. Office of State Employment Relations FTE Positions

An additional 3.0 FTE positions should be transferred from the office to the newly-created Division of Personnel Management within the Department of Administration. No additional expenditure authority is required.

4. University of Wisconsin System Authority

Current law that articulates the Wisconsin Idea should be maintained by restoring the proposed deletions of language in ss. 36.01(1) and 36.01(2). Additionally, in order to protect students and parents from unreasonable and unpredictable tuition increases, the bill should be modified to cap resident undergraduate tuition increases to no more than the annual change in the consumer price index beginning in the 2017-18 academic year. Further, to assist the transition to authority status, the bill should be modified to apply an annual consumer price index adjustment to the authority's block grant beginning in fiscal year 2017-18, one year earlier than specified in the bill as introduced.

The bill should be modified to release one-twelfth of the authority's GPR block grant monthly, instead of one-fourth quarterly, to address potential cash flow issues of the authority. Lastly, the bill should be modified to retain language under s. 16.972 in order to ensure that the Department of Administration may continue to provide computer and telecommunication services to the authority.

5. Manufacturing and Agriculture Credit

The bill inadvertently broadens the references for the agricultural property factor under the manufacturing and agriculture credit to include nonagricultural property. This would extend the categories of income from which credit-eligible income may be derived beyond the intention of the original credit.

Therefore, current law should be maintained as it relates to the agricultural property factor. Additionally, the related nonstatutory provisions under sections 9337 and 9437 of the bills should be removed.

6. Property Tax Bill Disclosure

Under the bill, the property tax bill disclosures included under s. 74.09(3)(de)4.b. do not include amounts that would exceed the county and municipal levy limits pursuant to approval by a town meeting under that levy limit exclusion. To apply the disclosures consistently, amounts exceeding the levy limit approved via the town meeting levy limit exclusion should be included.

Additionally, the language under s. 74.09(3)(de)2. should be removed since fees and charges are not collected through the tax levy.

7. Milwaukee Metropolitan Sewerage District

The bill should be modified to require the Department of Transportation to cover 90 percent of the cost for municipal utility relocation or replacement due to highway construction affecting the Milwaukee Metropolitan Sewerage District. This will provide uniformity across the state, as municipal utility relocation costs for other districts and local governments are already reimbursed at this percentage.

8. Nonexpiring Identification Card

This proposal should be modified to clarify that obtaining a nonexpiring identification card for people who are 65 years old or older is an option for individuals rather than a requirement. Accordingly, eligible recipients that are at least 65 years old could elect to receive either a nonexpiring non-REAL ID compliant identification card or an expiring REAL ID compliant identification card that adheres to the requirements in the federal REAL ID Act.

9. I-94 East/West Freeway Project

The enumeration of the I-94 East/West Freeway project should be amended to allow the Department of Transportation to perform work on local roads that is necessary for the completion of this highway project. This is consistent with the language used in the enumeration of the Zoo Interchange freeway project.

10. Pharmacy and Transportation Carve-in

Due to information and analysis newly available after introduction of the bill, these provisions should be removed. Accordingly, \$692,800 GPR in fiscal year 2015-16 and \$1,532,000 GPR in fiscal year 2016-17 should be restored.

11. Children's Community Options Program Modifications

In order to more accurately reflect this program's focus on children, the bill should be modified to clarify the following: who is eligible for the program; that counties can propose how to operate the program in their counties but not impact overall program policy and design; that the county department, and not the county board, may approve the county plan for the program; and that the Department of Health Services can contract with counties or nonprofit entities for all program services.

12. Veterans Employment Programs

The budget proposes transferring the Disabled Veterans Outreach Program and Local Veterans Representative employment specialists from the Department of Workforce Development to the Department of Veterans Affairs. However, current law should be maintained as the transfer of these programs has not been approved by the U.S. Department of Labor.

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Thank you for your consideration as you engage in your 2015-17 biennial budget deliberations. The Governor looks forward to continuing to work with your committee and the Legislature as a whole as we continue to move Wisconsin forward. Please direct specific questions to State Budget Director Michael Heifetz.

Sincerely,

A handwritten signature in cursive script that reads "Scott A. Neitzel".

Scott A. Neitzel
Secretary

Enc.

cc: Members, Joint Committee on Finance
Bob Lang, Legislative Fiscal Bureau