

Comparative Summary of the Governor's 2007-2009 Budget and the Joint Finance Version

Updated June 13, 2007

Introduction

On June 8, 2007, the Joint Finance Committee (JFC) advanced an amended version of the 2007-09 budget bill (SB 40), which the Governor introduced almost four months earlier. It is a budget that must balance a host of very substantial challenges, including:

- a structural deficit of more than \$1.6 billion in general purpose revenue (GPR), thanks in part to over \$600 million of tax reductions enacted in prior years that take effect in this biennium
- an additional deficit of at least \$180 million in TANF funds for W-2, child care and related programs;
- the need to increase local aid, to avoid putting even more pressure on property taxes;
- a slowdown in the growth of state general fund revenue; and
- the need to address the state's precarious budget situation by raising the minimum budget balance (which Governor Doyle proposes to increase by \$65 million).

Given these fiscal challenges, WCCF is pleased that the Governor proposed a number of important budget initiatives for children and families, particularly the BadgerCare Plus plan. Many of those initiatives remain in the JFC budget.

That said, this budget – like the last two budget bills – also contains a number of tough cuts. For example, the Governor proposed, and the JFC approved:

- Freezing many appropriations, such as Community Aids, which results in continued erosion of those programs by inflation.
- Reducing agency budget requests by more than \$400 million GPR, and cutting funds for state operations.

The Governor also proposed making significant changes to reduce eligibility and cut costs in the child care subsidy program, but the JFC was able to add funding and avoid those cuts.

The funding cuts would be far deeper if the budget did not contain several substantial sources of new revenue and a few transfers of revenue from segregated

funds. A list of the new revenue sources and other budget-balancing measures is included on the next three pages.

Although the JFC version of the budget retains nearly all of those revenue measures, many remain in the bill after tie votes on removing them. Those items and other options for balancing the budget will continue to be debated as the bill moves through the Senate and Assembly.

The following document summarizes selected budget items and provides a brief analysis of their impact. It compares the Governor's bill and the new version developed by the JFC. Except where otherwise noted, the page numbers refer to where each item can be found in the lengthy summary of the budget issued by the Legislative Fiscal Bureau in March.

We will update this summary as the budget bill moves through the rest of the legislative process. This version and the updates will be posted on the Wisconsin Budget Project's portion of the WCCF website:

http://www.wccf.org/proj_budget.php

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
BALANCING THE BUDGET (Note that all amounts in parentheses are cuts.) For further information on these issues, contact Jon Peacock (jpeacock@wccf.org)				
State Government Operations (Budget in Brief, p. 24)	Cuts spending for agency operations by about \$80 million GPR over the biennium.	Reduces agency administrative spending by about \$80 million GPR over two years by making efficiencies, such as implementing new financial & human resources info. technology systems.	Helps balance the budget without cutting key programs.	Approved
Reductions to Agency Budget Requests (Budget in Brief, p. 24)	Cuts \$437 million over the biennium from agency budget requests.	Reflects the rejection of some proposals, delays in others, and the freezing of many appropriations that agencies sought to increase.	Helps close the \$1.6 billion deficit (which was a figure based upon agency budget requests). Programs that are frozen will be eroded by inflation.	No significant changes to the Governor's bill
Tobacco Tax Increase (LFB summary, p.191)	FY'08: \$275.7 million SEG Revenue FY'09: \$270.5 million SEG Rev.	Increases tax on cigarettes by \$1.25 per pack (to \$2.02) and tax on other tobacco products by 40.6 percentage points. Proceeds to be put in a new Health Care Quality Trust Fund.	Discourages smoking, particularly the initiation of smoking by youths. Expected to reduce new smokers by 84,100. Also helps pay for tobacco-related costs of Medicaid.	Tax increase remains in the bill, but \$40 million less will be deposited in the Health Care Quality Fund.
Hospital Assessment (LFB summary, p.238)	FY'08: (-\$57.9 million GPR) FY'09: (-\$62 million GPR)	Institutes a 1% assessment on hospitals' gross revenue. Assessments of \$418 million over 2 years would primarily increase MA reimbursements for hospitals, but would also reduce GPR spending by about \$120 million.	Helps balance the budget and leverages federal matching funds for increased MA reimbursement, which would make most hospitals net gainers. But hospitals with fewer MA patients would come out behind.	No change to Governor's proposal

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Oil Company Assessment <i>(LFB summary, p.528)</i>	FY'08: \$114.8 million SEG Revenue FY'09: \$157.3 million SEG Rev.	Levies an oil company assessment of 2.5% on motor fuel suppliers' gross receipts from sales in Wisconsin, with the revenue allocated to the Transportation Fund.	Generates increased revenue for transportation programs. Some argue it will increase fuel costs, though the bill includes a provision prohibiting passing the tax along to consumers.	No change to Governor's proposal, but the revenue estimate is decreased by \$3.5 million in FY'08 and increased by \$10 million in FY'09.
Increase in Real Estate Transfer Fee <i>(LFB summary, p.209)</i>	FY'08: \$64.6 million SEG Revenue FY'09: \$77.5 million SEG Rev.	Increases the real estate transfer fee by 3 mills (0.3%) and allocates the proceeds from that fee to a new County Aid Fund.	Doubles the cost of the real estate transfer fee, & uses the revenue to pay for several funding increases for counties (Shared Revenue, Youth Aids & Circuit Courts) and for a housing trust fund.	No change to Governor's proposal
Increase in Vital Records Fees <i>(LFB summary, p.304)</i>	FY'08: \$8 million SEG Revenue FY'09: \$8.6 million SEG Rev.	Increases fees charged by the state registrar & local registrars for providing copies of vital records.	Raises costs for people needing birth records, etc. Increased funds would be used for the vital records system automation project, domestic abuse services & child welfare programs.	Deleted proposed fee increases. Added about \$8 million GPR for vital records system automation, nearly \$1.7 million GPR for domestic services, & increased domestic abuse surcharge to \$100.
Patients Compensation Fund Transfer <i>(LFB summary, p.357)</i>	Shifts \$175 million from the Injured Patients and Families Compensation Fund.	Provides a funding source that the state can use on a short-term basis to leverage federal MA funds and help balance the MA budget.	This seems to leave at least \$565 million in the fund, & helps balance the MA budget, but continues reliance on short-term solutions.	No change to Governor's proposal
Asset Sales <i>(LFB summary, p.73)</i>	\$30 million over 2 years	Sells "low priority" state buildings and land, which is expected to generate \$30 million.	Produces one-time revenue that helps balance the 2007- 09 budget. Might increase state building costs over the long run.	Approved

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Transfers from the Transportation Fund <i>(Budget in Brief, pp. 25 & 67)</i>	Over two years: (roughly -\$90 million SEG)	Shifts \$54.6 million from the Transportation Fund over the next 2 years for pupil transportation aids and about \$34 million for transportation-related environmental and public safety costs.	Helps to support schools (and come closer to the two- thirds funding level) and to balance portions of the GPR budget. Reduces funding available for DOT programs.	No change to Governor's proposal
Transportation Bond Debt Service <i>(LFB summary, p.533)</i>	Over two years: + \$70 million SEG (-\$70 million GPR)	Uses segregated transportation revenue, rather than GPR for some of the debt service for GO transportation bonds issued in 2005-07.	Frees up GPR to help balance the budget; reduces SEG funding available for DOT programs.	No change to Governor's proposal
Other Transfers <i>(Budget in Brief, p. 25)</i>	\$37 million over two years	Shifts excess balances of \$37 million in the recycling and petroleum inspection funds to the general fund.	Helps balance the GPR budget, while cutting the funding available in those segregated accounts.	No change to Governor's proposal
Mainstreet Equity Act <i>(LFB summary, p.176)</i>	FY'08: (-\$1.3 million GPR Rev.) FY'09: (\$-3.5 million GPR Rev.)	Adopts standards from the Streamlined Sales and Use Tax Project. This modestly reduces sales taxes, but still yields a net increase in revenue by increasing voluntary compliance.	Simplifies and standardizes the sales tax system for retailers involved in interstate sales, thereby increasing voluntary compliance by retailers.	No change to Governor's proposal
Sales Tax on Digital Personal Property <i>(LFB summary, p.171)</i>	FY'08: (-\$2.6 million GPR) FY'09: (-\$3.7 million GPR)	Extends the sales tax to digital property delivered through download.	Increases state revenue and provides equity between sales via downloads and other sales.	Reestimates revenue collected to be \$1 million in FY'08 and \$2.4 million in FY'09.
Targeted Tax Collections <i>(LFB summary, p.489)</i>	Net revenue gain of \$6.1 million per year.	Implements a pilot project to convert collection of delinquent taxes from collection agencies to the Dept. of Revenue.	Adds 7 positions to DOR. Projected to increase tax collections by \$6.7 million per year, at a cost of \$600,000 yearly.	Approved, but starting 3 months into FY'08, which reduces the revenue gain by \$1.5 million.

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HEALTH CARE (Note that all amounts in parentheses are cuts.) For further information on these issues, contact Jon Peacock (jpeacock@wccf.org)				
Medical Assistance (MA) Base Funding (LFB summary, p. 247)	FY'08: \$41.8 million GPR FY'09: \$113.5 million GPR	This increase reflects the cost to continue the program, based on increased enrollment, changes in utilization of services, & federal cost sharing changes. It doesn't take into account any of the other changes in the bill.	The base funding increase allows the program to continue without making cuts in eligibility, provider rates, or services.	The cost estimate for continuing Medicaid was revised upward by \$1.3 million GPR.
BadgerCare – Base Funding (LFB summary, p.248)	FY'08: \$2.9 million GPR FY'09: \$11.2 million GPR	This reflects the cost to continue the program, taking into account enrollment, anticipated federal cost sharing, etc.	Allows current eligibility standard to be maintained.	The cost-to-continue estimate was reduced by about \$2.7 million GPR.
BadgerCare Plus – Expanded Coverage for Children, Parents & Caretakers (LFB summary, p.251)	Expected to save \$2.1 million GPR in FY 2008 and to cost that amount the following year.	Extends coverage to: all children (except non-qualified immigrants), pregnant women to 300% of poverty, teens aging out of foster care, parents who temporarily lose custody and caretaker relatives to 200% of poverty, and farmers and the self-employed. Also removes enrollment barriers, simplifies administration & improves outreach.	The changes are expected to make health coverage available to an additional 38,000 kids, 4,000 pregnant women, 13,000 farmers/self-employed adults, 5,000 caretaker relatives, and 54,500 parents.	No change to Governor's proposal
BadgerCare Plus – MA Expansion for Childless Adults (LFB summary, p.242)	FY'08: (-\$3.15 million GPR) FY'09: \$2.9 million GPR and \$22.4 million all funds (including +\$6.15 million SEG)	Extends Medicaid to childless adults beginning in 2009, or upon approval of the federal waiver if that is later. Would be phased in over 3 years.	This is expected to make MA coverage available to 71,000 uninsured childless adults – who currently are ineligible for coverage, regardless of income.	No change to Governor's proposal, but the LFB estimates the state share of costs would be \$1.1 million higher.

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BadgerCare Plus – Improving Access to Dental Care <i>(LFB summary, p.254)</i>	Over two years: \$8.8 million all funds [+\$3.6 million GPR]	Overall, BadgerCare Plus is expected to be cost neutral. However, a portion of the savings from administrative simplification and increased use of HMOs would be invested in initiatives to improve access to dental care.	Would help address the severe problem of access to dental health care by providing funds for public clinics and grants for innovative strategies to expand dental access.	Approved, with a modification specifying that grants should include NE and NW Wisconsin. (See also dental rate increase pilot program, below.)
BadgerCare Plus – Other Uses of Reinvested Savings <i>(LFB summary, p.254)</i>	About \$8.6 million (all funds) over 2 years. (This is part of BadgerCare Plus, which is projected to be cost neutral.)	Other uses of savings from BadgerCare Plus include: \$3.5 million biennially (all funds) to promote healthy living behaviors, \$2 million for HMO expansion incentives. Also includes funds for school nurses in Milwaukee & benefits counseling.	The HMO expansion incentives would help reduce program costs in order to make BadgerCare Plus cost-neutral. Other reinvested funds would help improve enrollment and access to care.	No change to Governor's proposal
Dental rate increase pilot program <i>(JFC Motion #654)</i>	Not in the Governor's bill.			Adds \$3.5 million GPR for a pilot program to increase dental reimbursement rates in 3 counties (Brown, Racine and La Crosse) to determine the extent to which that improves access to dental care.
Health Opportunity Accounts <i>(JFC Motion #549)</i>	Not in the Governor's bill.		Health Opportunity Accounts are a new option under federal law for 10 pilot states, and they are coupled with high deductible plans for low-income families.	Requires DHFS to seek federal approval for a demonstration project for BadgerCare enrollees who volunteer to use such accounts.

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SeniorCare – Base Funding <i>(LFB summary, p.249)</i>	FY'08: \$4.1 million GPR FY'09: \$16.3 million GPR	This reflects the cost to continue the program, taking into account enrollment, anticipated federal cost sharing, etc.	Allows current eligibility standard to be maintained.	SeniorCare is continued and the cost estimate was reduced by \$11 million GPR.
Family Care Expansion <i>(LFB summary, p.275)</i>	FY'08: \$2.7 million GPR [+ \$22.4 million all funds] FY'09: \$17.4 million GPR [+ \$60.8 million all funds]	Adds funding to expand the program and increase the number of disability resource centers. Eliminates the requirement making Family Care an entitlement for individuals who are ineligible for MA but functionally eligible for Family Care.	Gives the elderly and people with disabilities more alternatives to institutional care by expanding Family Care, which is currently in just 5 counties. The Governor aims to expand it statewide over 5 years.	Approves the Governor's proposal on funding; retains legislative oversight of expansion; requires a county's consent to participate; decreases county share of costs; and provides ombudsman services for participants under the age of 60.
Mental Health & Substance Abuse Coverage <i>(LFB summary, p.362)</i>	None	Increases the minimum amounts of coverage for mental health and substance abuse treatment to \$20,250 for inpatient treatment, \$3,450 for outpatient, and \$5,200 for transitional treatment.	Requires more equitable coverage of mental health and substance abuse treatment.	Removed from budget with other non-fiscal policy items.
Autism Coverage <i>(LFB summary, p.363)</i>	None	Requires health insurers to cover treatment of autism and other pervasive development disorders.	Improves access to treatment for children with autism spectrum disorders.	Removed from budget with other non-fiscal policy items.
Health insurance for domestic partners of state employees & annuitants <i>(LFB summary, p.133)</i>	No funding specifically earmarked. (It would have to come from compensation reserves.)	Beginning in Jan. 2009, would permit state employees or annuitants to purchase family health insurance for their domestic partners (& a partner's minor children)	Treats domestic partners like a spouse, for health insurance purposes. Helps UW System compete with other Big Ten schools, all of whom provide domestic partner benefits.	Eliminated the Governor's proposal

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Hospital Rate Increase and Assessment <i>(LFB summary, p. 238)</i>	FY'08: (-\$57.9 million GPR) FY'09: (-\$62 million GPR)	Institutes a 1% assessment on hospitals' gross revenue. Assessments of about \$418 million over 2 years would be used primarily to increase MA reimbursements for hospitals, but also to reduce GPR spending by about \$120 million.	Increased reimbursements to hospitals would exceed the cost of the new assessments by about \$283 million, but hospitals with relatively low MA populations would be net losers. Also would help balance the budget.	No change to Governor's proposal
Noninstitutional Provider Rate Increases <i>(LFB summary, p. 269)</i>	FY'08: \$5.8 million GPR FY'09: \$17.2 million GPR	Increases MA and BadgerCare payment rates to noninstitutional providers by 1% in FY 08 and 2% in FY 09, & dispensing fees for pharmacists by 50 cents per prescription.	Provides modest inflationary increases for noninstitutional providers.	No change to Governor's proposal
Tobacco Control Activities, and Refinancing of Tobacco Securitization <i>(LFB summary, p. 451)</i>	Saves \$10 million per year GPR, which would be replaced with \$30 million per year in SEG spending.	Assumes sale of more future tobacco settlement proceeds, with the cash invested in a permanent endowment for tobacco control. Estimated interest on that \$650 million fund is \$50 million/yr, with \$30 million used for tobacco control.	This would triple current spending on tobacco control activities, and would produce GPR savings of \$10 million per year. It would also delay the date when the state would receive tobacco settlement dollars.	Doubles, rather than triples, spending for tobacco control activities. (The increase will be \$10 million per year, rather than \$20 million per year.)
Nursing Home Bed Assessment and Rate Increases <i>(LFB summary, p. 285)</i>	No GPR change. Fed spending would increase by about \$30.1 million over the biennium.	Increases the nursing home bed assessment by 2%, and uses all of that revenue and new federal match generated by the assessments to increase MA reimbursement rates for nursing homes.	Assessments would increase by \$21.8 million over the biennium, and would generate about \$52 million in increased reimbursement, though not all nursing homes come out ahead.	No change to Governor's proposal

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Pharmacy Benefits Management <i>(LFB summary, p. 270)</i>	FY'08: (-\$5 million GPR) FY'09: (-\$10 million GPR)	Generates savings by expanding and improving the pharmacy benefits management processes used for MA, BadgerCare and SeniorCare.	Reduces spending for prescription drugs over the next 2 years by an estimated \$15 million GPR and \$26.7 million FED.	No change to Governor's proposal
E-Health Initiative <i>(LFB summary, p. 240)</i>	\$10 million SEG each year	Provides \$10 million/yr SEG for grants to help health care institutions develop systems for maintaining records in electronic form.	Facilitates implementation of electronic record keeping systems at health care institutions.	Eliminates the funding and new Health Care Quality & Patient Safety Council.
Admin. Costs of Citizenship and ID Documentation <i>(LFB summary, p. 295)</i>	\$377,300 GPR each year [& \$377,300 FED/yr.]	Increases state and fed. spending for income maintenance by \$754,600/yr for costs of administering the federal documentation requirements.	Pays for state and county costs of implementing the federal requirements imposed in 2006.	Approved
Medicaid Assets Transfers <i>(LFB summary, p. 286)</i>	FY'08: (-\$817,000 GPR) FY'09: (-\$2.3 million GPR)	Yields savings by implementing provisions contained in the 2006 Deficit Reduction Act relating to asset transfers.	Tightens procedures that restrict the ability of MA recipients to shield their assets from MA estate recovery efforts.	Approved
Family Planning Waiver for Men <i>(LFB summary, p. 273)</i>	FY'08: 120,500 GPR FY'09: (-\$184,400 GPR)	Men would be made eligible for the Family Planning Waiver, and income eligibility for all participants would be increased to 200% of poverty (contingent upon federal approval).	Expands access to family planning services, makes income eligibility consistent with BadgerCare Plus, and produces a net savings.	Approved, but without funding for increased county administrative costs.
Managed Care for Children's Long-Term Care <i>(LFB summary, p. 290)</i>	FY'08: \$250,000 GPR FY'09: \$250,000 GPR	Supports technical assistance and planning activities.	Assists in the development of managed long-term care pilot programs to serve children with disabilities.	No change to Governor's proposal

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Children's Long-Term Care Support Program (JFC motion #340))	No change. Maintains the \$2.5 million (all funds) annual funding level.		Continues long waiting lists for children with disabilities who need long-term care.	The Family Care motion reallocated MA funding to increase this program's funding level by about \$4.7 million/yr.
Eligibility Determination Quality Assurance (LFB summary, p. 294)	FY'08: (-\$529,000 GPR) FY'09: (-\$3.6 million GPR)	Implements eligibility determination changes, including verification of income for applicants who are elderly, blind or have a disability; & modification of the MA deductible policy re payment of premiums and medical expenses.	Reduces spending by increasing payment accuracy and consistency.	No change to Governor's proposal
Healthy Wisconsin Authority (LFB summary, p. 345)	FY'08: \$500,000 SEG FY'09: \$500,000 SEG	Creates the Healthy WI Authority to develop and implement a reinsurance program for small businesses, & explore options for catastrophic coverage.	Uses funds from the Health Care Quality Trust Fund to create a new entity to develop options for health coverage for small businesses.	Deleted the funding and statutory provisions.
CHILD WELFARE & OTHER HUMAN SERVICES (Note that all amounts in parentheses are cuts.) For further information on these issues, contact Wendy Henderson (whenderson@wccf.org)				
Community Aids (LFB summary, p. 328)	\$135,500 increase each year [+\$103,100 GPR]	Uses increase in federal Title IV-E funding to replace reduced Social Service Block Grant and Title IV-B funds. And adds funds to support the 2006 foster care rate increase.	Protects the program from a cut in nominal dollars, but continues its long erosion from inflationary pressures and caseload growth.	No substantive change to Governor's proposal
Kinship Care (LFB summary, p. 322)	\$968,300 each year PR [TANF]	Increase in kinship care funding reflects a reestimate of kinship care caseloads.	Firms up funding for payments to relatives caring for children who are at risk in their own homes.	Decreased funding by \$75,200 annually to reflect reestimates costs.

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Foster Care Rate Increases <i>(LFB summary, p. 318)</i>	FY'08: \$557,400 all funds [+\$426,00 GPR] FY'09:\$1.67 million [+\$1.28 million GPR]	Foster care rates would rise 5% in Jan. 2008, and 5% more in 2009. These funds can be used by foster parents, treatment foster parents & family-operated group homes for food, clothing, housing, and personal care expenses.	The rates paid to foster families have a direct & immediate impact on the stability of foster homes & the ability to provide for the basic needs of the child. Helps close the gap between the rates & actual costs of raising a foster child.	Approved
Milwaukee Child Welfare Reestimate <i>(LFB summary, p. 316)</i>	FY'08: \$5.5 million all funds [of which \$3 million is GPR] FY'09: \$5.5 million all funds [+\$8.1 million GPR]	Adjustment of funds to offset federal funding cuts and to fully fund out-of- home care, integrate safety and prevention services with W-2 and reduce caseworker turnover.	Helps protect Milwaukee Child Welfare services from cuts in federal funds, and aims to reduce caseworker turnover.	Reduced funding in bill by \$300,000 GPR to reflect population reestimate
Family Foundations / Home Visiting <i>(LFB summary, p. 319)</i>	FY'09: \$642,400 all funds [+\$531,100 GPR] (effective January 1, 2009)	Provides funding for the last 6 months of 2007-09 to offer information about child health services, immunizations & other developmentally appropriate info for 1st- time parents. The proposal has two components: a universal home visiting program & a targeted home visiting program aimed at 1st-time MA-eligible parents with identified risk factors for child abuse and neglect.	This will make the program available to all parts of the state in 2009.	Deleted. (Directed GPR to be used to partially offset projected EITC deficit.)
Early Childhood & Parenting Initiative <i>(LFB summary, p. 319)</i>	\$500,000 PR each year, from increase in vital records fees.	Continues the Allied Drive initiative, which provides intensive case management services for to families.	Supports a comprehensive home visiting, parenting ed. & employment support initiative in Dane County	Deleted from the bill, thanks in part to the rejection of the increase in vital records fees.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Tribal Out-of-Home Care (LFB summary, p. 322)	\$500,000 increase over the biennium	Uses \$500,000 of unanticipated federal revenue to support unusually high cost foster care placements of tribal children.		Approved
State Foster Care and Adoption Assistance (LFB summary, p. 317)	FY'08: (-\$231,900 GPR) FY'09: \$2.45 million GPR	This funding adjustment is described as a reestimate to reflect caseload changes and rate increases for direct care.	Funding provides payments for the care of kids who are awaiting adoption in foster home, group homes or residential care centers.	Reduced funding by about \$400,000 GPR to reflect caseload reestimate – now \$1.8M GPR
Domestic Abuse Services (LFB summary, pp. 309 & 318)	FY'08: \$950,000 PR FY'09: \$950,000 PR	The Governor is recommending increased funding for domestic abuse shelters.	Could help domestic abuse agencies provide high quality services to typically underserved populations.	Increase approved.
State Plan to Prevent Child Maltreatment (LFB summary, p. 76)	FY'08: \$650,400 PR FY'09: \$789,700 PR	Uses a portion of an increase in vital records fees to support recommendations of the State Plan to Prevent Child Maltreatment.	Funds for preventing child abuse & shaken baby syndrome, developing community response programs, respite care & day services for emotionally disturbed children.	Increases GPR funding by \$1.4 million and substitutes that for PR increase, because the vital records fee increase was rejected.
CHILD CARE & EARLY EDUCATION (Note that all amounts in parentheses are cuts.)				
For further information on these issues, contact Dave Edie (dedie@wccf.org)				
Child Care Quality Rating System (LFB summary, p. 614)	New program: \$1.6 million in FY'08, and \$1.2 million in FY '09.	A child care quality rating system would be established, with required ratings for licensed programs that receive payments from the Wisconsin Shares program and voluntary for others. Funding would be used to add licensing staff and develop computer capacity to operate the system.	A quality rating system would provide information on the quality of child care for parents choosing child care, and the system would provide a measurable standard of quality for communities and funders.	Deleted the Governor's proposal for a child care quality rating system

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<p>Wisconsin Shares (Direct Child Care Services) <i>(LFB summary, pp 613-614)</i></p>	<p>The \$313 million base funding level is raised by \$1.45 million (to \$313.89 million) in FY'08 and by \$1.88 million (to \$315.3 million) in FY '09.</p>	<p>Cut costs by: 1. Continuing to freeze payment rates at '06 levels 2. Increasing co-pays by 10% (-\$9.2 million) <i>The Gov. later proposed adding \$14 million & withdrawing the co-pay increase.</i> 3. Reducing income eligibility for new applicants to 175 % of poverty (FPL) for initial eligibility & 190% of FPL for continuing eligibility (-\$6.6 million) 4. No longer reimbursing for absent days if they exceed 50% of authorized hours (-\$40.8 million) 5. Authority to establish waiting lists (-\$13.1 mil.)</p>	<p>Some low-income families will be denied eligibility, and others will face higher co-pays or may be placed on waiting lists. Providers will see lower payments that do not reflect market prices. The policies may affect parents' ability to work, lead to families using cheaper lower-quality child care, & harm the fiscal stability of providers & quality of care.</p>	<p>Added \$70.2 million to the Governor's budget request, bringing budget levels to \$345.6 million in FY'08 and \$355.4 in FY'09. 1. Deleted proposals for lower income eligibility and waiting lists. 2. Limited co-pay increases to the inflation rate. 3. Required DWD to reimburse providers based on the number of hours authorized and to adjust the hours authorized based on a history of underutilization.</p>
<p>Child Care Quality and Availability <i>(LFB summary, p.615)</i></p>	<p>The \$7.5 million base funding level is raised by \$1.2 million per year to \$8.7 million per year</p>	<p>The additional funds (\$1.2 million/yr. would go for increases in scholarships and bonuses under the T.E.A.C.H. and R.E.W.A.R.D. programs, bringing the total to \$4.47 m. per year). Other services covered include child care resource & referral, technical assistance, and pass-through grants to local communities.</p>	<p>The changes should help improve teacher qualifications and other activities related to improving quality within the quality rating system proposed.</p>	<p>Reduced Governor's proposals for quality and availability by \$3,392,500. Specified at least:</p> <ul style="list-style-type: none"> • \$3,475,000 for child care scholarships • \$1,225,000 for child care resource and referral • \$611,000 discretionary for DWD

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Child Care Tax Deduction (LFB summary, p.154)	Decrease in tax revenue of \$3.9 m. in FY'09.	The new policy will be phased in over several years, with estimated fiscal impact increasing gradually to \$11.8 million in FY 2011.	Should help many working families with their expenses, but won't help low-income families who have no income tax liability.	Approved, but tax cut reestimated to be \$5.6 million GPR.
Child Care Licensing (LFB summary, pp 323 & 615))	\$0.8 million added each year for licensing staff. (combination of TANF funds and program revenue)	The added funds are to hire more staff so the licensing operation can do on-site assessments for the quality rating system and for regular licensing operations.	Should provide additional staff time needed to implement the quality rating system and to enforce licensing regulations.	Supported proposal to add \$360,000 per year to licensing base. Rejected additional licensing positions for quality rating system, which was deleted.
Start-up Grants for 4-year-old Kindergarten (4-K) (LFB summary, p.468)	FY'08: 0 FY'09: \$3 million	Provide start-up grants of up to \$3,000 per student in the 1st year and \$1,500 in the 2nd yr. that a district offers a 4-K program. Preference in grants will be to districts engaged in collaborative models.	Beginning in 2008-09, reduces a barrier to starting 4-K programs created by the 3-year average pupil count, which fails to fully compensate for costs incurred in a program's first two years.	No change to Governor's proposal.
Head Start	No change in the funding level.	No change	No change.	No change.
Educare (LFB summary ,p.617)	FY'08: \$750,000 FY'09: \$750,000 [TANF funds]	Provides new funding for the Educare Center of Milwaukee for the provision of high quality early childhood education.	Should help provide quality early education to needy families.	Deleted by Joint Finance
Youth summer jobs programs (LFB summary, p.605)	FY'08: \$500,000 PR FY'09: \$500,000 PR	Provides funds from vital records fees to the Milwaukee summer youth employment program	Likely to expand after-school and employment services in Milwaukee.	Funded with GPR instead of PR, because of elimination of vital records fee increases.
Milwaukee Boys & Girls Clubs (LFB summary, p.604)	FY'08: \$250,000 PR FY'09: \$250,000 PR	Provides funds from vital records fees to the Boys and Girls Club of Greater Milwaukee.		Eliminated

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Boys & Girls Clubs (LFB summary, p.537)	FY '08: \$50,000 FY '09: \$50,000 [TANF funds]	Provides funding of the WI Chapter of the Boys & Girls Clubs to improve social, academic and employment skills.	Likely to expand and/or improve after-school services to low-income children.	Proposed increase rejected—no change to base budget.
TANF & W-2 (Note that all amounts in parentheses are cuts.)				
For further information on these issues, contact John Keckhaver (jkeckhaver@wccf.org)				
W-2 Contracts: Benefits for Participants (LFB summary, p. 608)	Net change: FY'08: (-\$4.2 million) FY'09: (-\$1.4 million) Without figuring in the proposed increase for parents of newborns, the cut would \$16.2 million in 2007-09.	Reduces funding based on projections of lower cash assistance caseloads – averaging 6,500 over the next two years, compared to the estimate of 7,500 made in the last budget.	The caseload drop continues doubts about upfront job search and other requirements, & whether a larger portion of eligible parents are simply deciding on balance it isn't worth participating in W-2.	Modifies the Governor's proposal by reducing funding for benefits by an additional \$1.05 million FED in 07-08, and \$329,300 FED in 08-09, based on lower caseload assumption..
W-2 Contracts: Ancillary Services (LFB summary, p. 608)	FY'08: (-\$8.0 million) FY'09: (-\$6.5 million)	Administration of the Food Stamp Employment Training (FSET) program is being transferred to the counties, and the funding is transferred from DWD to DHFS.	The reduced level of funding for services reflects the reduction in caseload discussed above.	Adopts the Governor's proposal for funding of services.
W-2 Contracts: Administration (LFB summary, p. 608)	No change to base.	Maintains the base level of funding for agency administration of W-2, which is \$13.2 million/yr.		Modifies the Governor's proposal by decreasing funding for local administration of W-2 by \$2.5 million/yr.
TANF Emergency Assistance (LFB summary, p. 616)	FY' 08: \$4.4 million FY' 09: \$4.9 million	The additional \$9.3 million is intended to make the program "whole." It has been running a significant deficit for a number of years.	Significant funding increase allows DWD to refrain from searching for funds at the end of each biennium. Advocates have been calling for a boost in the maximum per family, but that change isn't included.	Reduced Governor's request by \$2.9 million in FY'08 and \$3.4 million in FY'09. Provides \$6 million annually for TANF Emergency Assistance.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
W-2 Benefits for Parents of Infants <i>(LFB summary, p. 612)</i>	Estimated cost of \$7.8 million over 2 years is included in W-2 appropriation above and would be partially offset by child care savings.	Allows a mother receiving the caretaker of a newborn benefit to stay home until the infant is 6 months old, instead of the current 12 weeks.	Follows current research emphasizing the importance of a warm, nurturing environment with consistent loving caregivers for healthy brain development as a foundation for a promising future.	Deleted the Governor's proposal to extend grants to caretakers of newborn infants from 12 weeks to 26 weeks.
W-2 Benefits for Pregnant Women <i>(LFB summary, p. 611)</i>	FY' 08: \$469,200 FY' 09: \$938,500	Provides a monthly cash benefit to unmarried pregnant women, with no other children, who are in the third trimester of pregnancy and are not able to work because of a medically verified, at risk pregnancy.	Protects the health of mothers and fetuses who would otherwise be at risk. Enables mothers to focus on medical care that will protect them and their children.	Deleted the Governor's proposal to extend W-2 grants to women who do not have children and who are in their third trimester of an at-risk pregnancy.
W-2 Real Work, Real Pay Transitional Jobs Pilot Program <i>(LFB summary, p. 609)</i>	FY' 08: \$194,800 FY' 09: \$1.7 million	Establishes a transitional jobs pilot program to take place in three areas of the state, including one of the Milwaukee W-2 regions. Currently, the Trial Jobs placement category (which utilizes a somewhat similar approach) is not utilized by W-2 agencies.	Provides real work experience for participants, opportunity for continued employment with employer, eligibility for federal and state EITC. Should help participants obtain more stable jobs & bring employers better-trained workers.	Modified the Governor's proposal for a transitional jobs pilot project, limiting it to 100 people (resulting in a reduction to the bill of \$152,800 FED in 07-08 and \$1.6 million FED in 08-09, and deleting 1.0 FED position).
Kinship Care <i>(LFB summary, p. 616)</i>	FY'08: \$968,700 FY'09: \$968,700	Increases funding based on higher caseload projection.	Intended to ensure adequate funding for payments to relatives caring for children who are unsafe or neglected in their own homes.	Decreased funding for kinship care by \$75,200 annually to reflect projected costs of the program.
Caretaker Supplement <i>(LFB summary, p. 616)</i>	FY'08: (-\$121,600) FY'09: (-\$121,600)	Reduces funding to reflect a small reduction in the projected caseload.	This is treated as a sum-sufficient appropriation.	Decreased funding for caretaker supplement by \$177,700/yr. to reflect revised cost estimate.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Child Support Funding and Fees (LFB summary, pp. 619-621)	Total funds decreased by \$21.3 million over 2 years, even though GPR is increased \$8.4 million & fees to parents \$9.3 million.	Federal funding has been cut by \$38 million over 2 years. That would be partly offset w. \$8.4 million GPR and increases in fees charged to parents that will raise \$9.3 million in program revenue.	Child support collection efforts will decline, unless counties fill in the gap. Custodial parents who receive child support will pay a new \$25 fee required by federal law, and the fee for non-custodial increases by \$30.	Approved, with a somewhat smaller cut (by \$1.5 million) in funds for enforcement because of a revenue reestimates. The GPR increase will be held in a JFC account while Congress reconsiders the federal cut.
Earned Income Tax Credit (EITC) Funding Shift (LFB summary, pp. 617)	Over 2 years: \$54.8 million GPR (-\$54.8 million TANF)	Since 1999, WI has been paying for most of the cost of the EITC with TANF funds, which are supplanting GPR \$. This cuts the TANF sum in half by restoring GPR.	Maintains the EITC program, which assists about 190,000 WI families; but restores GPR to free up TANF funds & avoid deep cuts elsewhere.	Increased GPR by \$14.5 million 07-08 and \$18.3 million in 08-09, above Governor's original proposal, to free up additional TANF funds for child care. .
Youth Apprenticeship Program (LFB summary, p. 604)	FY' 08: \$325,000 FY' 09: \$1.1 million	Doubles the size of the program over the course of the biennium and adds two new positions.	Should significantly increase # of youth served in this effective and popular program. Of the two new FTEs, one will focus on Milwaukee area.	No change to Governor's proposal.
K-12 EDUCATION (Note that all amounts in parentheses are cuts.)				
For further information on these issues, contact Dave Edie (dedie@wccf.org) or Jon Peacock (jpeacock@wccf.org)				
General School Aids (LFB summary, p.459)	FY'08: \$79.3 million GPR FY'09: \$156 million GPR	Increases general school aid (which is primarily equalization aid) by 1.7 % in FY'08 and an additional 1.6% in FY'09. According to revised LFB estimate, the state share of school financing would be 65.0% in FY'08 & 64.9% in FY'09.	In addition to the increase in general aid, increases are proposed for several categorical aid programs, such as special ed. and the SAGE program. Those proposals are detailed below.	Approved

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
QEO <i>(LFB summary, p.138)</i>	No change	Repeals current law allowing a school district to avoid binding arbitration by offering a qualified economic offer (QEO).	The elimination of the QEO would allow for higher increases in teacher salaries and benefits. However, if a district is up against its revenue cap, increases in compensation would need to come from reallocation of funds in its budget.	Removed – Non-fiscal policy item
Pupil Transportation Aid <i>(LFB summary, p.466)</i>	No net change. DPI expects base funding to be sufficient for the \$900,000 cost of the formula change.	Increases reimbursement rates for students traveling more than 12 miles to school. Overall funding for the program is maintained, using dollars transferred from the transportation fund.	Will help more rural and dispersed districts with long bus routes.	No change to Governor's proposal.
Special Education <i>(LFB summary, p.464)</i>	FY'08: \$17.4 million GPR FY'09: \$36.2 million GPR	Provides a 5.2 % increase in FY'08 funding; and an additional 5.4% increase in FY'09.	Expected to increase state share from 28.6% now to 29.0% in FY'09. Helps take a little of the pressure off schools from their climbing special education costs.	Approved
SAGE Program – Per Pupil Payment Level <i>(LFB summary, p. 464)</i>	FY'08: \$10.37 million GPR FY'09: \$10.37 million GPR	Intended to increase the per pupil payment from \$2,000 per low-income pupil to \$2,250, as approved in 2005 Act 125.	Helps schools meet the costs of meeting SAGE requirements for class size, curriculum and staff development.	Although the increased funds were approved, the Fiscal Bureau projects a funding shortfall that will result in prorated payments of just \$1,980 per student.
SAGE Program Expansion <i>(LFB summary, p. 465)</i>	FY'09: Increase of \$540,000 GPR	Adds funding to allow 5 more schools to participate. Phases in class size requirement for schools joining the SAGE program in 2008-09	Expected to expand SAGE to 5 more schools, and assists districts with the costs of offering lower class size.	No change to Governor's proposal.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Milw. Public Schools – Student Achievement Improvement Plan <i>(LFB summary, p. 465)</i>	FY'08: \$5 million GPR FY'09: \$10 million GPR	Creates a new categorical aid program for Milwaukee Public Schools.	Supports initiatives to improve student achievement and graduation rates.	Approved
School Library Aids Reestimate <i>(LFB summary, p.467)</i>	FY'08: \$6 million SEG FY'09: \$11 million SEG	Increases aid to school libraries based on reestimate of funding available from the Common School Fund.		Expand allowable use of funds to include library computers & software. (No action needed on the funding reestimate.)
School Breakfast Reimbursement Rates <i>(LFB summary, p. 467)</i>	FY'08: \$1.46 million GPR FY'09: \$1.84 million GPR	Increase in the reimbursement rate from 10 cents to 15 cents per breakfast.	WI is ranked last in provision of school breakfast. The increase is intended to encourage more districts to offer breakfasts.	No change to Governor's proposal.
Bilingual – Bicultural Education Aid Increase <i>(LFB summary, p. 467)</i>	FY'08: \$1.06 million GPR FY'09: \$2.04 million GPR	No policy change.	This increase will maintain the state's share of costs for the program at 12%.	Approved
Start-up Grants for 4-year-old Kindergarten (4-K) <i>(LFB summary, p.468)</i>	FY'08: 0 FY'09: \$3 million	Provide start-up grants of up to \$3,000 per student in the 1st year and \$1,500 in the 2nd yr. that a district offers a 4-K program. Preference for grants will be to districts engaged in collaborative models.	Reduces a barrier to starting 4-K programs created by the 3-year average pupil count, which fails to fully compensate for costs incurred in a program's first two years.	No change to Governor's proposal.
Public Library System Aid <i>(LFB summary, p. 475)</i>	FY'08: \$616,800 FY'09: \$1.26 million (segregated revenue)	Provides an aid increase funded with segregated revenue from the universal service fund (USF).	Increases funding 4% per yr.	Provides same funding level, but replaces \$9.2 million GPR with seg. revenue from the USF.
Milwaukee Parent Choice Program <i>(LFB summary, p. 470)</i>	FY'08: \$8.9 million FY'09: \$12.1 million	Reestimate of program costs, plus an increase in the state's share from 55% to 100% for costs of exceeding enrollment of 15,000 pupils.	The added state funding will provide property tax relief to Milwaukee taxpayers by avoiding the transfer of increased costs to MPS.	No change to Governor's proposal.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Milwaukee/Racine Charter School Program <i>(LFB summary, p. 472)</i>	FY'08: \$4.6 million GPR FY'09: \$9.2 million GPR	Provides sum sufficient funding for the Milwaukee and Racine charter school program.	Payments to Milwaukee and Racine charter schools are fully offset by a reduction in the general school aids fund.	Approved Governor's proposal to maintain current law funding mechanism
Adjustments to School Revenue Caps <i>(LFB summary, p. 462 & 463)</i>	No change	Increases the low revenue ceiling, exempts from the revenue caps certain costs of improving school safety and security, and relaxes the revenue ceiling for declining enrollment districts.	For most districts this largely retains the revenue caps that have squeezed school spending and programs, but the caps would be relaxed for certain districts and for safety & security costs.	Approved
WI Knowledge and Concepts Exam <i>(LFB summary, p. 475)</i>	FY'08: \$1.4 million FY'09: \$1.4 million	No policy change.	The additional funding will offset cuts in federal funds for updating and administering the exam.	Approved
<i>CORRECTIONS ISSUES – JUVENILE JUSTICE (Note that all amounts in parentheses are cuts.)</i> For further information on these issues, contact Wendy Henderson (whenderson@wccf.org)				
DOC Funding Overall <i>(LFB summary, p. 103)</i>	FY'08: \$142 million [15.2%] GPR increase over FY'07 FY'09: \$146 million GPR over FY'07 [+0.4% over FY'08]	Would increase GPR spending for corrections to about \$1.08 billion GPR each year. There is a proposed increase of about 183 FTE in FY'08, and then another 69 FTE in FY'08. However, juvenile corrections will see a decrease in personnel, from 704.6 in FY'07 to 679 in FY'08, and to 678 in FY'09.	The total GPR budget for the DOC grows to well over \$1 billion/yr., an increase of 15.2% in FY'08, before leveling off in FY'09. Juvenile programs would get only 4.9% of the \$288 million (GPR) biennial increase, but 9% of the increase from all revenue sources.	New total appropriation figures are not yet available.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Youth Aids <i>(LFB summary, p. 117)</i>	FY'08: Increase of \$12.4 million [+\$5 million GPR] FY'09: Increase of \$15.3 million [+\$5 million GPR]	The balance of the increase is SEG funding generated by raising the real estate transfer fee. The allocation of this new YA funds is not according to the three pronged YA formula, but rather based on the past 3 years of correctional placements per county.	The increases are intended to help counties with the cost of the higher daily rates (see below). The change in allocation of the increase might weaken the goal of the YA program to encourage alternatives to incarceration.	Approved Governor's recommendations with two modifications related to overestimation of costs and correcting statutory language. The biennial increase is reduced slightly to \$26.8 million.
Juvenile Corrections Daily Rates <i>(LFB summary, p. 115)</i>	06-07 Rates: \$209 07-08 Rates: \$269 08-09 Rates: \$279	The rates for secured institutions are being increased by 33% over the two years. This increase is due, in part, to a reestimate of the juvenile correctional population to 560 kids (vs. 660 used in 2005-07).	To minimize the impact of higher rates on counties, a significant increase in YA (above) is allocated based on prior JCI placements (rather than the 3-pronged formula).	Modified to reflect population reestimates (583). The new daily rates are now: 07 - 08 \$259 08 - 09 \$268
Mendota Juvenile Treatment Center Reestimate <i>(LFB summary, p. 120)</i>	FY'08: \$249,200 (no GPR) FY'09: \$316,700 (no GPR)	This is a reestimate of the cost of service for juvenile males at Mendota Mental Health.	Given the importance of treatment for mentally ill youth, the contract between the DOC and DHFS to provide services to this population is particularly important.	Approved.
Serious Juvenile Offender Reestimate <i>(LFB summary, p. 118)</i>	FY'08: \$1.75 million GPR FY'09: \$2.51 million GPR	The rate increases cover the increase in daily rate for the juvenile correctional facilities.	Funds budgeted for program in the past have not been fully used.	Modification for population reestimate
Alternate Care Reestimate <i>(LFB summary, p. 119)</i>	FY'08: (-\$311,700 PR) FY'09: (-\$38,600 PR)	This is a reestimate to reflect projected decrease in the juvenile correctional population (to 54 per yr., the majority of whom would be in RCCs or Group Homes).		Modification for population reestimate

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Health Care Services <i>(LFB summary, p. 108)</i>	FY'08: \$1.47 million GPR FY'09: \$1.95 million GPR	Adds funding and 70 positions over the biennium for health services in adult and juvenile correctional facilities.	This funding will improve medical and mental health services at Taycheedah, and allow more WI prisoners to be treated within the prison system.	Provide \$932,800 GPR in 07-08 and \$1.3M GPR in 08-09.
New Bureau of Criminal Justice Research <i>(LFB summary, p. 36)</i>	FY'08: \$1.04 million GPR FY'09: \$1.31 million GPR	Funding for 6 new positions each year of the biennium to provide statistical analysis for the criminal justice system, including publications on sentencing practices statewide.	Given the size and complexity of the criminal justice system, a clearinghouse for statistics & information is a good step to ensure that we have accurate information about the effectiveness of our interventions.	Approved
Youth Diversion Program Transfer <i>(LFB summary, pp. 37 & 121)</i>	Transfers \$1.5 million/yr. (all funds) from DOC to OJA	Transfers this grant program and a 0.5 position from the Dept. of Corrections to the Office of Justice Assistance (in DOA).	Expected to help counties take a more comprehensive approach to delinquency prevention and intervention, and to benefit from OJA's experience administering grant programs.	Approved
Indigent Civil Legal Services <i>(LFB summary, p. 39)</i>	FY'09: \$1 million GPR	Provides money for indigent civil legal services to assist W2 participants with medical claims, to develop discharge plans for individuals with mental illness, and provide ancillary support to juvenile offenders.	Service coordination is vital to ensure that vulnerable populations are able to access necessary programs.	Approved with modified language that allows civil legal services to be provided in more service areas (same dollar amount).

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
TAX CUTS (Note that the amounts below in parentheses are revenue reductions.) For further information on these issues, contact Jon Peacock (jpeacock@wccf.org)				
Health Insurance Premium Income Tax Deduction (LFB summary, p. 151)	FY'09: (-\$11.8 million GPR Rev.)	Phases in deduction for income taxpayers who pay for their health insurance premiums out of taxable income.	Reduces tax liability for middle income taxpayers by \$11.8 million in tax year 2008, growing to \$149 million when fully in effect in 2012.	No change to Governor's proposal
Child/Dependent Care Tax Deduction (LFB summary, p.154)	FY'09: (-\$3.9 million GPR Rev.)	Phases in an income tax deduction for families who pay for child or dependent care out of taxable income (regardless of whether the taxpayer itemizes deductions).	Provides a deduction of \$3,000 per child for up to 2 kids. Reduction in taxes grows from \$3.9 million in FY'09, to \$15.9 million 2012.	Reduction in revenue reestimated to be \$5.6 million GPR
College Tuition Deduction Increase (LFB summary, p. 152)	FY'08: (-\$2.4 million GPR Rev.) FY'09: (-\$1.6 million GPR Rev.)	Increases the college tuition deduction to \$6,000 and expands it to include academic fees as well as tuition.	Reduces income taxes by \$4 million over the 2007-09 biennium.	No change to Governor's proposal
E-Health Tax Credit (LFB summary, p. 164)	FY'09: (-\$4.5 million GPR Rev.)	As part of the Governor's E-Health Initiative, creates a tax credit for health care providers for info technology hardware & software used to maintain med. records in electronic form.	This is intended to assist health care institutions and providers in more quickly improving their electronic records systems. The cost would grow to \$10 million in FY 2010.	No change to Governor's proposal
Biotech Sales Tax Exemption (LFB summary, p. 173)	FY'08 & '09: (-\$2.5 million GPR Rev.) each year	Provides biotechnology companies a sales tax exemption.	Intended to promote the biotech industry in Wisconsin.	Increases the cost estimate by \$2.8 million (to \$7.8 million for the biennium)..
Investor Tax Credits (LFB summary, p. 162)	FY'08: (-\$1.4 million GPR Rev.) FY'09: (-\$2.5 million GPR Rev.)	Expands the angel investor and early stage seed tax credits.	This is one of several measures intended to improve access to venture capital in Wisconsin.	No change to Governor's proposal

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Ethanol and Biodiesel Fuel Pump Credit (LFB summary, p. 167)	FY'09: (-\$1 million GPR Rev.)	Provides income tax credit for 25% of costs of new or retrofitted fuels pumps that use at least 85% ethanol or 20% biodiesel.	Encourages gas station and fleet operators to install gas pumps for renewable fuels	Decreased the cost estimate by \$275,000 (to \$225,000 in FY'08 & \$500,000 in FY'09).
Total Tax Cuts <i>Budget in Brief, p. 39</i>	FY'08 & 09: (-\$51 million GPR Rev.)	According to the <i>Budget In Brief</i> , new tax cuts and credits total \$51 million over the biennium.	The \$51 million figure doesn't reflect the increased cost (about \$600 million) of phased-in tax cuts enacted in prior years, or an added \$380 million in the cost of new tax breaks in 2009-11.	The total tax cuts grow by \$27 million in 2007-09 (to \$78 million), because of new tax cuts added by the JFC and reestimates of the Governor's proposals.
TAX CREDITS AND PROPERTY TAX RELIEF				
For further information on these issues, contact John Keckhaver (jkeckhaver@wccf.org)				
Shared Revenue: (LFB summary, p. 500)	FY'08: 0 FY'09: \$15 million	Increases shared revenue payments to counties & municipalities by \$15 M CY 2008 (paid in FY'09).	Provides a long-overdue increase to slow the erosion of county and municipal aid by inflation.	No change to Governor's proposal
County Aid Fund (LFB summary, p. 500)	Over two years: \$221 million SEG (-\$221 million GPR)	Creates a new County Aid Fund with the proceeds from the real estate transfer fee, which will be dedicated to supporting county shared revenue, increases in Youth Aids and county circuit courts.	Uses real estate transfer fees, which are being doubled, to provide funds for increases in several areas (e.g., Youth Aids & Shared Revenue) and to yield GPR savings.	No change to Governor's proposal
Levy Limit Adjustments (LFB summary, p. 512)	Undetermined.	Extends by two years & amends the current county and municipal levy limits. The new limit is 4% or the increase in property values due to new construction, whichever is greater (along with a number of minor items that can be exempted).	Continues to impose state limits on county & municipal property taxes, but eases those limits compared to the previous freeze. The LFB estimates that gross property tax levies would increase 4.7% statewide in 2007-08 and 5.0% in 2008-09	No change to Governor's proposal.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Levy Restraint Program <i>(LFB summary, p.503 and p. 505)</i>	\$30 million GPR in CY 2009 (FY 2010)	Creates a new restraint program for counties. Also, municipalities with mill rates over 5 & all counties would be rewarded if they limit prop. tax increases to no more than 85% of the sum of inflation plus a growth factor based on new construction. Bonus payments would be made to localities increasing their levies less than the max.	New payments would begin in 2009 for localities with qualifying levy limits as of the Dec. 2007 property tax bills.	Approved the new program for counties, but deleted changes relating to municipal levy limits and bonus payments.
School Levy Tax Credit/First Dollar Credit <i>(LFB summary, p.464 & p. 507)</i>	\$100 million GPR per year, but not starting until FY 2010	The school levy tax credit would be increased by \$100 million, beginning in 2010, with the increase used for a "first dollar credit."	The first dollar credit essentially exempts from property taxes the first \$5,800 in property value, which is a more progressive way of distributing the levy credit.	Approved (with a minor technical change)
Homestead Tax Credit – Reestimate and Indexing <i>(LFB summary, p.509)</i>	FY'08: \$1.2 million FY'09: \$1.9 million	Begins adjusting the upper income limit for inflation, which adds \$12 million in biennial costs; but the net cost is just \$3.1 million. The funding level reflects the intent to begin indexing in TY'07, but a correction is needed.	This ends the long erosion of the income eligibility cap by inflation, which also indirectly helps the credits grow for most program participants.	Approved, w. indexing beginning in TY'07 and applying to the full formula. The net change was increased to \$13.7 million (reflecting reestimates of cost of indexing & of current law).
Earned Income Tax Credit – Reestimate <i>(LFB summary, p.157)</i>	FY'08: \$5.5 million FY'09: \$8.6 million	This increase simply reflects the cost to continue the program. In the DWD section we examine changes in the source of funding.	The state credit is tied to the federal credit, which is adjusted for inflation each year.	Based on a more current estimate of the cost, it was increased by \$11.3 million, bringing the total biennial increase to \$25.3 million.

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
MISCELLANEOUS				
Statutory Minimum Balance <i>(LFB summary, p.67)</i>	\$65 million GPR	Increases the required balance from \$65 million to \$130 million through FY 2011, and to 2% of gross revenue and compensation reserves in FY 2012.	Increasing the statutory minimum balance gives the state a little bit of a budget cushion in the event of an unforeseen revenue drop or spending increase.	No change to the Gov's proposal, but the estimated balance will be \$32 million higher (primarily because of a higher estimate of the FY 07 balance).
New Department of Children and Families <i>(LFB summary, pp, 78, 314, 596, & 544)</i>	Funding transfers. It appears that there is no net cost or savings.	Transfers to a new department the funds, positions & activities relating to child welfare, WIC, child care subsidies and regulation, child support, W-2, emergency food assistance & the new home visitation program.	Consolidates in a new agency nearly all the major programs relating to children (except ed. & juvenile justice). Should improve coordination of various programs, such as child care services & regulation.	Amended slightly to specify the purpose, to clarify that the merger does not alter the missions of W-2 & child welfare services, and to provide that the Leg. Council Strengthening Families Committee would have an advisory role in implementation of the new agency.
Affordable Housing Trust Fund <i>(LFB summary ,pp. 209 & 591)</i>	Net increase of \$1 million (all funds) per year. GPR spending reduced \$5.7 million over the biennium.	Creates an "affordable housing trust fund"-- to be funded at about \$5.8 million/yr., using \$2 M/yr. from WHEDA dividends & about \$3.8M/yr from real estate transfer fees.	Uses a portion of the real estate transfer fee increase, plus WHEDA dividend funds to: a) increase funds for affordable housing initiatives by about 21%, & b) save GPR funds.	The increase was rejected.
Wisconsin Covenant <i>(LFB summary, p. 351)</i>	No fiscal impact in the 2007-09 biennium	In exchange for getting good grades & staying out of trouble after signing up in 8th grade, students would be guaranteed a place in a WI college and financial aid that addresses their families' needs.	Would give students some students more hope of going to college and more incentive to complete school and get good grades. Many details have yet to be worked out.	No change to Governor's proposal

Budget Item	Changes to '07 Base (in Gov.'s proposal)	Change(s) in Policy/Comments	Potential Effects	Joint Finance Committee
Safe Routes to School Program <i>(LFB summary, p. 539)</i>	FY'08: \$4.6 million SEG FY'09: \$3.2 million SEG	Provides funding for grants to local governments for projects to enhance bicycling and walking routes to school.	Helps communities give children in kindergarten to eighth grade the option of walking or biking to school.	No change to Governor's proposal
Elderly and Disabled Transportation Aids <i>(LFB summary, p. 536)</i>	FY'08: \$265,900 SEG FY'09: \$537,100 SEG	Increases funding for the elderly and disabled operating aids program by 2% each year.	Provides a small adjustment for inflation in this source of aid for transportation assistance for the elderly and people with disabilities.	No change to Governor's proposal
Higher Education Aids Board <i>(LFB summary, p. 351)</i>	FY' 08: \$417,800 GPR FY' 09: \$835,600 GPR	Increases funding for the Wisconsin Technical Colleges portion of the Wisconsin Higher Education Grants funding by 5 percent over the biennium.	A needed increase for WHEG grants coming to Technical College students, given the significant need for more skilled workers.	No change to Governor's proposal.