

Updated March 19, 2009

Analysis of Assembly Bill 75: The 2009-2011 Biennial Budget Bill

Introduction

On February 17, 2009, Governor Doyle introduced his budget proposal for the 2009-11 biennium (AB 75).

The Governor and Legislature are faced with the challenge of resolving the largest deficit the state has ever seen. By the time the budget bill was introduced, the estimated deficit in the current fiscal year and over the next two years had grown to \$5.95 billion (and that figure doesn't include a few budget holes in the next biennium, like additional funds needed for BadgerCare Plus and Wisconsin Shares).

The pie chart shows how the \$5.95 billion hole is filled, according to the Department of Administration (DOA). Based on their accounting, Governor Doyle's budget-balancing strategy is the following:

- About \$2.25 billion in net spending cuts, including reductions in agency budget requests;
- \$2.1 billion in federal funds from the economic stimulus package;

- \$1.35 billion in new General Fund tax revenue; and
- \$449 million from other sources, including some short-term measures, such as delaying a \$55 million Community Aids payment.

That list totals more than \$6 billion because the Governor's plan would leave a projected \$269 million balance.

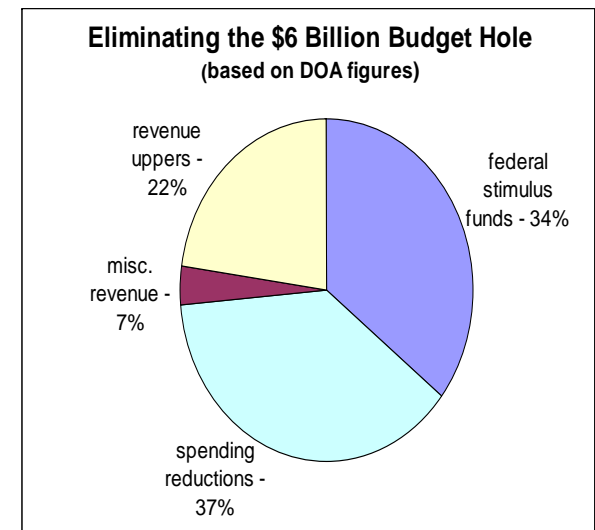
The following document is our updated summary of selected items in the Doyle budget. Except where otherwise noted, the page numbers are references to where each item can be found in the 706-page summary by the Legislative Fiscal Bureau, which can be found online at:

http://www.legis.state.wi.us/lfb/LFBPublications/Buttons/2009-11_budget.htm

We will update or expand this summary as more information about the budget becomes available, so please give us your feedback. Determining the effects of the budget is especially difficult this year because the governor proposed a 1

percent cut in almost all appropriations, but the DOA budget documents generally don't explain how or if specific budget changes are affected by the one percent cut. We will also make updates as the budget bill moves through the legislative process. Those updates will be posted on the Wisconsin Budget Project's portion of the WCCF website, at:

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



Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
BALANCING THE BUDGET (Note that all amounts in parentheses are cuts.)			
Reductions to Agency Budget Requests (Budget in Brief, p.9)	Cuts \$1.76 billion over the biennium from agency budget requests.	Reflects the rejection of many proposals, including several hundred million for increasing school aids, and numerous other agency requests needed to keep up with increasing need and costs.	Helps close the \$5.95 billion deficit (which was a figure based upon agency budget requests). Many programs, including local property tax relief, will be eroded by inflation.
Other GPR Spending Cuts or Lapses (Budget in Brief, p.9)	(\$931 million GPR over the two years)	Including the across-the-board cuts noted below, there are \$936 million in lapses or cuts from agencies' base funding levels. Examples include: \$100 million from the UW System, \$100 million from Medicaid, and an additional \$23 million in DHS "efficiency measures."	For many agencies and programs there are large GPR cuts beyond the 1% noted below. Aside from a few small examples, like closing some DMV stations, we generally don't know what the affects will be.
Across-the-Board Cuts (Budget in Brief, p. 3)	Would be a reduction of about \$268 million GPR (\$134 M per yr.) if applied evenly to all General Fund appropriations (Part of the cuts noted above)	The Governor recommends cutting almost every GPR appropriation by 1% from the 2009 base. It is hard to put an exact number on the savings because in some cases (such as school equalization aid) the cuts are backfilled.	These cuts put a further squeeze on state agencies, local governments (through reduced state aid) and most state programs. The 1% cut is compounded by the problem that there generally aren't increases for inflation.
Spending Increases Not Part of the Agency Requests (Budget in Brief, p.9)	+\$444 million GPR over two years	The first two items above add up to almost \$2.7 billion of cuts from the base or the agency requests, but the net reduction is \$2.25 billion because of spending for priority items not included in the agency requests.	We don't have a full list of these spending items, but it includes things like increases for financial aid, BadgerCare Plus caseload growth, and recent growth in child care subsidy enrollment.
State Agency Operations	Included in the spending cuts noted above.	In contrast to previous budgets, there aren't specified percentage reductions in agency administrative operations, because the cutting is broader and deeper. However the cuts noted above are likely to result in substantial reductions in staffing.	The cuts are very difficult to evaluate because in most cases we don't know where they will occur. But position cuts, lapses and hiring freezes will take a toll on agency services.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
Capital Gains Exclusion (p.254)	FY' 10: \$85.1 million FY' 11: \$95.5 million	Reduces from 60% to 40% the amount of capital gains that may be excluded from taxable income.	WI would continue to have one of the most generous tax breaks for capital gains.
Use of Federal Funds from the Stimulus Package (pp. 348, 351, 519, & 568)	See discussion	In addition to amounts used in FY'09, the federal stimulus dollars are being used in 2009-11 to save \$863.5 million GPR for MA & SeniorCare, \$476 million for general school aids, and \$50 million for Shared Revenue.	The federal stimulus funds for state fiscal relief help avoid deeper cuts or larger tax creases and buy the state time to address its structural deficit (which will continue to be a very substantial challenge).
Cigarette and Tobacco Tax Increase (pp.283 & 285)	FY' 10: \$169 million FY' 11: \$174.5 million Rev. (Offset by about \$10 million/yr for refunds to tribes)	Increases the tax on cigarettes by \$0.75 per pack & an equivalent amount on other tobacco products.	Discourages smoking, particularly the initiation of smoking by youths. Helps pay for tobacco-related costs of Medicaid, and is expected to reduce MA spending.
Oil Company Assessment (p.599)	FY' 10: \$100.3 million SEG revenue FY' 11: \$171.7 million SEG revenue	Levies an oil company profits tax on wholesale gross receipts from motor fuel sales in WI. The first \$15 million in receipts is exempt. Between \$15 and \$75 million taxed at 0.5 %, between \$75 and \$120 million at 1.5%, and receipts above \$120 million will be taxed at 3%. The revenue is allocated to the Transportation Fund.	Helps generate increased revenue for transportation programs. Some argue that it will increase fuel costs, though the bill includes a provision prohibiting passing the tax along to consumers.
Very High Earner Tax Bracket (p.253)	FY' 10: \$176 million FY' 11: \$136 million	Creates a fifth individual income tax bracket w. a tax rate of 7.75% (1 percentage point above the top bracket now). This bracket applies to taxable income exceeding \$300,000 for married joint filers, \$225,000 for single individuals and heads of households.	This would increase income taxes on about 1% of tax filers in WI, beginning with tax year 2009.
Qualified Production Activities Deduction (p.259)	FY' 10: \$38 million FY' 11: \$34 million	Decouples from the fed. Internal Revenue Code provision that provides an income and franchise tax deduction for qualified production activities (regardless of whether they are in WI).	This tax break resulted from a 2004 change in federal law. Almost half the states with corporate income taxes have decoupled from that change, which provides no incentive to invest within the state.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
Pass-Through Entity Withholding (p.257)	FY' 10: \$38.5 million FY' 11: 0	Requires pass-through entities to make quarterly, rather than annual, estimated payments of withholding tax for nonresident member, beginning in tax year 2009.	This provides a one-time revenue boost by making withholding consistent for nonresident and resident members.
Throwback Sales (p.261)	FY' 10: \$58 million FY' 11: \$37.5 million	Requires the income from "throwback" sales to be treated equal to the income from normal sales for corporate income tax computation purposes.	Plugs a corporate income tax loophole. (Throwback sales are sales shipped out of WI to the fed. government or to states w/o income tax jurisdiction over the company.
Affiliated Entities Sales Tax Treatment (p.276)	FY' 10: \$20 million FY' 11: \$21 million	Specifies that if an affiliated entity is treated as part of the parent company for income tax purposes, it will receive the same treatment for the purpose of sales tax liability.	Eliminates the ability of parent companies to avoid sales taxes for purchases made by subsidiaries.
Elimination of Film Production Credit (pp.181 & 263)	\$4.5 million per year net increase in revenue	Eliminates the credit, which saves \$5 million/yr, and replaces it with a \$500,000 per year grant program.	The credit appeared not to be cost-effective in creating WI jobs. Grants can potentially be better targeted.
Transfers from the Transportation Fund (p. 602)	Up to \$139.7 million over two years	Shifts \$62 million from the Transportation Fund over the next 2 years for transportation -related costs, including about \$55 million for school transportation, and allows lapses of up to \$77 M more to the General Fund.	In essence, uses a portion of the increased funding from the oil company assessment to help avoid cuts in other parts of the budget.
UW Transfers to the General Fund and MA Trust Fund (p. 11 & 351)	FY'09: (\$49.0 million) FY' 10: (\$12.5 million) FY' 11: (\$12.5 million)	Requires the UW Hospital & Clinics Authority to transfer \$49 million to the General Fund by 6/30/09, and increases by \$12.5 million/yr the funding the UW System is required to transfer to the MA Trust Fund, though FY 2013	By the end of the 2009-11 biennium, these provisions would the state \$74 million – at the cost of the UW Hospital and UW System.
Use of Wireless 911 Funds for Shared Revenue (p. 568)	A one-time \$25 million funding shift in FY' 10	Uses the remaining \$25 million balance in the wireless 911 fund to partially fund Shared Revenue in FY' 10, and cutting \$25M GPR.	Helps avoid a cut in FY' 10 in Shared Revenue, but uses up the remaining dollars in the wireless 911 fund.
Community Aids (and Children and Family Aids) – Payment Delay (p p. 134 & 394)	FY' 10: (\$59.9 million GPR)	Delaying payments to counties for Community Aids and the Substance Abuse Block Grant yields a one-time savings of \$41 million GPR in FY' 10, and delaying payment of Children and Family Aids saves \$18.5 million.	Helps balance the budget in FY' 10 by delaying slightly the payment of aid to counties. (The payment delays are much less important to counties than the cuts noted on p. 8.)

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
HEALTH CARE (Note that all amounts in parentheses are cuts.)			
DHS Operations and Aids Funding (p.335)	FY'10: (\$10.5 million GPR) FY'11: (\$11.5 million GPR)	Net reduction of 10 staff positions (20.8 GPR positions), and cuts funds by consolidating administration and operations, shifting payment schedules and decreasing aid payments.	Includes cuts from many public health programs, including dental services, Community Health Centers, & tobacco use prevention. Other cuts include long-term care services and income maintenance funding.
Across-the-Board Cuts (p. 332 & 334)	Cuts \$19.3 million/yr GPR and \$31.3 million/yr from all funding sources	Cuts 1% from nearly all DHS appropriations, with the exception of a few where the cut isn't precisely 1%. (See p. 334 of the LFB summary.)	The across-the-board cuts apply to state funding for Medicaid and all funding sources where the savings can be lapsed.
Medical Assistance (MA) and BadgerCare Plus Base Funding (p. 345)	FY'10: \$77 million GPR FY'09: \$99 million GPR (prior to accounting for other changes)	This increase reflects the cost to continue the program, based on increased enrollment, changes in utilization of services, coverage of childless adults, and changes in federal cost sharing. The GPR funding is much less than DHS requested, which can be attributed in large part to the new hospital assessment	These amounts reflect the cost to maintain current law, but that includes the new hospital rate increase and the childless adult coverage approved (but not funded) in the previous budget bill.
MA Efficiencies and Reductions (p. 351)	FY'10: (\$34.1 million GPR) FY'09: (\$66.6 million GPR)	The increases noted above will be offset by almost \$100 million GPR to reflect Medicaid "savings achieved through operational efficiencies and other reductions" (plus about \$39 M during the biennium from the 1% cut).	The source of these savings has yet to be identified. May result in cuts to MA reimbursement rates and more restrictions relating to types of prescription drugs allowed.
Federal Stimulus Funding for Medicaid and SeniorCare (p.348)	FY'09: (\$306 million GPR) FY'10: (\$568 million GPR) FY'11: (\$296 million GPR)	The budget assumes WI will receive more than \$1.1 billion in federal MA funds from the economic stimulus bill, and those funds will be used to save a comparable amount of state funds. The fed. amounts could increase because of spending related to the new hospital assessment (approved in Act 2).	Accepting the federal funds is conditioned upon not reducing eligibility. The federal dollars will allow WI to avoid deep cuts in reimbursement, while also helping close the state deficit.
BadgerCare Plus – Coverage of Childless Adults (p. 347)	Net biennial increase of \$63 million GPR, which is folded into the MA/BadgerCare Plus base reestimate.	Statewide implementation of the childless adult coverage is slated to begin July 1, 2009, using funding from the hospital assessment approved as part of the budget repair bill (2009 Act 2).	This is expected to provide a trimmed-down benefits plan (the BadgerCare Plus Core Plan) to about 41,000 uninsured childless adults.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
SeniorCare Base Reestimate and Changes <i>(pp. 349 & 352)</i>	Cuts about \$68 million GPR over the 2 years (with \$10 million replaced w. federal stimulus/FMAP funds)	The cuts primarily reflect reduced costs - taking into account declining enrollment, increased federal cost sharing, and more revenue from drug rebates. But there's also \$7 million GPR in unspecified cuts and from the 1% reduction, plus \$4.1 million GPR from eliminating the 5% premium for pharmacists.	Assumes that the state will get federal approval to continue the program. Most of the savings reflect reduced enrollment and costs, but other cuts/efficiencies will have to be found to save about \$7 million GPR.
Family Care Reestimate and Expansion <i>(pp. 362-364)</i>	FY' 10: (\$2.5 million All Funds) FY' 11: \$26.6 million All Funds	Cuts state GPR and federal funding but increases program revenue substantially, resulting in a net increase during the biennium of about \$24 million (minus the 1% cut).	Continues plans to expand Family Care statewide, but at a considerably slower pace – reaching an additional 22 counties by June 30, 2011.
Children's Long-Term Support Program <i>(p. 365)</i>	Adds \$100,000 GPR, \$800,000 PR, and \$2.3 million FED (over two years)	Increases funding for long-term support services to children w. physical, sensory and developmental disabilities, or severe emotional disturbances.	Begins the process of adding 1,000 slots over a 4-year period for services to permit children to remain at home or in community-based settings.
MA Transportation Manager <i>(p. 352)</i>	FY' 10: (\$2.3 million GPR) FY' 11: (\$4.7 million GPR)	Reflects projected savings from contracting with a transportation manager to coordinate specialized medical vehicle and common carrier transportation for MA & BC+ recipients.	
Community Recovery Services <i>(p. 353)</i>	FY' 10: \$7 million Fed. FY' 11: \$7.6 million Fed.	Establishes a new Medicaid benefit that would increase federal funding to counties to provide additional community-based mental health and substance abuse services to low-income individuals.	Counties must use the additional funding to increase or improve mental health and substance abuse services.
County Payment for Youths and Seniors at Mental Health Institutes <i>(p. 353)</i>	FY' 10: (\$3.7 million GPR) FY' 11: (\$6 million GPR)	Requires counties to pay the nonfederal share of costs for residents under age 22 and over 65 at the mental health institutes, to encourage community treatment.	Coupled with an increase in funding to counties for community mental health services (above), this change is intended to encourage community services rather than institutional care.
Family Planning Waiver for Men <i>(p. 355)</i>	FY' 10: \$177,500 GPR FY' 11: (\$457,800 GPR)	Men would be made eligible for the Family Planning Waiver (contingent upon federal approval).	Expands access to family planning services, which yields savings by reducing the # of MA-funded births.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
Independent Living Centers <i>(pp. 333 & 336)</i>	Cut of about \$552,000 GPR each year	Cuts the \$983,000 GPR base funding for the centers to about \$431,000 (primarily from the operations/aids cuts at top of p. 5).	This appears to be a 56% reduction in the GPR funding level
Birth to 3 Program <i>(p. 354)</i>	Decreases GPR by \$1.5 million over 2 yrs but increases total funds by about \$2.1 million	Directs DHS to seek a federal waiver seeking approval of federal MA funding for home and community based services, including special education for children in the birth-to-3 program	Could make possible additional therapy services for children in the program, provided counties are able to pay the entire non-federal share.
Southern Wisconsin Center Restructuring <i>(p. 379)</i>	GPR increase of \$656,6000, but there's a total cut over 2 years of almost \$9 million	There would be about 311 program revenue positions cut at the center in FY 11, reflecting the transitioning of residents into community placements.	The plan is to reduce the population at SWC from 182 in July 2009 to just 45 by June 30, 2011.
Nursing Home Bed Assessment and Rate Increases <i>(p. 360)</i>	Saves about \$26.4 million GPR over 2 years while increasing total funding by nearly \$120 million.	Increases the nursing home bed assessment (from \$75 to \$170 per bed) and uses much of that revenue (& federal matching funds) for 2% increases each year in MA reimbursement rates for nursing homes, while also reducing state spending.	Assessments would increase by \$74.7 million over the biennium, and would generate more than \$71 million in increased federal reimbursement. Would benefit nursing homes with larger numbers of MA patients.
Milwaukee County Income Maintenance <i>(p. 368)</i>	FY' 10: \$7 million GPR (& \$7 M Fed.) FY' 11: 0	The \$14 million in additional funding reflects estimates of one-time costs (in FY' 10) of the state takeover of the Milwaukee County Income Maintenance Program.	DHS believes the state takeover will ultimately be cost neutral, but will improve service to applicants and increase timeliness and efficiency.
MA, BadgerCare Plus and FoodShare Administration <i>(p. 369)</i>	There is a total cut of nearly \$16 million, including about \$4.6 million less for the counties.	Most of the cut simply reflects the completion of the MMIS system redesign. County administration allocations would be cut 1%, beginning in CY' 10, and the 5 initial Family Care counties will lose their \$4.1 million supplemental payment. However, counties will be allocated revenue from increased enrollee cost sharing.	Income maintenance work at the county level will continue to be squeezed because of flat or reduced funding and higher caseloads. Counties might get a little relief from enrollment fees for childless adult coverage.
FoodShare Benefits for Qualified Immigrants <i>(p. 371)</i>	Cuts \$500,000 GPR per year.	Eliminates eligibility for FoodShare benefits for qualified immigrants.	Ends the current Food Share benefits for certain immigrants – primarily adults who are legal immigrants and have lived in the U.S. less than 5 years.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
CHILD WELFARE & OTHER HUMAN SERVICES (Note that all amounts in parentheses are cuts.)			
Milwaukee Child Welfare Reestimate (p. 131)	FY 10: \$16.5M GPR FY 11: \$25 M GPR	Adjustment of funds to fully fund out-of-home care and make up for decreased federal reimbursement. Also uses PR funds from graduated licensing for \$2M in 1 st year	Helps protect Milwaukee Child Welfare services from cuts in federal funds.
Bureau of Milwaukee Child Welfare Improvements (p. 133)	FY 10: \$2.4 M and 18 positions FY 11: \$2.9 M and 18 positions	Expands Mobile Urgent Treatment Team, implements a career ladder and increases salaries for contracted case workers, provides money for additional nurses for children under three and additional case managers for the initial assessment unit.	Funds a variety of initiative to improve the performance of the Bureau of Milwaukee Child Welfare.
Program Enhancement Plan (p. 148)	Increases GPR by about \$690,000/yr. but overall cut of about \$230,000/yr.	Federal funding and program revenue funds expected to decrease because of reduced IV-E funds and targeted case management \$s, but GPR funds will partially offset the cuts.	The increased GPR reduces the total cut in this plan to address deficiencies identified by the federal review of Wisconsin's child welfare system.
Community Aids (pp. 134 & 394)	FY 10: (\$9.5 M PR-F) FY 11: (\$11.1M PR-F) \$304,000 GPR	Reductions of 14% in CY10 and 16% in CY11 related to reductions in federal IV-E child welfare revenue. Increase of \$304,000 in FY11 to cover foster care rate increase from last biennium	The 1% cut and loss of federal IV-E funding, combined with other hits the counties are taking, puts tremendous strains on county human service programs.
Federal Economic Stimulus Funds for Foster Care & Adoption Assistance (p. 134)	FY 10: \$5.5 million FED FY 11: \$2.7 million FED	Reflects the increased federal match rate in the economic stimulus act (ARRA) for foster care and adoption assistance. These funds will be allocated to counties to partially offset reduced Children and Family Aids.	The federal economic stimulus bill (ARRA) increases the federal match rate for MA and certain Title IV-E costs, until 12/31/10. These funds will be used to partially cushion the counties' loss of other Title IV-E funds.
Foster Care Rate Increases (p. 144)	FY 10: \$474,600 GPR, \$167,900 PR-F FY 11: \$1.4 M GPR, \$479,000 PR-F (Increase over -1%)	Foster care rates would increase 5% in January 2010, and an additional 5% one year later. Also increases the one-time clothing allowance paid to foster families from \$200 to \$300.	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.
Home Visiting (p. 145)	Cut by 1% or \$10,000 each year	Makes a number of changes, including expanding home visiting to all high-need counties over several years and requiring a 25% local match for the program.	The intent is to make the program available to more parts of the state in the biennium. A larger portion of costs is shifted to the local level.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
State Foster Care and Adoption Assistance (p. 143)	FY 10: (\$1.6 M GPR), \$89,500 PR-F FY 11: \$1.96 M PR-F, (\$458,200 GPR)	This funding adjustment is described as a reestimate to reflect caseload changes and increased federal cost sharing for the direct care of children outside Milwaukee County.	Funding provides payments for the care of kids who are awaiting adoption in foster home, group homes or residential care centers.
Levels of Care and Graduated Licensing (p. 135)	Net spending increase over the 2 years of \$1.75 million (all funds), but cuts GPR by \$11.6 million	Creates a new graduated licensing program with multiple levels of certification, each of which requires specific training. Removes treatment foster care as a category. Transfers the funding of the program from GPR to PR generated by licensing Kinship Care providers in BMCW in year two.	
Foster Parent Training (p. 147)	GPR increases: FY 10: \$276,000 FY 11: \$483,000	Funding for statewide foster parent training system (necessary to implement the graduated licensing system above).	Would establish a statewide training program, which would become mandatory for foster parents in January 2010.
CHILD CARE & EARLY EDUCATION (Note that all amounts in parentheses are cuts.)			
Wisconsin Shares (Direct Child Care Services) (p. 159)	The \$355.4 million base funding level is raised by \$20.4 million for both years of the biennium to \$375.7 million in both FY' 10 and FY '11.	Cost-containment measures include: <ul style="list-style-type: none"> Continuing to freeze payment rates at 2006 levels Increasing copays by 10% Implementing an attendance-based reimbursement policy based on a 4-week average of actual hours of attendance plus 10 percent Including child support income in the determination of eligibility and co-payments Authority to establish waiting lists. 	Some low-income families will face higher co-pays or could be placed on waiting lists. Providers will see lower payments that don't reflect market prices. The policies lead to families using cheaper lower-quality child care, & harm the fiscal stability of providers & quality of care. Payment policies reflect no increases for most providers for at least 5 years going back to 2006, and reduced payments due to absence policy changes.
Child Care Quality Rating System (p. 165)	New program: \$1 million in FY' 10 and \$1.7 million in FY'11	The increases appear to add \$2.7 million over the biennium for a child care quality rating and improvement system. Licensed child care providers receiving WI Shares subsidy payments are required to be rated under the new system. Other providers can volunteer to be rated. Ratings will be made available on the department's website.	The quality rating system will rate quality of child care providers participating in the WI Shares subsidy program, and provide rating information to parents. The rating system is expected to be one part of larger quality improvement system, system with resources and fiscal incentives for higher quality.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
Child Care – Quality (Quality Care for Quality Kids) <i>(p.165)</i>	\$184,700 per year	Funding would stay the same annually at \$3,437,000 for child care scholarships and bonuses, and at \$1,255,000 for child care resource and referral services. Funding for licensing increases by \$184,700 annually.	Minor adjustments in licensing budget.
State Child Care Administration <i>(p. 166)</i>	\$778,600 annually	Funding would increase funding for state administration of the WI Shares program, including efforts to collect overpayments and to improve program integrity, this increase brings the state child care administration to \$3.5 million in FY '10 and \$3.8 million in FY '11.	The changes should help DCF improve oversight of the WI Shares subsidy program and establish a more robust system to identify and prevent fraud and overpayments.
Child Care Program Integrity <i>(p.163)</i>	\$837,200 in FY' 10 \$949,600 in FY' 11	Funding would go for two purposes: \$500,000 annually to implement a children care attendance monitor system, using “swipe card” technology, and \$786,800 to fund 5.0 positions in a program integrity unit to investigate fraud and overpayments.	These efforts are expected to reduce fraud and overpayments in the WI Shares child care subsidy program.
Child Care Licensing Fees <i>(p. 166)</i>	A change in child care licensing fees would increase program revenue by \$490,000 per year.	Per child licensing fees would increase from \$10.33 to \$16.94.	Added revenue should help licensing keep up with caseloads and improve oversight of child care programs.
Start-up Grants for 4-year-old Kindergarten (4-K) <i>(p. 523)</i>	Provides these increases over the \$3 million base: FY' 10: \$1 million FY' 11: \$1 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. If demand for grants exceeds funding, grant amounts are pro-rated.	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.
Head Start <i>(p. 518)</i>	1% GPR cuts: FY '10: (\$72,000) FY '11: (\$72,000)	The state supplemental funding is reduced by 1%. The state budget doesn't reflect increased federal funds for Head Start in the stimulus bill (because those funds don't flow through DPI).	

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
TANF & W-2 (Note that all amounts in parentheses are cuts.)			
W-2 Contracts (pp. 157-158)	Benefits: FY' 10: \$890,800 FY' 11: \$2.56 million No change to base level of funding for Administration, nor for Services	This includes funding for the following: creation of a cash benefit for women without children in an at-risk pregnancy, extension from 12 to 26 weeks of the benefit for caretakers of newborn infants (but only for those who were in W-2 for three months prior to birth of the child), and the continued operation of the Real Work, Real Pay transitional jobs pilot project.	Benefit funding is increased for the
Kinship Care (p. 147)	FY' 10: \$550,100 FY' 11: \$561,200	These increases reflect estimates of what is needed to fully fund kinship care benefits (of \$215 per month) and assessments.	Intended to ensure adequate funding for payments to relatives caring for children who are unsafe or neglected in their own homes.
Caretaker Supplement (p. 167)	FY' 10: (\$194,900) FY' 11: (\$161,500)	Reduced funding for the program over the coming biennium reflects caseload estimates.	This is treated as a sum-sufficient appropriation.
W-2 Emergency Assistance (pp. 167-168)	FY' 10: \$1.0 million FY' 11: \$0	An increase of \$1 million in the first year of the biennium over the current base year funding of \$6 million. Returns to base year level in FY' 11.	A needed increase in the first year given the recession and high numbers of low-income families struggling to supply rent or mortgage payments.
W-2 Benefits for Parents of Infants (p.158)	Costs are included in the W-2 appropriation above.	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 (only in cases where the mother was participating in W-2 for the three months immediately preceding the birth of their child.)	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.
W-2 Real Work, Real Pay Transitional Jobs Pilot Program	Costs are included in the W-2 appropriation above.	Continues the transitional jobs pilot program taking place in three areas of the state, including one of the Milwaukee W-2 regions.	Provides real work experience for participants, opportunity for continued employment with employer, eligibility for federal and state EITC, benefiting the participant & bringing money into the state. Should help participants obtain more stable jobs & bring employers better-trained workers.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
W-2 Benefits for Pregnant Women (p. 157)	Costs are included in the W-2 appropriation above.	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.
Child Support Enforcement (p. 171)	The funding increase is unclear.	The federal stimulus bill restores federal match on child support incentive grants, and those increased federal funds would be used to make counties whole (after the cuts a few years ago) and to back out a GPR increase.	The increased federal funding would be used both to restore the funding for counties to where it used to be, and to replace some state funding.
Child Support Pass-Through (p. 174)	No funding change proposed	Would increase the child support pass through for individuals receiving W-2 or Caretaker Supplement (CTS) benefits from 41% to 75% of support collected.	Would give low-income families who are or have been on public benefits a larger share of the child support collected on their behalf , which tends to improve payments by non-custodial parents.
K-12 EDUCATION (Note that all amounts in parentheses are cuts.) Page references are to the Feb. 2009 DPI summary.			
1% Cuts (p.524)	According to the LFB, the 1% cuts would save only about just \$2.1 million over 2 yrs	The one percent cut was applied to virtually all the appropriations, but in a few cases, such as equalization and special education, the 1% cut was offset by a funding increase.	Categorical aid appropriations not included in this document would almost all be cut by 1%.
General School Aids (pp. 518 & 519)	FY' 10: no change FY' 11: \$21.9 million increase (all funds)	The Governor recommends just enough in the first year (+\$48 million) to offset the 1% cut, and enough in the second year for a net \$21.9 million increase. (See also the next item regarding a shift from state GPR funds to federal funds.)	Although schools fare better than many other entities, the relatively flat funding (while many local costs climb) will put upward pressure on property taxes and/or cause significant cuts by school districts.
Federal Stimulus Funding for Equalization Aid (LFB p. 519, & DPI p.4)	The use of federal stimulus funds yields the following savings: FY'09: (\$291 M GPR) FY' 10: (\$277 M GPR) FY' 11: (\$199 M GPR)	The state expects to get more than \$783 million for equalization aid from the State Fiscal Stabilization funds authorized by the federal stimulus bill, and those dollars will be spread over 3 state fiscal years. The same amount of state GPR funding is being cut in FY'09 and FY' 10, but there's a net \$21.9 million increase in FY' 11.	The federal Fiscal Stabilization funds are being used to maintain flat funding for equalization aid (with the slight increase in the 2 nd year), while the state reduces the GPR portion to help close the budget deficit. Without the federal funds, deep cuts would have been unavoidable. The bill modifies revenue caps to provide that they apply to Fiscal Stabilization funds.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
QEO/Collective Bargaining for School District Employees <i>(pp. 240, 241 & 525)</i>	No change	Repeals current law relating to the qualified economic offer (QEO) by which a school can avoid binding arbitration if it meets certain requirements. Would also eliminate revenue limits & local economic conditions as factors to be considered in arbitration procedures for teachers. Permits contracts of up to 4 years for school district employees.	The elimination of the QEO could allow for higher increases in teacher salaries and benefits. However, if a district is up against its revenue cap, increases in teacher compensation would require reallocation of other funds in the district's budget.
Pupil Transportation Aid <i>(pp. 524 & 525)</i>	There's a net decrease of about \$280,000/yr in 3 transportation appropriations.	In addition to the 1% cut, about \$55 million GPR is saved by funding that amount of school transportation costs with revenue from the Transportation Fund (essentially from the new oil company tax).	The increased revenue from the oil company tax would make this transfer possible, helping to finance K-12 education costs and free up GPR \$s to help balance the budget.
Special Education <i>(p. 518 & 537)</i>	No net change in state GPR funding, but an increase of about \$209 million in IDEA Part B funds.	The Governor recommends an "increase" in GPR funding to fully offset the cost of the 1% cuts for special education and high cost special education. However, there's a very large increase in IDEA funding from the federal stimulus bill.	The increased federal IDEA funds will help districts protect special education funds during a very difficult period. To some extent this increase and Title 1 funds will offset the flat equalization aid.
SAGE <i>(p.523)</i>	FY' 10: \$3.7 million GPR FY' 11: \$5.4 M GPR	Approves the amounts requested by DPI to fully fund the program, minus \$1.1 million per year from the 1% cut.	Fully funds the estimated cost of the SAGE program (minus the 1% cut)
High Poverty Aid <i>(p.520)</i>	Increased \$3 million GPR per year	Increases aid for districts with at least 50% of students eligible for free or reduced-price lunch.	In 2008-09, 24 districts received high poverty aid.
Start-up Grants for 4-year-old Kindergarten (4-K) <i>(p. 523))</i>	Provides these increases over the \$3 million base: FY' 10: \$1 million FY' 11: \$1 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. If demand for grants exceeds funding, grant amounts are pro-rated.	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.
Public Library System Aid <i>(p.537)</i>	FY' 10: \$243,600 All Funds FY' 10: \$759,500 All Funds	Provides funding increases to maintain the current level of support at about 8.2%. Removes all GPR funding and replaces it with \$s from the Universal Service Fund.	Increases aid by 1.5% the first year and 3% the second year. Appears to maintain the current 8.2% level of state support. (State statutes set the level at 13%.)

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
Milwaukee Parent Choice Program (p.527)	FY' 10: \$6.6 million FY' 11: \$13.2 million	Increases funding for this sum sufficient appropriation to reflect estimates of an increase in number of pupils participating.	Fully funds the program. The increase is partially offset by an \$8.9 million reduction in MPS aid.
Milwaukee/Racine Charter School Program (p. 534)	FY' 10: (\$577,500 GPR) FY' 11: \$7.2 million GPR	Adjusts the funding for this sum sufficient appropriation, based on estimate of 6,000 pupils in FY' 10 and 7,000 pupils in FY' 11. (The increase would be offset by reducing general school aids for all districts.)	Fully funds the program. Enrollment is expected to jump in 2010-11 when one of the large Choice schools becomes a charter school.
Adjustments to School Revenue Caps (pp. 521 & 522)	No state funding change	Increases the low revenue ceiling by \$400 per year. Phases in exemptions from the revenue caps for: a) certain costs of improving school safety and security, b) payroll costs for school nurses, and c) above-average pupil transportation costs.	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.
Pupil Assessment (p. 537)	FY' 10: \$2.3 million FY' 11: \$2.3 million	Increases funding by \$1.3 million/yr for the WI Knowledge and Concepts Exam (WKCE) and by \$1 million/yr to partially fund the new version of the WI Alternate Assessment for Students with Disabilities.	Supports contracts for administration of the WKCE assessment contracts and a new standardized alternated assessment for students with severe disabilities, which is required by the No Child Left Behind law.
DPI Operations Budget (p. 537)	Cut by \$1.2 million GPR each year	Cuts 10% from the department's operations budget.	After factoring in standard budget adjustments, the net cut is 8.6%.
<i>CORRECTIONS ISSUES and JUVENILE JUSTICE</i>			
DOC Funding Overall (p. 202)	FY' 10: \$45 million GPR FY' 11: \$55 million GPR	Would increase GPR spending for corrections to about \$1.15 billion GPR each year. There is a proposed increase of about 100 FTE in FY' 10, and then another 88 FTE in FY' 11.	Slowing the growth of corrections costs, while new laws keep adding significant expenses, compelled the Governor to recommend increased use of community corrections.
1% Cut, and efficiency measures (pp. 202 & 204)	Cuts spending by \$25.3 GPR million each year	GPR spending is reduced by \$10.3 million each year from the 1% cut, and by \$15 M/yr from unspecified efficiency measures.	Most appropriations are cut 1%, except for a small number like Youth Aids cut by 6%.
Standard Budget Adjustments, and Debt Service (pp. 202 & 204)	FY' 10: \$30.8 million GPR FY' 11: \$31.4 million GPR; plus \$36 million GPR over 2 years for debt service	All Funds spending would increase \$69 million during the biennium because of various "standard adjustments" (particularly overtime) and an additional \$36.4 million for the increase in debt service costs.	These cost drivers more than offset the savings from the across-the-board cuts and program efficiencies.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
Youth Aids (p. 2002 & 204)	(\$5.9 million GPR cut each year)	The 1% across-the-board cut amounts to \$983,000 GPR/yr., but the Governor would cut an additional \$4.9 million GPR/yr.	Coupled with other budget changes and the levy limits, this 6% cut puts a severe strain on counties and makes it difficult to continue early intervention programs.
Juvenile Corrections Daily Rates (p. 224)	FY'09 rate: \$268 FY'10 rate: \$270 FY'11 rate: \$275	The rate increases are far lower in this budget, but the department has the authority to assess counties if juvenile corrections populations fall short of the estimates on which the rates were based.	Although the rate increases are low, counties have less Youth Aids funding and they worry that they will be assessed more if counties refer fewer juveniles to secure care.
Mendota Juvenile Treatment Center Reestimate (p. 228)	FY'10: \$165,000 PR FY'11: \$188,800 PR	This is a reestimate of the cost of service for juvenile males at Mendota Mental Health, prior to accounting for the 1% cut..	The amounts shown to the left would be reduced by \$13,800/yr because of the 1% cut.
Serious Juvenile Offender Reestimate (pp.203 & 225)	FY'10: \$1.2 million GPR FY'11: \$1.1 M GPR	The increase reflects juvenile offender population reestimates, and factors in reductions of \$168,000/yr from the 1% across-the-board cuts.	Costs are climbing even though the number of juveniles in the program is expected to go from 245 in Dec. 2008 to 241 in FY'10 and 234 in FY'11.
Alternate Care Reestimate (p. 227)	FY'10: (\$256,500 PR) FY'11: \$7,000 PR	These funding changes reflect projected changes in juvenile correctional populations	This appropriation pays for placements for various community placements.
Mental Health Service Improvements for Women Inmates (p. 219 – items 8 &9)	FY'10: \$1.4 million GPR FY'11: \$2.8 million GPR	Increased funding and positions (25.75 in FY' 10 and 55.90 in FY' 11) to support enhanced mental health services for the female inmates at the Taycheedah Correctional Institution and security at the new female unit at the WI Resource Center.	This funding should improve the delivery of mental health services at the state's only female correctional institution.
Sex Offender Management (p. 220)	FY'10: \$2.2 million GPR FY'11: \$6.2 million GPR	Increased funding and positions (44.5 in FY' 10 and 92 in FY' 11) to handle increased sex offender caseload stemming from recently enacted sex offender monitoring program.	This funding is less than DOC requested, but the Governor also recommends providing discretion to DOC to move offenders from active to passive tracking after 12 months.
Health Care and Treatment Services (pp. 218 & 219, items #5-9)	Over the 2 years, adds about \$6 million GPR	Adds funding and 75 positions over the biennium for a number of initiatives to improve health services and substance abuse treatment in 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.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
Indigent Civil Legal Services (p. 53)	FY' 11: \$250,000 All Funds	Provides an increase in FY' 11 for indigent civil legal services. An increase in the surcharge for certain court actions, from \$12 to \$18, would be used for the base funding & the increase.	Uses a surcharge on certain court actions to reduce GPR spending by \$1 million/yr, and to increase total spending by \$250,000 in FY' 11.
TAX CUTS (Note that the amounts below in parentheses are revenue reductions.)			
Jobs Tax Credit (p. 269)	No change in 2009-11. (Estimated to cost \$4.5 million in FY' 13 and \$10M/yr. thereafter).	Effective Jan. 1, 2012, provides up to \$10 million/yr in tax credits for smaller businesses for training costs and a portion of wages for new high-paying jobs.	Intended to stimulate job creation in the 2011-13 biennium.
Biotech Sales Tax Exemption (p. 282)	No change in this biennium. (\$5 million tax reduction in FY12 & \$10M in FY 13)	Effective Jan. 1, 2012, provides biotechnology companies a sales tax exemption for machinery and other personal tangible property used in manufacturing or research.	Intended to promote the biotech industry in Wisconsin.
Investment Tax Credits (p. 264)	Apparently, there is no cost in 2009-11	Increases the angel investor and early stage seed tax credits by \$12.5 million each, effective Jan. 1, 2011, and makes a number of changes to make the credits more attractive for people considering venture capital investments. .	Intended to improve access to venture capital in WI. The DOA & LFB documents don't indicate how much the changes will add to the structural deficit for 2011-13.
Earned Income Tax Credit (p. 255)	FY' 10: \$22.6 million GPR FY' 11: \$24.3 million GPR	The cost to continue the EITC is expected to increase by \$46.9 million GPR in 2009-11: \$11 M because of an increase in eligible families, and \$35.9 M because of changes in the federal credit (which the state EITC is based on) that increase the credit for married couples (with kids) and families with 3 or more dependents.	The highest WI EITC is for families with 3 or more children, who get 43% of the federal EITC. Because of the fed. EITC changes, the maximum state EITC will increase by \$270. (See the WI State Journal article: http://www.madison.com/wsj/home/local/442744)
Internal Revenue Code Update (p. 260)	Reduces GPR taxes by \$40.6 million in FY' 10 & \$5.5 million in FY' 11	Updating references to the federal Internal Rev. Code are expected to reduce WI taxes by \$46 million over 2 years, primarily from following the fed. precedent to waive in 2009 required minimum distributions from tax-deferred retirement savings accounts.	Most of the reduction in revenue (\$24 million) comes from giving retired individuals the option of making smaller withdraws in 2009 from tax-deferred accounts.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
PROPERTY TAX RELIEF			
Shared Revenue <i>(p. 568 & 569)</i>	FY' 10: 0 FY' 11: (\$8.5 million) All Funds	Reduction in county and municipal aid in the second year of the biennium of one percent. In FY' 11 GPR funding would be cut by \$58.5 million, with \$50 million backfilled – half from the Wireless 911 fund and half from federal stimulus funds.	Municipalities and counties were spared from potentially worse cuts, but inflationary cost increases and tax levy limits will put them in a very difficult fiscal bind.
Levy Limit Adjustments <i>(p. 580)</i>	Undetermined.	Extends municipal and county levy limits by 2 years and increases them – allowing localities to increase property tax levies by the greater of 3% or the increase in values due to new construction. Also allows local governments to carry forward unused levy capacity.	Continues to impose state limits on county & municipal property taxes.
School Levy Tax Credit and First Dollar Credit <i>(p. 571)</i>	\$150 million GPR per year -- for the increase that was enacted in the 2007-09 budget but starts this year.	Maintains these credits at the level reflected in the 2009 property tax bills, but doing so costs an additional \$150 million/yr. because the increase enacted last session doesn't get paid until early in 2009-10.	This delayed property tax break enacted in the previous biennial budget accounts for \$300 million of the structural deficit for 2009-11.
Homestead Tax Credit – Current Law Reestimate <i>(p. 572)</i>	FY' 10: \$14 million GPR FY' 11: \$15.1 million GPR	No change (but see below). This increase simply reflects the cost to continue the program, which is expected to rise because of increased property taxes and reduced household income.	Although this is a significant increase from the \$111.3 million FY'09 base, it's well below the FY'08 level, when adjusted for inflation.
Homestead Tax Credit Indexing <i>(p. 572)</i>	No effect in 2009-11 (Expected to reduce tax revenue \$1.1 million in FY' 12)	Effective in CY 2011, would begin making adjustments for inflation in the upper income limit (set at \$24,500 since 2001), but wouldn't index the maximum credit. This reduces the erosion of the credit a little for most recipients, particularly those close to the income limit, but provides no relief to those with incomes less than \$8,000.	This reduces the long erosion of the income eligibility cap by inflation, but would keep the maximum credit at the level set in 1991. Although it could affect taxes in 2011, there is expected to be no inflation adjustment for that year.

Budget Item	Changes to the '09 Base	Change(s) in Policy/Comments	Potential Effects
MISCELLANEOUS			
Statutory Minimum Balance <i>(Budget in Brief, p. 9)</i>	\$65 million GPR [plus \$139 million to raise the estimated balance above the minimum]	Increases the required balance from \$65 million to \$130 million, which ups the cost of balancing the budget by \$65 million. However, the Governor's budget balance is estimated at \$269 million, which takes another \$139 million.	Increasing the statutory minimum balance gives the state a little bit of a cushion in the event of an unforeseen revenue drop or spending increase.
Higher Education Aids Board – Tech. College Student Financial Aid <i>(p.399)</i>	FY' 10: \$175,500 GPR FY' 11: \$533,500 GPR	Increased funding for Wisconsin Higher Education Grants for Technical College students (WHEG-Tech).	A small increase (1% the first year and 2% the second) in WHEG-Tech grants considering over 2,000 eligible students every year do not receive them because the funds have already run out.
Vital Records Fee Increase <i>(p. 376)</i>	Increases program revenue funds and spending by \$306,000 per year.	Increases fees for first copy or additional copy of a birth certificate by \$2. (Also repeals provision from previous budget that would have sunsetted the last increase in these fees.)	The funds would be used for a foster care public information campaign and an effort to reduce disparities in birth outcomes.