



## Comparative Summary of Children & Family Issues in the 2005-2007 Budget Bill

Updated July 6, 2005

### Introduction

The table on the following pages summarizes key issues relating to children and families in the biennial budget bill (AB 100). It compares the treatment of those issues in the Governor's budget with the amended bill approved by the Legislature.

For the most part, the changes made after the budget left the Joint Finance Committee did not affect the specific issues relating to children and families that we have been tracking. However, the legislative changes require broad cuts in agency budgets and increase the loss of tax revenue in future years.

Given the fiscal difficulties facing the state, the Wisconsin Council on Children and Families is pleased to note that the bills developed by both the Governor and Legislature preserve the funding for many core programs for children and families -- including Medicaid, BadgerCare, Birth to Three, Community Aids, Youth Aids, and

Family Support (although several of those appropriations are frozen).

However, there are also many troublesome areas of the budget, and the plans advanced by the Governor and the Legislature differ in significant respects:

- The Legislature approved about \$380 million less school aid than the Governor, as well as a much lower cap on school spending.
- The Senate added provisions capping the rate of growth in future state spending.
- Although both plans contain property tax freezes, the Governor's bill would have insulated schools from having to make deep cuts, whereas the Legislature's does not.
- The Legislature's bill cuts about \$24 million from the state share of funding for W-2 related programs, and raises child care co-pays 15%.

- The Legislature's plan excludes most of the measures from the Governor's Kids First agenda.
- The Governor's plan relied on a number of fund transfers and one-time revenue sources, most of which the Legislature rejected.
- Although the Legislature's bill eliminates some of the features that would contribute to the state's structural deficit, it phases in tax cuts that will grow to about \$165 million per year by FY 2010, thereby continuing the state's future fiscal problems.

This summary document will be updated after the Governor's vetoes and will be posted at: [www.wccf.org](http://www.wccf.org).

(The page numbers in the first column are references to the June 2005 version of the comprehensive Comparative Summary of the budget by the Legislative Fiscal Bureau.)

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>BALANCING THE BUDGET</b> (Note that the amounts in parentheses are cuts.)				
<b>State Agency Administrative Operations</b>	Cut spending for admin. operations by \$272 million over 2 yrs (incl. \$186 million GPR). Saved another \$35.5 million GPR from new management strategies.	Cut over 1,800 FTE positions and consolidated various functions. Reduced GPR spending by \$222 million over two years from agency cuts and admin. efficiencies.	Helped balance the budget without cutting key programs, but also may reduce the quality and timeliness of state services. Cuts more than 1,800 state positions.	Accepted most of the recommended cuts, and in some cases expanded on them. Cut 322 more state positions than the Governor proposed.
<b>Reductions to Agency Budget Requests</b>	Cut \$273 million over the biennium from agency budget requests.	These cuts reflected the rejection of some proposals, delays in others, and the freezing of many appropriations that agencies sought to increase.	The \$1.6 billion deficit figure was based upon agency budget requests. The rejection of \$273 million helped close that gap. Programs that are frozen will be eroded by inflation.	Cuts for some agencies are deeper than what the Governor proposed. (Overall numbers not available yet.)
<b>Injured Patients and Families Compensation Fund</b> (p. 455)	Transferred \$179 million from the Injured Patients and Families Compensation Fund.	Provided a funding source that the state can use on a short-term basis to leverage fed. MA funds and to help balance the MA budget. Part of the funds would be used for new Health Care Quality Improvement Fund.	This would still leave more than \$500 million in the fund, and help balance the MA budget, but continued reliance on short-term solutions.	Deleted the proposed transfer.
<b>Revenue Bonding for Medicaid</b> (p. 131)	Authorized up to \$130 million in revenue bonds for Medicaid.	Authorized use of bonding (as a “last resort”) to help balance the MA budget & make investments to bring down long-term cost of MA.	The funds would help state make reforms to improve Medicaid & reduce costs over the longer term. But relied on one-time revenue & created an ongoing obligation to pay the bond interest and principal.	Deleted the bonding authority.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>New Transfers from the Transportation Fund</b> <i>(p. 679)</i>	Transfers \$268 million from the Transportation Fund to use for school aids: \$250 million in FY 06 and \$18 million in FY 07. Also includes an increase of \$98 million in other transfers from the fund.	On a one-time basis, would transfer \$250 million from the Transportation Fund in FY 06 to help finance schools and freeze property taxes. Additional amounts would be used for pupil transportation aid (\$52 million) & other specific purposes.	This would help increase school aids enough to reach the two-thirds funding level. but the \$250 million is a one-time fix. (Yet since that portion is not in the base for the next biennium, it doesn't contribute to the structural deficit.)	The Senate switched the \$268 million transfer to the MA Trust Fund, and it would all be in FY 06. Deletes most other new transfers & ends the current \$60 million per yr. transfers for schools.
<b>Local Aid for Computer Exemption</b> <i>(p. 648)</i>	Saved \$64.9 million GPR	Delays the payment of computer aid (which reimburses localities for the state-imposed tax exemption).	Produces a one-time savings, and adds to the structural deficit.	Approved, with the amount adjusted to \$65.3 million.
<b>Decreasing the Required Closing Balance</b> <i>(p. 122)</i>	Saved \$199 million GPR over the biennium (or \$163 million after factoring in \$36 million put into "rainy day" account).	Set the statutory closing balance at \$65 million, by amending the law that would have required the balance to be 2% of spending (or about \$264 million).	Buys the state more time to get its fiscal house in order, but leaves a very small margin of error in the event of lower revenue or higher costs.	Approved
<b>Tribal Gaming Revenue</b> <i>(p. 77)</i>	\$61 million increase over the biennium, relative to the amounts the state expected in 2003-05.	Assumes the \$60 million the Ho-Chunk Nation had agreed to pay in 2003-05 – before the WI Supreme Ct. struck down the gaming compacts – will be paid in 2005-07.	The unresolved efforts to negotiate new gaming compacts after the Supreme Court ruling could put the budget at increased risk in 2005-07.	Approved the assumption that the Ho-Chunk Nation will pay \$60 million from 2003-05 (but reduces estimate of other gaming revenue by \$62.6 million in 2005-07).
<b>Transfer of Public Benefits Funding</b> <i>(p. 37)</i>	Transferred \$35.1 million GPR over two years into the general fund.	Continues the practice initiated in the previous budget of using public benefits funds to help address the budget deficit.	Helps balance the budget, but would cut more than half of the funding for energy conservation and efficiency.	Approves the transfer and allows the use of \$1.9 million to increase county income maintenance contracts.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>HEALTH CARE</b> (Note that the amounts in parentheses are cuts.)				
<b>Medical Assistance (MA) Base Funding</b> <i>(p. 350)</i>	FY2006: \$ 245 million GPR FY2007: \$ 334 million GPR (prior to accounting for other changes)	This increase reflects the cost to continue the program, based on increased enrollment and changes in utilization of services.	The base funding increase allows the program to continue without making cuts in eligibility, provider rates, or services.	Added \$38.2 million GPR above the funding already in the bill, reflecting a higher LFB estimate of the cost.
<b>BadgerCare – Base Funding</b> <i>(p. 352)</i>	FY2006: (\$6.1 million GPR reduction) FY 07: \$8.4 million GPR (This increase is largely because of a \$10 million federal penalty.	The cut in FY 06 reflects the much larger-than-expected enrollment reduction from employer verification requirements begun in 2004.	Allows current eligibility standard to be maintained.	Added \$1.35 million GPR above the original bill, to reflect a higher LFB estimate of the cost.
<b>BadgerCare – Employer Verification Forms (EVF)</b> <i>(p. 388)</i>	No change		Makes no statutory change in the policy initiated in 2004 of requiring employers to verify an applicant’s or enrollee’s income and health insurance status, for purposes of BadgerCare eligibility.	Requires that the forms be sent directly to employers, and establishes a penalty for employers that don’t return forms within 30 days.
<b>Prenatal care for immigrant and incarcerated women</b> <i>(p. 367)</i>	Expected to save about \$700,000 GPR over the biennium, while capturing about \$1.5 million FED	Takes advantage of federal SCHIP regulation that authorizes states to provide prenatal care to immigrant and incarcerated women not eligible for MA.	Prenatal care improves health outcomes for the mother and child & yields MA savings for the state. The coverage of jailed pregnant women is also likely to produce savings for counties.	Approved this change. The LFB decreased the estimated GPR savings by about \$195,000.
<b>MA Coverage for Youths Leaving Out-of-Home Care</b> <i>(p. 434)</i>	FY 2006: 0 FY 2007: \$357,000 GPR	Extends Medicaid to youth ages 18-20 who would otherwise lose their coverage when they leave foster care or other out-of-home care, effective 1/1/07.	This is expected to provide MA coverage to 358 teens in 2007, and that number would increase over the following two years.	Deleted from budget.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>MA –Generic Drugs Co-pays</b> (p.370)	No change			Increases co-pays from \$1.00 to \$3.00.
<b>MA Claiming Initiative for Children in Residential Care Centers</b> (p. 358)	Expected to save \$23.4 million GPR in each year, which would be more than offset by increased federal funds, yielding a net increase of about \$12.6 million over the biennium.	Implements an initiative to claim federal revenue for MA-eligible services provided to children in RCCs. Allocates the net increase to counties and the Bureau of Milw. Child Welfare to offset costs in implementing the initiative.	Saves \$46.8 million GPR over two years, and yields an offsetting increase in federal funds that would cover the implementation costs for the Residential Care Centers.	Approved
<b>Supplemental Hospital Payments</b> (p. 356 & 365)	Cuts GPR funding by \$9.07 million GPR each year, by shifting to another funding source in this biennium.	Replaces GPR funding for 5 types of supplemental payments to hospitals (e.g., graduate medical education) with part of the funding reallocated from the Injured Patients & Families Comp. Fund.	Would save GPR by shifting hospital supplemental payments to a controversial, short-term revenue source.	Deletes the funding shift. Also, expands eligibility for the essential access city hospital (EACH) supplement, beginning in the 2007-09 biennium.
<b>Continuation of the MA Cost Reporting Program</b> (p. 356)	FY2006: (\$11.7 million GPR) FY2007: (\$8.3 million GPR)	Eliminates the sunset date for this recent initiative to claim federal match for MA-eligible services provided under Community Aids.	Saves a little over \$20 million GPR over the biennium, which is more than offset by increased federal funds. \$4.5 million would be used to augment hold harmless payments to the counties.	Approves continuing the program and increases the savings estimate by \$1.3 million GPR.
<b>HMO Assessment</b> (p. 359)	FY2006: (\$14.8 million GPR) FY2007: (\$27.7 million GPR)	Creates a 6% assessment on gross revenues of HMOs that accept MA and BadgerCare recipients, & provides an estimated 7.6% increase in capitation payments (above the 3.4% increases already planned for an “intensity” adjustment).	The HMO assessment would generate about \$88 million in assessments over 2 years, & would be used to match federal dollars. Those funds would permit a GPR saving of about \$42.5 million and a net gain for HMOs (in the aggregate) of \$29 million.	Deletes the proposed assessment and the capitation increase tied to it, but the 3.4% increases are retained.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>Nursing Home Bed Assessment</b> <i>(p. 371)</i>	FY2006: (\$7.4 million GPR) FY2007: (\$7.6million GPR)	Increases assessment on licensed nursing home beds from \$75 to \$125 per bed per month, and increases rates 1.4% per year - using a portion of the new federal matching dollars generated by the assessments.	Increased nursing home bed assessments of about \$53 million generates about \$50 million in fed. match and GPR savings of \$15 million, for a net gain for the nursing homes of about \$35 million (over 2 years).	Deletes the assessment increase, but retains the 1.4% per year increase (at a GPR cost of about \$15 million, or \$30 million relative to the original bill).
<b>Reduced Pharmacy Reimbursement</b> <i>(p. 361)</i>	FY2006: (\$7.2 million GPR) FY2007: (\$10.2 million GPR)	Makes a number of changes reducing amounts paid pharmacists for prescription drugs under MA, BadgerCare & SeniorCare.	Expected to save about \$17.4 million GPR (and \$22.4 million FED) over two years by cutting reimbursements to pharmacists.	Rejects the proposed cut, retains the current reimbursement system.
<b>Eligibility Quality Assurance</b> <i>(p. 383)</i>	FY2006: (\$2.15 million GPR) FY2007: (\$7.38 million GPR)	Expands efforts “to ensure the integrity of MA & BadgerCare eligibility policies and procedures” (e.g., new sources to verify elig. and allowing elig. workers to request verification of income).	The intent is to save money by improving the eligibility determination process, but the changes could create more red tape that trips up eligible families.	Approved
<b>Milwaukee County Mental Health Complex</b> <i>(p. 379)</i>	FY2006: (\$782,000 GPR) FY2007: (\$726,000 GPR)	Declassifies the Milw. County Mental Health Complex as an Inst. for Mental Disease, enabling the state to get federal MA funds.	Saves about \$1.5 million by enabling the state to get fed. MA funds for residents aged 22 though 64.	Approved.
<b>Managed Care for Low-income Families</b> <i>(p. 358)</i>	FY2006: (\$1.45 million GPR) FY2007: (\$1.33 million GPR)	DHFS plans heightened efforts to encourage enrollment in managed care, which reduces state costs.	Can produce savings & potentially improve quality of care, assuming HMOs are willing to take more MA & BadgerCare patients.	Approved.
<b>SSI Managed Care Expansion</b> <i>(p. 374)</i>	Expected to save about \$5.3 million GPR (and \$7.2 million FED) over two years.	Extends managed care (“to the maximum extent possible”) for people with disabilities enrolled in SSI.	Expands requirement for SSI recipients to use managed care.. Pushes the concept statewide before the pilots have been tested.	Approved, with requirement that DHFS submit a progress report to the JFC by Jan. 1, 2007.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>Eliminating the MA “Grace Month” Policy</b> <i>(p. 364)</i>	FY2006: (\$1.3 million GPR) FY2007: (\$1.5 million GPR) “All funds” cut of \$6.9 million over two years.	Eliminates the current “grace month” if coverage is not extended at the end of the 12-month review period.	Produces a net savings by reducing enrollment, despite higher admin. costs. May negatively affect many eligible families, including those already adversely affected by employer verification requirements.	Approved.
<b>MA Fraud Prevention</b> <i>(p. 387)</i>	FY2006: (\$802,000 GPR) FY2007: (\$1.62 million GPR)	Implement additional fraud prevention activities, including hiring a vendor on a contingency fee basis to identify fraud & abuse.	Expected to increase the identification of fraudulent claims and payments and improve the recovery of overpayments.	Approved
<b>Expanding Third-Party Liability Efforts</b> <i>(p. 386)</i>	FY2006: (\$1.46 million GPR) FY2007: (\$1.53 million GPR)	Expands efforts to find existing health insurance coverage for MA eligible individuals. Uses a contingency-based contract.	Expected to shift a total of about \$7 million (all funds) over the biennium from MA to other insurance.	Approved.
<b>Reducing Emergency Room Utilization</b> <i>(p. 365)</i>	FY2006: (\$300,600 GPR) FY2007: (\$297,100 GPR)	Projects savings by adopting disease management techniques targeted at those with high-utilization of emergency room services.	Expected to yield net biennial savings of about \$600,000 GPR (& \$1 million FED) from reduced ER use and increased physician office visits.	Approved.
<b>MA - Therapy Rates</b> <i>(p. 366)</i>	FY2006: (\$2.44 million GPR) FY2007: (\$2.87 million GPR)	Reduces MA spending by limiting rates for therapy services provided by hospitals in outpatient settings, expanding prior authorization, & restructuring rates for rehab. agencies.	Projected to cut biennial spending by \$5.3 million GPR (and \$8.2 million FED) for therapy services. Some agencies have indicated that they might not be able to continue to offer services.	Rejected the cut in rates.
<b>MA - Non-emergency Transportation Services</b> <i>(p. 363)</i>	FY2007: (-\$3.1 million GPR)	Directs DHFS to seek a waiver for the implementation of a transportation broker system as a cost-saving measure.		Rejects the proposal but directs DHFS to find other ways to cut that amount from MA transportation.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>Seal-a-Smile Expansion</b> <i>(p. 400)</i>	FY2006: \$67,600 GPR FY2007: \$67,700 GPR	Expands the dental sealant program for school-aged children.	Expected to provide over 3,500 additional sealants to about 1,200 children.	Approved
<b>Expanding Dental Services at Technical Colleges</b> <i>(p. 400)</i>	FY2006: \$117,000 GPR FY2007: \$117,000 GPR	Provides grant funding for dental services provided at 2 technical colleges (that must provide 50% match), & adds funds for assumed increase in MA access	Would allow two technical colleges to continue their dental services in the summer months. (They now just offer services in the school yr.)	Approved
<b>HIRSP Changes</b> <i>(pp. 389-395)</i>	FY2006: (\$39.1 million SEG) FY2007: (\$10.2 million SEG)	Savings are primarily from lower-than-expected growth in 2003-05 (thereby reducing the actual base for 2005-07), but also from changing the pharmacy benefit package, and increasing the Plan 2 deductible.	Assumes annual increases of 8% in enrollment & 20% in costs, but from a lower than expected base. Shifts some drug costs to enrollees, & increases Plan 2 deductible.	Increases the share of costs borne by enrollees. Transfers HIRSP from DHFS to a new, private, nonprofit entity, that will be governed by a new Board with broad authority to make changes, incl. benefits, eligibility, cost-containment, & administration.
<b>Transitions for Young Adults with Special Needs</b> <i>(p. 368)</i>	FY2006: (\$56,400 GPR) FY2007: (\$113,200 GPR)	Extends case management services to recipients identified as high cost and at an age or development level appropriate to begin the transition from child-centered care to adult health services.	Expanded access to preventive services is expected to avoid the need for hospital visits or reduce their length, saving about \$170,000 GPR (and \$231,000 FED) over 2 years.	Approved
<b>Children's Long-Term Support Waiver</b> <i>(p. 378)</i>	FY2006: \$74,400 GPR FY2007: \$375,600 GPR	Increases slots under the children's long-term support waiver, which targets children with physical, sensory & devel. disabilities, or severe emotional disturbances.	Creates an additional 80 slots for home or community-based care for children with various disabilities, or severe emotional disturbances.	Includes funding for 50 slots (rather than 80); cuts the Governor's proposal by \$114,100 GPR.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>DD Center Funding &amp; CIP 1A Reestimate</b> <i>(p. 407)</i>	FY2006: (\$8.92 million) FY2007: (\$8.92 million)	Cuts funding & 145 staff at Northern WI Center. Adds 44.5 positions at Southern WI Center.	Simply reflects the effects of the increased community placements in 2003-05 (which exceeded expectations at N. Center, but fell short at S. Center).	Approved the Governor's proposal but cut 2.5 fewer positions and \$329,000 PR less, based on LFB re-estimates.
<b>Immunization Registry Access</b> <i>(p. 405)</i>	FY2006: (\$10,300 GPR) FY2007: (\$5,500 GPR)	Partially funds programming changes to provide parents to their children's immunization records.	Gives parents access to records in the Wisconsin Immunization Registry.	Approved, with increase in anticipated federal funds.
<b>CHILD WELFARE &amp; OTHER HUMAN SERVICES</b> (Note that the amounts in parentheses are cuts.)				
<b>Community Aids</b> <i>(p. 413)</i>	No overall change.	Cuts in Social Service block grant are replaced with an increase in federal Title IV-E funding.	Protects the program from a cut in nominal dollars, but continues its long erosion from inflationary pressures and caseload growth.	No change
<b>Milwaukee Child Welfare</b> <i>(p. 426)</i>	Reductions: FY2006: (\$6.92 million GPR) (\$8.48 million overall) FY2007: (\$5.84 million GPR) (\$7.18 million overall)	Reinvests a portion of the savings to improve caseloads. Changes eligibility standards to allow safety services earlier in the process. Establishes two new programs – an Ombudsman for Children and a mental health stabilization clinic for children and adults.	Additional safety services could be targeted to more vulnerable populations who are currently ineligible for services; however, safety services are only available to families who have been reported to protective services.	Cuts funding for CY 2005 incentive payments based on reestimated out-of-home placement costs. Rejects most of the proposals to use a portion of the savings for system improvements.
<b>Kinship Care</b> <i>(p. 438)</i>	Reductions: (\$373,800) each year	Cuts in TANF funding - reflect an anticipated reduction of caseloads.		Funding for benefits & assessments cut an additional \$714,000 in FY 06 and \$1,062,000 in FY 07, based on LFB reestimates.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>Foster Care Rate Increases</b> <i>(p. 430)</i>	FY2006: \$557,600 [\$408,900 GPR] FY2007: \$1.67 million [\$1.23 million GPR]	Foster care rates would increase 5% in January 2006, and an additional 5% one year later. These funds can be used by foster parents 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.	JFC approved a 2.5% increase in FY06 and an additional 2.5% in FY07. Totals: \$214,000 GRP and \$619,000 GPR with a substantial federal match.
<b>State Foster Care and Adoption Assistance</b> <i>(p. 426)</i>	FY2006: \$10.6 million [\$5.26 million GPR] FY2007: \$19.36 million [\$9.79 million GPR]	This funding increase is described as a reestimate to reflect caseload changes and rate increases for direct care.		Reduced the increase by \$1.3M in FY06 and \$1.6M in FY07, reflecting reestimate of federal funds & updated foster care population figures.
<b>Child Welfare Program Enhancement Plan</b> <i>(p. 430)</i>	FY2006: \$ 1.44 million GPR FY2007: \$ 1.21 million GPR	Increased funds are targeted for improved child welfare practices, training, quality reviews & recruitment and retention.	This is an important step in making long-overdue improvements in the quality of the child welfare system.	Approved the Governor's recommendation.
<b>Family Foundations / Home Visiting</b> <i>(p. 441)</i>	FY2007: \$1.25 million GPR (effective January 1, 2007)	Provides funding for the last 6 months of 2005-07 to offer info about child health services, immunizations & other developmentally appropriate information for first-time parents. There are two components to the proposal: a universal home visiting program, and a targeted home visiting program aimed at first-time MA eligible parents with identified risk factors for child abuse and neglect.	This would make the program available to all parts of the state in 2007. The universal home visiting program has a goal of serving 40% of first-time parents in the first year (CY 2007) and 100% in the fifth year. The targeted home visiting program is expected to serve 45% of MA eligible parents in 2007.	Deleted from the budget.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>Female Offender Reintegration Program (Milwaukee County)</b> <i>(p. 417)</i>	FY2006: \$139,100 GPR FY2007: \$140,000 GPR	This funding will provide support services to nonviolent women prisoners and their dependent children. Services will include reach-in and transition services during incarceration and post incarceration services for up to two years. These monies are the state corollary to a 3-year \$7.5 million annual federal access to recovery grant and are available only to women who have a mental health or substance abuse diagnosis.	This recognizes that female offenders will be returning to the community and need a high level of support to provide safe and appropriate homes for their children. Institutional visits can assist mothers in bonding with their children while incarcerated, & comprehensive support services along with risk assessment post-incarceration balance the need to ensure child safety and meet the needs of the family in a supportive, rather than punitive manner.	Reduced funding by \$88,900 over the biennium to reflect reestimates of costs and reduced funding for each child visit.
<b>Mental Health and AODA Services for Child Welfare Families</b> <i>(p. 432)</i>	FY2006: \$313,800 (No GPR) FY2007: \$1.06 million (No GPR)	Funds pilot mental health and substance abuse screening and treatment programs for parents & kids involved with child welfare outside Milwaukee County. Funded through a new surcharge on felony & misdemeanor convictions.		Deleted from the bill.
<b>Refugee Family Strengthening Project (RSFP)</b> <i>(p. 443)</i>	FY2006: \$563,500 GPR FY2007: \$563,500 GPR	This new program provides support for linguistically and culturally appropriate domestic abuse, intervention and outreach services to refugee communities.	Many survivors of domestic abuse are unable to access the judicial system and/or counseling services due to language barriers. Also, in many cultures domestic abuse is not a public issue, so outreach is essential to assist women from those cultures.	Governor's recommendation approved. DHFS directed to award RFSP a grant for providing domestic abuse services to the refugee population.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>CHILD CARE &amp; EARLY EDUCATION</b> (Note that the amounts in parentheses are cuts.)				
<b>Wisconsin Shares – Funding Level</b> <i>(p. 803 &amp; 814)</i>	The \$308 million base funding level is cut by \$758,000 in FY 2006 and \$7.5 million in FY 2007.	The funding is reduced in part to reflect policy change allowing W-2 participants to care for infants until they are 6 months old. DWD also assumes \$6 million in savings in the 2 <sup>nd</sup> year from use of the tiered reimbursement system relating to Quality Care for Quality Kids.	The funding level starts from a frozen base level and then makes cuts reflecting the policy changes. The frozen base level may mean that other cost-cutting measures will have to be employed, unless until funding is found.	Provides net increase of about \$7.5 million in 2005-07, primarily because the LFB estimated costs to be about \$21 million higher. That amount is reduced by savings from: increased co-pays, decreased rates for after-school care, and cuts for on-site & migrant care.
<b>Wisconsin Shares – Co-pays</b> <i>(p. 814)</i>	No change	Retains current co-pays and eligibility.	Establishes goal of maintaining current law, but the underfunding created a risk of future action to cut costs or increase co-pays.	Increases co-pays for Wisconsin Shares by 15%, which saves the state about \$8.8 million in 2005-07.
<b>Wisconsin Shares – Funding for On-site and Migrant Care</b> <i>(p. 814)</i>	No change	Maintains the current commitment to these forms of child care as part of Wisconsin Shares funding.		Cuts \$1 million/yr for care at W-2 job centers, & \$347,000 /yr for migrant care.
<b>Child Care – Quality Care for Quality Kids Initiative (QCQK)</b> <i>(p. 804)</i>	Provides a net increase of \$2.7 million, including admin. costs of the rating system, spending on savings from tiered reimbursement systems	Creates a new child care quality and tiered reimbursement system for WI Shares providers, reducing rates for 1 and 2-star providers, & raising them for 4 & 5-star providers.	Should help parents choose and some providers offer higher quality care. Expected to reduce WI shares reimbursement by about \$6 million in FY 2007.	Eliminates the entire proposal, including WI Shares savings and the spending for quality measures.
<b>Child Care – Scholarship and Bonus funding</b> <i>(p. 804)</i>	FY 2006: \$1.8 million FY 2007: \$1.8 million	Funding is increased to \$4.5 million per year.	Expands the program in order to help increase the quality of care, as part of the Quality Care for Quality Kids Initiative.	Cuts \$1.62 million/yr from the Governor’s proposal, yielding a net annual increase of about \$200,000.

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<b>Child Care – Resource &amp; Referral Agencies</b> <i>(p. 804)</i>	Increased funding by \$5,200 per year (0.4%).	Essentially no increase to cover any increase in services related to Quality Counts.	Maintains current level of service.	Cut the funding by \$725,000 per year (a 59% reduction).
<b>Child Care Pass-Through Grants</b> <i>(p. 804)</i>	No change	Funding continues at \$2.48 million per year.	Continuation of this funding is intended to augment the Quality Care or Quality Kids initiative	Eliminated funding.
<b>Child Care – DWD Administration &amp; Licensing</b> <i>(p. 806-808)</i>	Funded at \$7,476,400 each year.	Moves child care licensing from DHFS to DWD. Includes an increase of \$117,600/yr to support the child care information center.	Consolidates the child care licensing and certification functions now divided between DWD and DHFS.	Eliminates the Governor’s proposal to move licensing and consolidate child care regulation.
<b>Child Care Licensing Fees</b> <i>(p. 806-808)</i>	FY 2006 & 2007: \$574,300 increase	Increases the per-child licensing fees paid by child care centers from \$8.47 to \$16.94.	Provides needed revenue for DWD, in light of the TANF shortfall; raises costs for providers	Increases the fee to \$10.33, reducing revenue by \$466,000 per year.
<b>Early Childhood Excellence (ECE) Centers</b> <i>(p. 811)</i>	FY 2006: (\$250,000) FY 2007: (\$2,500,000)	Cuts funding for the centers by 10% in FY 2006 and eliminates it in the second year.	It is assumed that the centers will be 5-star under the new rating system and therefore will receive increased funding from WI Shares.	Eliminated all of the funding, though the Senate restored the statutory authority.
<b>Head Start</b> <i>(p. 811)</i>	No change in the funding level.	Converts current TANF appropriation (\$3.5m) to GPR.	This helps fill the hole caused by the large structural deficit in the TANF budget.	Same as Governor
<b>Start-up Grants for 4-year-old Kindergarten (4-K)</b> <i>(p. 586)</i>	FY 2006: 0 FY 2007: \$3 million	Provide 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.	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.	Rejected this initiative.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>TANF &amp; W-2</b> (Note that the amounts in parentheses are cuts.)				
<b>State Funding for TANF-related Programs</b> (pp. 793-797)	FY 06: \$9.38 million GPR FY 07: \$2.38 million GPR	Increases state support for these programs to help address the shortfall, primarily by restoring GPR funds earlier replaced with TANF funds.		Cut state funding about \$24 million (GPR and SEG) relative to the amount proposed by the Governor.
<b>W-2 Contracts: Benefits for Participants</b> (p. 799)	FY2006: (\$9.1 million) FY2007: (\$16.1 million)	Benefits to participants are reduced by 21% from the 2004-05 contracts to the 2006-07 contracts. This assumes far fewer participants receiving cash benefits – an average of 7,500 per month in the next contract period, compared to 10,800 as of Dec. 2004 (a 31% drop) & 12,500 in June 2004 (a 40% drop).	These assumptions are based on a “strengthening economy” and quicker transitions into unsubsidized employment. The reduction in cash benefits funding may cause some agencies to assign participants to inappropriate jobs, or to rely too heavily on the “job ready” category.	Approved
<b>W-2 Contracts: Administration</b> (p. 799)	TANF funding for the agency administrative expenses is cut to \$20.1 million in FY 06 & about \$19 million in FY 07.	The 2006-07 contracts funding for administration represents a 10% decrease from the 2004-05 contracts.		In addition to the reduced funding level proposed by the Governor, JFC cut an additional \$1.1 million in FY06 and \$2.2 million in FY07 from Administration.
<b>W-2 Contracts: Ancillary Services</b> (p. 799)	Reductions: FY2006: (\$5.1 million) FY2007: (\$10.8 million)	Funding for services in the W-2 contracts decreased 21 percent from 2004-05 to 2006-07.	Given the funding decreases & increased pressure to place participants in unsubsidized jobs more quickly, it remains to be seen whether DWD will be able to increase the wages at placement of W-2 participants as it intends.	Approved

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>W-2 State Administration</b> <i>(p. 809)</i>	Reductions: FY2006: (\$1.97 million) FY2007: (\$1.97 million)		Reduces spending for state administration of W-2 to help address TANF shortfall.	Cuts \$944,500/yr. more by eliminating the Milwaukee regional office and its 11 positions.
<b>W-2 Benefits for Parents of Infants</b> <i>(p. 803)</i>	Increases W-2 benefit costs, but reduces need for infant child care, estimated by the Governor to yield a net \$2.3 million savings over the biennium	Provides eligibility for benefits without work or a work search until infant is 6 months old, instead of the current 12 weeks; however, certain work-related requirements could be prescribed by DWD.	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. Without this change, other cuts will be needed.	Rejected the proposal, thereby requiring the addition of \$2.3 million for child care subsidies.
<b>W-2 Trial Jobs Plus Demonstration Project</b> <i>(p. 800)</i>	Costs reflected in the benefits appropriation above	Establishes a Trial Jobs Plus pilot program in 3 areas, where 1,000 W-2 participants will be placed in private sector jobs. Employers will be reimbursed for wages paid for up to 30 hrs per week at the min. wage (plus other basic benefit costs). Employers must make a good faith effort to employ workers after trial job ends (6 - 9 mos.). Training may be substituted for work.	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.	Rejected the proposal.
<b>W-2 Benefits for Pregnant Women</b> <i>(p. 802)</i>	Costs reflected in the benefits 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 unborn children who would otherwise be at risk. Enables mothers to focus on medical care that will protect them and children.	Rejected the proposal.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>Kinship Care</b> <i>(pp. 438 &amp; 808)</i>	FY 2006 (\$373,800) FY 2007 (\$373,800)	Reduces TANF funding to reflect a re-estimate of projected caseload for each year of the biennium.	If funds prove to be insufficient for caseload, DHFS has authority to create waiting lists, unless Joint Finance makes a supplementary appropriation.	Funding for benefits & assessments cut an additional \$714,000 in FY 06 and \$1,062,000 in FY 07, based on LFB reestimates.
<b>Caretaker Supplement</b> <i>(p. 808)</i>	FY 2006 +\$798,500 FY 2007 (\$281,800)	Part of an overall increase requested by the Governor to reflect a projected increased caseload in SSI in FY 06. Caseload is expected to decrease in FY 07.	Maintains the current programs, and re-estimates the needed TANF funds.	Increased TANF funding about \$2 million compared to the Governor's bill, based on LFB re-estimates.
<b>TANF Emergency Assistance</b> <i>(p. 794)</i>	No change			No change in funding, but allows grants to be made up to once a year (instead of 3 years).
<b>TANF: Bureau of Milwaukee Child Welfare</b> <i>(p. 794)</i>	TANF funding for safety services and prevention services are unchanged. There's a small cut for the automated information system.	With caseloads decreasing, existing TANF and GPR resources will be used to expand early intervention services.	Would reallocate the base funding level to serve families with children at imminent risk of abuse or neglect, and to fund a mental health stabilization clinic.	Supports the service expansion, but cuts \$1,616,400 per year to reflect the revised estimate of costs and deletion of funds for the mental health stabilization clinic.
<b>Children First</b> <i>(p. 810)</i>	FY 2006: \$221,000 FY 2007: \$221,000	Increases the appropriation to \$1.36 million per year and expands the program to 5 more counties.	Adds 5 more counties where judges will be able to order non-custodial parents to participate in this work-experience and training program.	Cuts the program to \$834,400 per year (about \$500,000/yr. less than the Governor proposed).
<b>TANF: Domestic Violence Grants</b> <i>(p. 812)</i>	No change in the funding level, but the funding source is changed.	The \$750,000 per yr. appropriation is switched from TANF to GPR.	This helps fill the hole caused by the large structural deficit in the TANF budget.	Same as the Governor.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>TANF: Transportation</b> (p. 810)	FY 2006: \$900,000 SEG FY 2007: \$900,000 SEG  These increases would come from \$5.5 million shifted from the Transportation Fund.	Uses funding from the state Transportation Fund to restore the funding for this W-2 service. In the previous budget W-2 agencies were directed to fund these services from their regular contracts.	Improves the ability of W-2 agencies to provide transportation services for TANF-eligible parents. This is important given the reduction in the contract funding for W-2 services.	Rejected the restoration of transportation funding and the shift of \$5.5 million over two years from the Transportation Fund.
<b>TANF: Brighter Futures and Tribal Adolescent Services</b> (p. 811)	Substitutes GPR funds for the current \$1.4 million TANF appropriation.	Maintains the program at current funding levels with GPR.	Helps fill the hole caused by the large structural deficit in the TANF budget.	Same as the Governor.
<b>EITC Funding</b> (p. 267)	FY2006: (\$5.1 million – all funds) FY2007: (\$4.5 million – all funds)	The TANF funding is unchanged, but GPR is reduced about \$9.1 million over two years. Eliminates SEG funding of \$236,800 per yr. (from public benefits)	Maintains the EITC program, which assists about 190,000 families in WI. Cuts the funding level to reflect cost re-estimates.	No change in TANF funding. \$12 million GPR is added (or restored), based on LFB re-estimates.
<b>K-12 EDUCATION</b> (Note that the amounts in parentheses are cuts.)				
<b>DPI: General School Aids and Two-thirds Contribution</b> (pp. 575-579)	FY 2006: \$285 million GPR FY 2007: \$415 million GPR (While not reinstating the two-thirds requirement, the proposal would raise GPR back to that level.)	6.6 % increase over FY05 funding; followed by an additional 2.8% increase over FY06 funding; represents a substantial increase in the state contribution to education, which provides property tax relief at the local level.	In addition to the increase in general school aid, monies are proposed for several categorical aid programs, such as special education and the SAGE program. These proposals are detailed below.	Cut the Governor's proposal by \$143.6 million in 2005-06 and \$184.8 million in 2006-07 – which amounts to a biennial increase of \$371.6 million over the base.
<b>Revenue Limits</b> (p. 580)	The state share of the cost of higher revenue limits is reflected in the general aids increases shown above..	Sets the per pupil spending adjustments at \$248 in 2005-06 and \$252 in 06-07, compared to \$241 now.	The revenue caps will continue to pinch school spending. They ensure that most of the increased aid is used for property tax relief.	Reduced the caps to \$120 in 2005-06 and \$100 thereafter, which will cut allowable school spending by about \$400 over the next two years.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>Unused Revenue Limit Carryover</b> <i>(p. 581)</i>	Not applicable	Allows school districts to carry over the full amount of unused revenue adjustment authority from the prior year, rather than 75% of the unused amount (starting with 2005-06).	This is intended to relieve schools from pressure to use every bit of their authority to raise revenue each year.	Approved, and would first be applied to school year 2004-05.
<b>QEO</b> <i>(p. 824)</i>	No change	Repeals current law relating the qualified economic offer (QEO).	The elimination of the QEO will allow for higher increases in teacher salaries and benefits. However, if a district is already up against its expense cap, increases in teacher compensation would need to come from reallocation of funds in the district's budget.	Eliminated from the bill (on the grounds that it is non-fiscal policy).
<b>Streamlined Sales Tax Revenue</b> <i>(p. 579)</i>	Would create a new appropriation for schools, but the amount of revenue is unspecified.	Recommends that any additional sales tax revenue generated in 2005-07 due to the Streamlined Sales Tax Project be used to generate school aids in FY 07.	This entails adopting a simplified, multi-state plan for taxing goods, making it easier for sellers in interstate commerce to collect sales taxes. This is expected to reduce sales tax revenue nearly \$6 million, but to increase voluntary compliance by almost \$32 million.	Rejected the adoption of the changes needed for the Streamlined Sales Tax Project.
<b>Pupil Transportation Aid</b> <i>(p. 584)</i>	FY2006: \$3.2 million increase (\$17.7 million GPR reduction) FY2007: \$13.2 million increase (\$17.7 million GPR reduction)	Overall funding for the program is increased, using dollars transferred from the transportation fund. Will fund an increase in reimbursement rates for students traveling more than eight miles to school.	Will especially help more rural and dispersed districts with long bus routes.	Increases funding by \$3,650,000 less in 2006-07 than the Governor proposed, and provides somewhat lower per pupil rates.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>Special Education</b> <i>(p. 585)</i>	FY2006: No change. FY2007: \$15.5 million GPR	Includes a general increase of \$12 million in FY07, and a policy change to allow costs of guidance counselors to be reimbursable. There's also a \$3.5 million increase in FY 07 to reimburse 90% of special education costs in excess of \$30,000 per special education student for students with high-cost, low incidence needs.	Helps take a little of the pressure off schools from their climbing special education costs, and begins to adjust the distribution of special education aids to help districts with higher cost students.	Approved the Governor's changes. Added school nurses as reimbursable category of costs. Directed DPI to study using a census-based reimbursement system instead of a cost-based system. Also requested a Legislative Council study.
<b>Differentiated Teacher Compensation Pilot</b> <i>(p. 588)</i>	FY2006: \$600,000 GPR FY2007: \$1.2 million GPR	Creation of a new program for school districts to design, develop and pilot a differentiated compensation model for teachers.	Depending on models chosen, could provide incentives for positive approaches to teaching and improved student outcomes.	Rejected
<b>SAGE</b> <i>(p. 582)</i>	FY2006: \$14.75 million GPR FY2007: \$29.32 million GPR	Incremental increase in reimbursement rate – from current \$2,000 per pupil to \$2,250 in FY06 & \$2,500 per pupil in FY07.	Expected to expand SAGE to 10 more districts, and assists districts with the costs of offering lower class size.	Rejects the per pupil increase. Increases funding by about \$6 million over 2 years, rather than the \$44 million in the Gov's proposal. Allows Milwaukee Public Schools to increase size of SAGE classrooms to 25.
<b>School Breakfast Reimbursement Rates</b> <i>(p. 589)</i>	FY2006: \$500,100 GPR FY2007: \$830,100 GPR	Increase in the reimbursement rate from 10 cents to 15 cents per breakfast.	WI is ranked 51 <sup>st</sup> in provision of school breakfast. The increase is intended to encourage more districts to offer breakfasts.	Rejected the increase.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>Bilingual – Bicultural Education Aid Increase</b> <i>(p. 587)</i>	FY2006: \$782,400 GPR FY2007: \$1.6 million GPR	No Change.	This increase will maintain the state’s share of costs for the program at 12%.	Approved the increase.
<b>Start-up Grants for 4-year-old Kindergarten (4-K)</b> <i>(p. 586)</i>	FY 2006: 0 FY 2007: \$3 million GPR	Provide 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, to offset. Preference in 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.	Rejected the start-up funding.
<b>Public Library System Aid</b> <i>(p. 600)</i>	FY2006: \$711,900 (\$1.4 million GPR reduction) FY2007: \$1.3 million (\$787,400 GPR reduction)	Overall aid to the public library system is increased, while reducing GPR, by an increase in segregated revenue from the universal service fund.		Approved the Governor’s recommendation.
<b>Milwaukee Parent Choice Program</b> <i>(p. 593)</i>	FY2006: \$9.96 million FY2007: \$12.6 million	Reestimates program costs.	Maintains the current upper limit on participation.	Maintained current law and the proposed funding (except for indirect effects from cuts in general school aid).
<b>Milwaukee/Racine Charter School Program</b> <i>(p. 595)</i>	FY2006: \$5.1 million FY2007: \$9 million	Reestimates program costs.		Approved funding.
<b>DEPARTMENT OF CORRECTIONS – JUVENILE JUSTICE</b>				
<b>DOC Funding Overall</b> <i>(p. 188)</i>	FY2006: 4.9% increase in GPR over FY2005 = \$43.6 million FY2007: 0.4% reduction in spending from FY2006 (\$3.65 million)	Although there is a funding increase in FY2006 and only a slight reduction in FY2007, there is a proposed cut of 175 FTE positions in the first year of the biennium and an additional 168 FTE in FY 2007.	The funding reduction is across all of DOC – not just juvenile corrections. The position cuts fall heavily on juvenile institutions, reflecting sharp drops in the populations in those facilities.	Final figures not yet available.

<b>Budget Item</b>	<b>Changes to the 2005 Base</b>	<b>Change(s) in Policy/Comments</b>	<b>Potential Effects</b>	<b>Joint Finance/ Legislature</b>
<b>Youth Aids</b> <i>(p. 221)</i>	No Change.	There is no change in real dollars, which is a net loss in inflation-adjusted monies.	The lack of an increase in funding will put more pressure on the counties because the JCI charges are increasing, but they have no more funding to address the increase.	No change
<b>Juvenile Corrections Daily Rates</b> <i>(p. 213)</i>	04-05 Rates: \$187 05-06 Rates: \$218 06-07 Rates: \$224	The rates for secured institutions are being increased by 20% over the two years.	This increase, without an attendant boost in Youth Aids, will be a burden to counties who use the JCI facilities.	Sets the daily rates at \$203 and \$209 over the next two years (based on the combined effect of several committee actions).
<b>Mendota Juvenile Treatment Center Reestimate</b> <i>(p. 219)</i>	FY2006: \$115,600 PR FY2007: \$235,000 PR	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
<b>Serious Juvenile Offender Reestimate</b> <i>(p. 219)</i>	Reductions: FY2006: (\$183,300 GPR) FY2007: (\$25,400 GPR)	This is a reestimate of the cost of reimbursements for serious juvenile offenders.	Reflects a welcome downward trend in JORP placements and costs	Reduces funding by an additional \$109,100 in 07.
<b>Alternate Care Reestimate</b> <i>(p. 214)</i>	Reductions: FY2006: (\$5.4 million - no GPR) FY2007: (\$5.15 million - no GRP)	This is a reestimate to reflect the projected decrease in the juvenile correctional population (to 114 each year, from a base of 159 in FY 05).		Modifies the Governor's proposal by deleting an additional \$1.78 million PR in 06 and \$1.85 million in 07.
<b>Southern Oaks Girls School Intensive Treatment Program</b> <i>(p. 218)</i>	FY2006: \$645,200 GPR FY2007: \$646,900 GPR	These funds replace a federal block grant that is not available after FY2005.	Uses GPR to maintain this program for girls.	Maintains the program, but uses Program Revenue, instead of GPR.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>Community Intervention Program</b> <i>(p. 217)</i>	Reductions (transfers): FY2006: (\$3.75 million GPR) FY2007: (\$3.75 million GPR)	The Governor's proposal would transfer the administration of the program from the Dept. of Corrections to the Office of Justice Assistance.	This is not a reduction of funds for the program, but rather a transfer of funds to another office.	Rejected the transfer
<b>MISCELLANEOUS</b>				
<b>GPR Spending Restrictions</b> <i>(July 5 LFB memo, p. 8)</i>	NA			Limit annual GPR spending growth to the sum of the CPI & percent growth in the state population, plus 1%. Would not apply to other revenue sources.
<b>Budget Stabilization Fund and "Taxpayer Protection Fund"</b> <i>(p. 127, also July 5 LFB memo, p. 8)</i>	FY 2007: \$36 million GPR	Directs the transfer of \$36 million from the general fund to the budget stabilization fund. Repeals the requirement that the net proceeds of the sale of state facilities and land be deposited in the budget stabilization fund.	The proposal provides a surefire way of building up the budget stabilization fund, but is not expected to generate more than would have come from the repealed requirements relating to the proceeds from property sales.	Approved the \$36 million transfer proposed by the Governor, but the fund would be renamed the "taxpayer protection fund." Any general fund revenue growth above the proposed growth limit described above must be deposited in the renamed fund and could be spent only with the approval of 3/4 of the legislators in each house.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<p><b>Property Tax Freeze</b> <i>(p. 652)</i></p>		<p>The Governor has proposed a property tax freeze which would limit municipality and county levies collected in 2006 and 2007, allowing those governments to increase property taxes by no more than inflation plus a growth factor related to new construction.</p> <p>For municipalities the growth factor will be calculated on a regional basis.</p>	<p>The effects of any property tax freeze proposal are difficult to predict, given the amount of dollars flowing to local units of government and schools has yet to be determined. Over time, however, any limit on local governments' and school districts' ability to raise revenue beyond that allowed by a particular formula will cause increasing strain on their budgets as specific costs, such as health care and fuel, rise much faster than the rate of inflation and/or new construction.</p>	<p>Deleted the Governor's proposed levy controls and adopted a modified version of AB58 establishing levy limits on municipalities, counties, and technical colleges. These provisions sunset after 3 years.</p>
<p><b>Shared Revenue: Municipalities and Counties</b> <i>(pp. 640-641)</i></p>	<p>No changes to the total amount or distribution of county and municipal aid paid to local governments.</p>	<p>While the total amount and distribution of municipal and county aids is essentially unchanged, the Gov. proposed several changes to the way payments are made to counties and municipalities, including: replacing \$170 million in each year of Transportation Fund dollars with GPR; replacing \$20 million/yr. of utility public benefits dollars with GPR; and replacing \$5 million each year of Medicaid dollars with GPR.</p>	<p>The restoration of GPR funds protects local governments as other one-time revenue sources are removed. On the other hand, the frozen level of funding results in a cut in purchasing power, and that problem is compounded by the proposed property tax freeze.</p>	<p>Approved as proposed by the Governor, but adds phased-in changes to the utility aid portion of Shared Revenue.</p>

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>Levy Restraint Program</b> <i>(pp. 644 &amp; 646)</i>	No additional funding in this biennium. The first payments under the new components of the program would be made in July 2007.	The program would be expanded to include 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.	New payments would begin in 2007 for localities with qualifying levy limits as of the Dec. 2005 property tax bills.	Rejected the Governor's proposal
<b>School Levy Tax Credit</b> <i>(pp. 581 &amp; 649)</i>	CY 2007 (FY 2008): \$150 million GPR	The school levy tax credit would be increased by \$150 million beginning in 2007, but the new funds would be distributed on an equalized basis (based on each locality's share of general school aids) unlike the current credit.	Increasing this credit is part of the plan for funding two-thirds of school costs in CY 2007, although the increase is delayed until early in FY 08. The formula change for distributing the added funds is more progressive.	Increased by \$50 million (rather than \$150 million). Rejected the proposed formula change.
<b>Homestead Tax Credit</b> <i>(p. 651)</i>	FY2006: \$1.2 million FY2007: (\$4 million)	To reflect cost estimates, funding for the Homestead Credits was increased to \$109.8 million in FY06 and decreased to \$104.6 million in FY07.	Reflects assumption that costs will increase in FY06 because of simplification of forms, and then drop in FY07 (because the program isn't indexed for inflation, and also reflecting property tax relief efforts).	Based on LFB reestimates of cost, increased funding by \$9.5 million, compared to the original bill (prior to factoring in savings from the tax freeze).
<b>Social Security Tax Exemption</b> <i>(p. 274)</i>	No change		Currently, income tax applies to one-half of Social Security income, and only if income exceeds \$44,000 for couples or \$34,000 for an individual.	Phases in full tax exemption for Social Security income, at a cost of \$12 million in FY 07, growing to about t \$100 million in FY 2010.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects	Joint Finance/ Legislature
<b>Adoption Tax Credit and Deduction</b> <i>(July 5 LFB memo, p. 10)</i>	No change		Maintains current income tax deduction of up to \$5,000 of adoption expenses.	Replaces the current deduction with a nonrefundable credit for adoption expenses above the \$10,000 federal credit. Costs \$5.3 million in FY 07 & \$7.5 million in future years.
<b>Private School and Homeschool Tax Credit</b> <i>(July 5 LFB memo, p. 9)</i>	NA			Creates a refundable income tax credit of \$100 per pupil in an eligible private school (excluding those in School Choice) or in home-schooling – at a cost of \$14.6 million per yr starting in FY 07.