



February 21, 2005

Analysis of Assembly Bill 100: The 2005-2007 Biennial Budget Bill

Introduction

On Feb. 8, 2005, Governor Doyle introduced his budget proposal for the 2005-07 biennium (AB 100). It is a budget that must balance a host of very substantial challenges, including:

- a deficit of more than \$1.6 billion in general purpose revenue (GPR);
- an additional deficit of about \$100 million in TANF funds for W-2 and related programs; and
- the need to maintain or increase local aid, to avoid putting even more pressure on property taxes.

Given the challenges the Doyle Administration faced, the Wisconsin Council on Children and Families is pleased to note that this budget preserves much of the funding for many core services for children and families, including Medicaid, BadgerCare, Community Aids, Youth Aids, Birth to Three and Family Support. It also includes many

significant initiatives contained in the governor's KidsFirst agenda, and it makes a huge investment in K-12 education. Like the last budget, this one also contains a heavy dose of tough cuts. AB 100 would:

- Reduce funds for a number of extremely important programs, including W-2 work benefits.
- Cut more than 1,800 state positions and \$222 million GPR from state agency operations.
- Reduce agency budget requests by \$273 million GPR.

The funding cuts would be far deeper if the budget did not include more than \$1.1 billion in one-time revenue and savings. These include delayed local aid payments, transfers from the state's Injured Patients Compensation Fund and Transportation Fund, and \$130 million in bonding for Medicaid. A longer list of the new revenue and other

budget balancing measures is included on the next page. The Legislature might choose not to include some of the proposed revenue sources in their version of the budget, which could dramatically change the document presented by the Doyle administration.

The itemized analysis below takes a preliminary look at selected items in the Doyle budget and provides a brief analysis of their impact. The page numbers are references to where the item can be found in the Department of Administration's budget summary.

At this writing, WCCF did not have the benefit of the in-depth analysis that the Legislative Fiscal Bureau does of the biennial budget proposal (which should be available by early March). Once that analysis has been completed, we will update this document, which you can find on our website at www.wccf.org.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects
<i>BALANCING THE BUDGET (Note that all amounts in parentheses are cuts.)</i>			
State Agency Administrative Operations	Cuts spending for admin. operations by \$272 million over 2 yrs (incl. \$186 million GPR). Saves another \$35.5 million GPR from new management strategies.	Cuts over 1,800 FTE positions and consolidates various functions. Reduces GPR spending by \$222 million over two years from agency cuts and admin. efficiencies.	Helps balance the budget without cutting key programs, but also may reduce the quality and timeliness of state services.
Reductions to Agency Budget Requests	Cuts \$273 million over the biennium from agency budget requests.	Reflects the rejection of some proposals, delays in others, and the freezing of many appropriations that agencies sought to increase.	The \$1.6 billion deficit figure was based upon agency budget requests. The rejection of \$273 million helps close that gap. Frozen programs will be eroded by inflation.
Patients Compensation Fund	Transfers \$169 million from the Injured Patients and Families Compensation Fund.	Provides a funding source that the state can use on a short-term basis to leverage fed. MA funds and help balance the MA budget. Part of the funds would be used for new Health Care Quality Improvement Fund.	This still leaves more than \$500 million in the fund, and helps balance the MA budget, but continues reliance on short-term solutions.
Revenue Bonding for Medicaid	Authorizes up to \$130 million in revenue bonds for Medicaid.	Authorizes 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 relies on one-time revenue & creates an ongoing obligation to pay the bond interest and principal.
One-time Transfer from the Transportation Fund	Transfers \$250 million from the Transportation Fund.	On a one-time basis, transfers \$250 million from the Transportation Fund to help finance schools and freeze property taxes.	Helps increase school aids enough to reach the two-thirds funding level, is a one-time fix that contributes to structural deficit.
Refinancing of Pension Debt	Saves \$75 million GPR	Realizes an additional \$75 million in savings from the refinancing of the state’s unfunded pension liability.	Helps the state get through the present fiscal troubles, but the debt refinancing has long-term costs.

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Local Aid for Computer Exemption	Saves \$70 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.
Decreasing the Required Closing Balance	Saves \$201 million GPR over the biennium (or \$166 million after factoring in \$35 million put into “rainy day” account).	Sets the statutory closing balance at \$65 million, by amending the requirement to increase it to 2% of spending.	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 rev. or higher costs.
Tribal Gaming Revenue	\$61 million increase over the biennium	Assumes the \$60 million that 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 Ct. ruling could put the budget at increased risk in 2005-07.
HEALTH CARE <i>(Note that all amounts in parentheses are cuts.)</i>			
Medical Assistance (MA) Base Funding <i>(p. 237)</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.
BadgerCare – Base Funding <i>(p. 237)</i>	FY2006: (\$6.1 million GPR reduction) FY2007: \$8.4 million GPR	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.
Prenatal care for immigrant women <i>(p. 226)</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 and yields MA savings for the state. The coverage of jailed pregnant women is also likely to produce savings for counties.
MA Coverage for Youths Leaving Out-of-Home Care <i>(p. 226)</i>	FY 2006: 0 FY 2007: \$357,000 GPR	Extends MA coverage to youth age 18 through 20 who would otherwise lose their coverage when they leave foster care or other out-of-home care, effective	This is expected to provide MA coverage to 358 teens in 2007, and that number would increase over the following two years.

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		in 2007.	
MA Claiming Initiative for Children in Residential Care Centers <i>(p. 229)</i>	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 two years.	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.
Supplemental Hospital Payments <i>(p. 229)</i>	FY2006: (\$9.07 million GPR) FY2007: (\$9.07 million GPR)	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.	Saves GPR by shifting hospital supplemental payments to a controversial, short-term revenue source.
Continuation of the MA Cost Reporting Program <i>(p. 231)</i>	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.
HMO Assessment <i>(p. 230)</i>	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 generates about \$88 million in assessments over 2 years, which is used to match federal dollars. Those funds would permit a biennial GPR saving of about \$42.5 million and a net gain for the HMOs (in the aggregate) of \$29 million.
Nursing Home Bed Assessment <i>(p. 230)</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

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			years).
Reduced Pharmacy Reimbursement <i>(p. 232)</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.
Eligibility Quality Assurance <i>(p. 234)</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.
Milwaukee County Mental Health Complex <i>(p. 231)</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.
SSI Managed Care Expansion <i>(p. 232)</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.	Is likely to require SSI recipients to use managed care, if they reside in an area served by at least two HMOs. Pushes the concept statewide, even before the initial pilots have been tested.
Managed Care for Children in Out-of-Home Care <i>(p. 232)</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.
Eliminating the MA “Grace Month” Policy <i>(p. 234)</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.
MA Fraud Prevention <i>(p. 233)</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.
Expanding Third-	FY2006: (\$1.46 million	Expands efforts to find existing health	Expected to shift a total of about \$7

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Party Liability Efforts <i>(p. 233)</i>	GPR) FY2007: (\$1.53 million GPR)	insurance coverage for MA eligible individuals. Would include a contingency-based contract.	million (all funds) over the biennium from MA to other insurance.
Reducing Emergency Room Utilization <i>(p. 234)</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 (and \$1 million FED) from reduced emergency room use and increased physician office visits.
MA Therapy Rates <i>(pp. 235 & 236)</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.
Expanding Dental Services at Technical Colleges <i>(p. 222)</i>	FY2006: \$117,000 GPR FY2007: \$117,000 GPR	Provides grant funding for dental services provided at two technical colleges (that must provide 50% in match).	Would allow two technical colleges to continue their dental services in the summer months. (They now just offer services in the school yr.)
Seal-a-Smile Expansion <i>(p. 223)</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.
HIRSP Changes <i>(pp. 238-239)</i>	FY2006: (\$39.1 million SEG) FY2007: (\$10.2 million SEG)	Savings are primarily from lower than expected growth in 2003-05, but also from changing the pharmacy benefit package, & 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.
Transitions for Young Adults with Special Needs <i>(p. 243)</i>	FY2006: (\$56,400 GPR) FY2007: (\$113,200 GPR)	Extends case management services to recipients ID'ed 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 two years.

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Children's Long-Term Support Waiver (p. 244)	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.
DD Center Funding & CIP 1A Reestimate (p. 249)	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).
CHILD WELFARE & OTHER HUMAN SERVICES (Note that all amounts in parentheses are cuts.)			
Community Aids (p. 242)	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.
Milwaukee Child Welfare (p. 224)	Reductions: FY2006: (\$6.92 million GPR) (\$8.48 million overall) FY2007: (\$5.84 million GPR) (\$7.18 million overall)	Change in eligibility standards to allow safety services earlier in the process. Establishment of 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.
Kinship Care (p. 241)	Reductions: FY2006: (\$373,800) FY2007: (\$373,800)	Cuts in TANF funding - reflect an anticipated reduction of caseloads.	
Foster Care Rate Increases (p. 225)	FY2006: \$557,600 [\$408,900 GPR] FY2007: \$1.67 million [\$1.23 million GPR]	This increase represents a 5% increase in uniform foster care rates in January 2006, and an addition 5% one year later. These monies 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.
Child Welfare Program Enhancement Plan	FY2006: \$ 1.44 million GPR FY2007: \$ 1.21 million	This budget increase is directed toward improved child welfare practices, training, quality reviews and	This is an important step in making long-overdue improvements in the quality of the child welfare system.

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<i>(p. 224)</i>	GPR	recruitment and retention.	
Foster Care Rate Increases <i>(p. 225)</i>	FY2006: \$557,600 [\$408,900 GPR] FY2007: \$1.67 million [\$1.23 million GPR]	This increase represents a 5% increase in uniform foster care rates in January 2006, and an addition 5% one year later. These monies 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 and the ability to provide for the basic needs of the child. This will help close the gap between the payments and the actual costs of raising a foster child.
Family Foundations / Home Visiting <i>(p. 222)</i>	FY2007: \$1.54 million (effective January 1, 2007)	This program will receive funding in the last six months of the biennium to offer information about child health services, immunizations and other developmentally appropriate information for all first-time parents.	The lag time in increased funding availability will restrict the effectiveness and reach of this important program during the first part of the biennium.
Female Offender Reintegration Program (Milwaukee County) <i>(p. 225)</i>	FY2006: \$139,100 FY2007: \$140,000	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.
Mental Health and AODA Services for Child Welfare Families <i>(p. 225)</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 and children involved with child welfare outside of Milwaukee County. Funded through a new surcharge on felony & misdemeanor convictions.	
State Foster Care and	FY2006: \$10.6 million	This funding increase is described as a	

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Adoption Assistance <i>(p. 241)</i>	[\$5.26 million GPR] FY2007: \$19.36 million [\$9.79 million GPR]	reestimate to reflect caseload changes and rate increases for direct care.	
Refugee Family Strengthening Project <i>(p. 226)</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. Further, in many cultures domestic abuse is simply not a public issue, so outreach is essential in assisting women from those cultures.
<i>CHILD CARE & EARLY EDUCATION (Note that all amounts in parentheses are cuts.)</i>			
Wisconsin Shares <i>(p. 592)</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 nd year due to implementation of the Quality Counts rating system.	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.
Child Care – DWD Administration & Licensing <i>(p. 592)</i>	Funded at \$7,476,400 each year.	Moves child care licensing from DHFS to DWD. Includes new money (see below) for activities related to Quality Counts	Consolidates the child care licensing and certification functions now divided between DWD and DHFS.
Child Care Licensing Fees	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
Childcare – Quality Counts Initiative <i>(p. 592)</i>	Total funding of \$11.5 million the first year and \$10 million the second year, which includes the components noted below.	Creates a new child care quality and tiered reimbursement system.	Should help providers offer and parents choose higher quality care. Expected to reduce WI shares reimbursement in FY 2007
Child Care – Resource and Referral Agencies	Funded at \$1,225,000 million per year.		Allows the CCR&Rs to help implement the Quality Counts initiative.

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Child Care – Scholarship and Bonus funding	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.
Child Care Pass-Through Grants <i>(p. 592)</i>	No change	Funding continues at \$2.5 million per year.	Continuation of this funding is intended to augment the Quality Counts initiative
Early Childhood Excellence (ECE) Centers <i>(p. 592)</i>	FY 2006: \$0 FY 2007: (\$2,250,000)	Eliminates funding for the centers in the second year.	It is assumed that the centers will be 5-star under the new rating system and therefore will still receive increased funding.
Childcare – Consolidation of Regulation <i>(pp. 227 & 594)</i>	Slight cut in child care funding, offset by carryover funds from FY 03 and license fee revenue	Converts 2 positions to license fee revenue	Maintains licensing staff, while freeing up some childcare block grant funds.
Head Start <i>(pp. & 593)</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.
Start-up grants for 4K	FY 2006: \$3 million FY 2007: \$3 million	Provide grants of up to \$3,000 per student in the first year and \$1,500 in the second year to off-set the cost of starting 4K. Preference in grant making will be to school districts engaged in collaborative models.	Reduces a barrier to starting 4K programs created by the 3-year average pupil count, which fails to fully compensate for costs incurred in a program's first two years.
TANF & W-2 <i>(Note that all amounts in parentheses are cuts.)</i>			
W-2 Contracts: Administration	TANF funding for the agency administrative expenses is cut to \$20.1 million in FY 06 and about \$19 million in FY 07.	The 2006-07 contracts funding for administration represents a 10% decrease from the 2004-05 contracts.	
W-2 Contracts: Ancillary Services	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 and the increased pressure to place participants in unsubsidized unemployment more quickly, it

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			remains to be seen whether the administration will be able to increase the hourly wage at placement of W-2 participants as it intends.
W-2 Contracts: Benefits for Participants	FY2006: (\$9.1 million) FY2007: (\$16.1 million)	Benefits to participants are also reduced by 21% from the 2004-05 contracts to the 2006-07 contracts. Assumes significantly reduced 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.
W-2 Benefits for Parents of Infants <i>(p. 591)</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.
W-2 Transitional Jobs <i>(p. 591)</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 minimum wage (plus other basic benefit costs). Employers must make a good faith effort to employ workers after trial job ends (6 – 9 months). 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.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects
Unmarried, Pregnant Woman <i>(p. 591)</i>	Costs reflected in the benefits appropriation above.	Provides a monthly cash benefit to 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.
Kinship Care <i>(pp. 241 & 592)</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.
Caretaker Supplement <i>(pp. 244 & 592)</i>	FY 2006 +\$934,000 FY 2007 (\$174,000)	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. This is treated as a sum-sufficient appropriation, so DWD would seek approval from Joint Finance to shift funding, if needed.
TANF Emergency Assistance <i>(p. 592)</i>	No change		
TANF: Bureau of Milwaukee Child Welfare <i>(p. 593)</i>	TANF Funding levels for safety services and prevention services are unchanged. There's a small cut for the automated information system.		
Children First <i>(p. 593)</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.
TANF: Domestic Violence Grants <i>(p. 593)</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.

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TANF: Transportation <i>(p. 593)</i>	FY 2006: \$900,000 FY 2007: \$900,000	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.
TANF: Brighter Futures and Tribal Adolescent Services	Eliminates the \$1.4 million TANF funding for the program and replaces it with GPR.	Maintains the program at current funding levels with GPR.	Helps fill the hole caused by the large structural deficit in the TANF budget.
EITC Funding <i>(p. 474)</i>	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, and 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 reestimates. .
<i>K-12 EDUCATION (Note that all amounts in parentheses are cuts.)</i>			
DPI: School Aids and Two-thirds Contribution <i>(p. 403)</i>	FY 2006: \$285 million GPR FY 2007: \$415 million GPR (While not reinstating the two thirds requirement, the Governor’s budget proposal would raise the GPR back to a two-thirds contribution).	6.2 % increase over FY05 funding; followed by an additional 3.3% 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.
Adjustment to the Aid Formula <i>(p. 410)</i>	Increase of general school aids by 6.6% in FY2006, and an additional 2.8% in FY2007	Provides property tax relief.	

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects
QEO <i>(p. 413)</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.
Pupil Transportation Aid <i>(p. 411)</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.
Special Education <i>(p. 411)</i>	FY2006: No change. FY2007: \$15.5 million GPR	Includes a general increase of \$12 million in FY07, and a policy change to allow guidance counselors to be an eligible category for reimbursement. There's also a \$3.5 million increase in FY07 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.
Differentiated Teacher Compensation Pilot <i>(p. 411)</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.
SAGE <i>(p. 410)</i>	FY2006: \$14.75 million GPR FY2007: \$29.32 million GPR	Incremental increase in reimbursement rate – from current \$2000 per pupil to \$2250 in FY06 & \$2500 per pupil in FY07.	Expected to expand SAGE to 10 more districts, and assists districts with the costs of offering lower class size.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects
School Breakfast Reimbursement Rates <i>(p. 412)</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 st in provision of school breakfast. The increase is intended to encourage more districts to offer breakfasts.
Bilingual – Bicultural Education Aid Increase <i>(p. 412)</i>	FY2006: \$782,400 GPR FY2007: \$1.56 million GPR	No Change.	This increase will maintain the state's share of costs for the program at 12%.
Public Library System Aid <i>(p. 416)</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.	
Milwaukee Parent Choice Program <i>(p. 417)</i>	FY2006: \$9.96 million FY2007: \$12.6 million	Reestimates program costs.	Maintains the current upper limit on participation.
Milwaukee/Racine Charter School Program <i>(p. 417)</i>	FY2006: \$5.1 million FY2007: \$9 million	Reestimates program costs.	
DEPARTMENT OF CORRECTIONS – JUVENILE JUSTICE			
DOC Funding Overall <i>(p. 103)</i>	FY2006: 4.9% increase in GRP over FY2005 [\$43.6 million] FY2007: .4% reduction in spending from FY2006 (\$3.65 million)	Although there is an increase in monies 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.
Mendota Juvenile Treatment Center Reestimate <i>(p. 114)</i>	FY2006: \$115,600 (no GPR) FY2007: \$235,000 (no GPR)	This is a reestimate of the cost of service for juvenile males at Mendota Mental Health.	Given the importance of treatment for mentally ill youth, the contract between the DOC and DHFS to provide services to this population is particularly important.

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects
Serious Juvenile Offender Reestimate <i>(p. 115)</i>	Reductions: FY2006: (\$183,300 GPR) FY2007: (\$25,400 reduction)	This is a reestimate of the cost of reimbursements for serious juvenile offenders.	Reflects a welcome downward trend in JORP placements and costs
Alternate Care Reestimate <i>(p. 115)</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).	
Community Intervention Program <i>(p. 115)</i>	Reductions: FY2006: (\$3.75 million GPR) FY2007: \$3.75 million GPR	The Governor's proposal would transfer the administration of the Community Intervention Program from the Department 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.
Southern Oaks Girls School Intensive Treatment Program <i>(p. 114)</i>	FY2006: \$645,200 GPR FY2007: \$646,900 GPR	These funds replace a federal block grant which is not available after FY2005.	Uses GPR to maintain this program for girls.
MISCELLANEOUS			
Shared Revenue: Municipalities and Counties	No changes to the total amount or distribution of county and municipal aid paid to local governments.	While the total amount and distribution of municipal and county aids is not altered, the Governor has recommended several changes to the way in which payments are made to counties and municipalities including: replacing \$170 million in each year of transportation fund dollars with GPR; replacing \$20 million each year of utility public benefits dollars with GPR; and replacing \$5 million each year of Medical Assistance Program dollars with GPR.	

Budget Item	Changes to the 2005 Base	Change(s) in Policy/Comments	Potential Effects
Property Tax Freeze		<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, fuel and other items, rise much faster than the rate of inflation and/or new construction.</p>
Expenditure Restraint Program		<p>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.</p>	
School Levy Tax Credit	FY2007: \$150 million	<p>The school levy tax credit would be increased by \$150 million beginning in 2007, but would be distributed on an equalized basis (in proportion to each school district's share of general school aids) unlike the current credit.</p>	
Homestead Tax Credit	FY2006: \$1.2 million FY2007: (\$4 million)	<p>The Governor has recommended reestimating the sum sufficient for homestead credits to \$109.8 million in FY06 and \$104.6 million in FY07.</p>	<p>Reflects assumption that costs will drop in FY07 because the program isn't indexed for inflation, and also possibly reflecting property tax relief efforts.</p>

