

STATE OF WISCONSIN  
**A BLUEPRINT FOR WISCONSIN'S FUTURE:**

**OPPORTUNITY  
AFFORDABILITY  
FISCAL RESPONSIBILITY**

**2007-09 EXECUTIVE BUDGET SUMMARY**

JIM DOYLE, GOVERNOR



FEBRUARY 2007

DIVISION OF  
EXECUTIVE BUDGET AND FINANCE  
DEPARTMENT OF ADMINISTRATION

## **OPPORTUNITY, AFFORDABILITY, FISCAL RESPONSIBILITY**

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The Governor's 2007-09 budget is the third in a multibiennia effort to restore fiscal responsibility to the state's budget. After leading the state out of the largest deficit in its history without raising taxes, the Governor continues to build on the prudent decisions of his first two budgets by doubling the state's ending balance, slashing advanced commitments to their lowest level in over a decade and cutting taxes by \$1.7 billion for Wisconsin families.

The overall fiscal goals of the Governor's 2007-09 budget are as follows:

1. Balance the budget without general tax increases.
2. Dramatically reduce the state's advanced budget commitments and the use of one-time funding measures.
3. Double the state's required general fund ending balance.
4. Continue to streamline government services and improve cost-effectiveness.

## **OPPORTUNITY, AFFORDABILITY, FISCAL RESPONSIBILITY**

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In addition, the Governor has several important policy goals that guided decisions throughout the development of the 2007-09 budget:

1. Increase access to affordable, high-quality health care and reduce the number of Wisconsin families without health insurance.
2. Dramatically reduce tobacco use in Wisconsin and address tobacco-related health care costs.
3. Strengthen K-12 schools in Wisconsin by maintaining the state's commitment to fund two-thirds of school costs, including increases for the Student Achievement Guarantee in Education (SAGE) small class size program, special and bilingual education, and school breakfasts.
4. Provide local school districts and teachers with the tools to ensure a safe school environment, improve compensation, reduce health insurance costs by repealing the qualified economic offer requirement, and allowing additional expenditures for school safety and teacher quality improvement efforts.
5. Ensure all children can succeed by streamlining services for children and families, protecting the state's child care subsidy program from deep funding cuts, investing in child welfare and foster care programs, quality ratings of child care centers, and additional 4-year-old kindergarten programs.
6. Invest in Wisconsin's economic future through additional state support to the University of Wisconsin, modest tuition increases, significant increases in student financial aid and guaranteeing access to higher education for Wisconsin's children through startup of the Wisconsin Covenant.
7. Address the unique needs of Wisconsin's largest city through investments in the achievement of Milwaukee Public School students, offsetting the cost to city of Milwaukee residents of additional students in the Milwaukee Parental Choice Program, additional state support for public safety-related efforts, and expanded economic development and financial management tools for the city and county of Milwaukee.

8. Continue to build economic development momentum by providing new revenues in support of transportation infrastructure investments, tax credits for early stage seed and angel investments, venture capital networks, significant expansions in job training and youth apprenticeships, and large investments in renewable fuels and biobased industry expansion efforts.
  
9. Expand state aid to municipalities and counties, continue reasonable and effective limits on local property taxes, and provide incentives for further limiting growth in local government property tax levies.
  
10. Protect Wisconsin citizens, children and families and ensure the most effective use of public tax dollars in support of public safety, criminal justice and correctional programs.

## BUDGET AND ECONOMIC OUTLOOK

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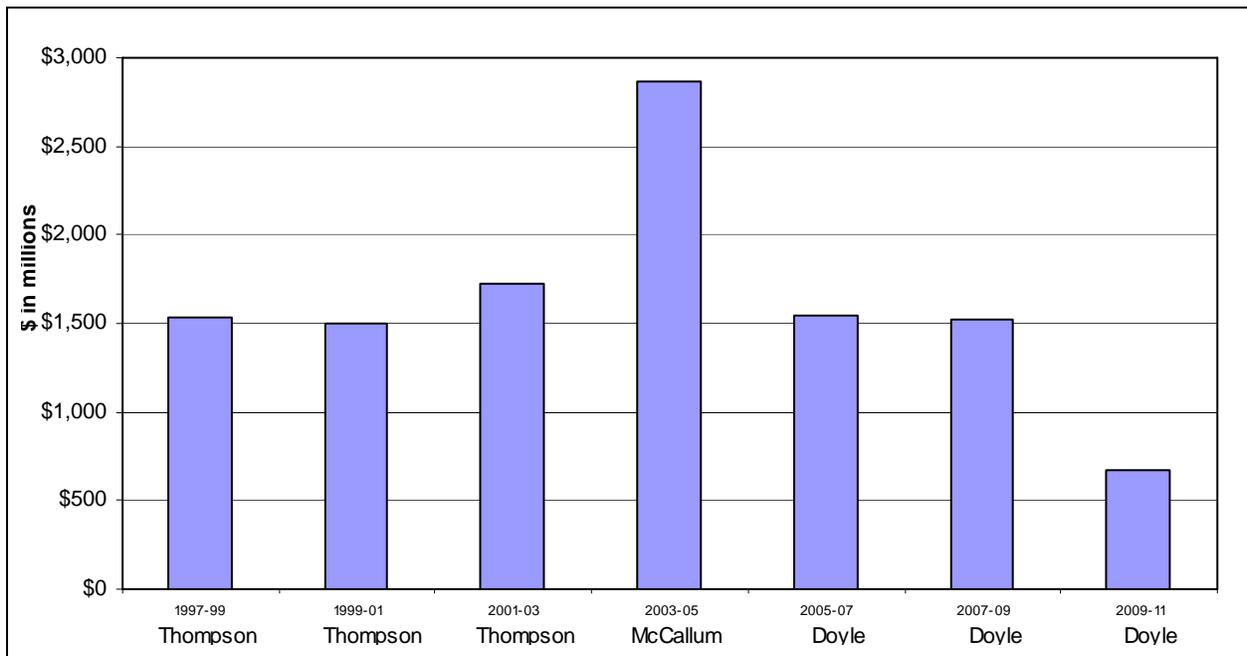
- Wisconsin's economy remains healthy.
  - ✓ FY07 revenue estimates have been revised upward by \$52 million since November 2006.
  - ✓ Personal income growth has outpaced our neighbors.
  - ✓ Over 175,000 jobs have been created since 2003.
  
- The current state budget will have a solid surplus.
  - ✓ The Legislative Fiscal Bureau estimates that the current biennium will end with a \$110 million surplus before addressing \$100 million of funding shortfalls in Corrections, child care subsidies, State Public Defender and BadgerCare.
  - ✓ The Governor is proposing a package of two percent cuts to the largest state agencies, transfers of excess balances and savings from Medicaid to ensure the state has a \$80 million balance on June 30, 2007
  
- Wisconsin is projected to have solid revenue growth over the next two fiscal years.
  - ✓ Tax revenues are projected to grow by \$398 million (3.2 percent) in FY08, and by another \$458 million (3.5 percent) in FY09, under the January 2007 Legislative Fiscal Bureau revenue estimates.
  - ✓ These estimates provide biennial revenue growth over base of about \$1.3 billion.
  - ✓ These estimates reflect over \$600 million in tax cuts signed by the Governor in the last two biennia which will be fully funded in this budget. Without the tax cuts, revenues would have been almost 50 percent higher over the biennium.

## FISCAL RESPONSIBILITY

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- Since the 1995-97 biennium, the state budget has been burdened by advanced commitments in excess of \$1.5 billion for the subsequent two year period. Advanced commitments are financial promises made in one budget that will not be paid until future budgets.
- Many advanced commitments are fiscally responsible and support economic growth – reasonable tax cuts and credits, debt service on long-term bonds for infrastructure investments.
- The Governor inherited a budget with advanced commitments made by his predecessor and the Legislature that totaled almost \$3 billion. His first two budgets were focused on reversing this excess spending and he succeeded in reducing advanced commitments by almost 50 percent
- In this budget, the Governor takes a major step forward in his long-term plan to restore fiscal responsibility to Wisconsin's budget:
  - ✓ Funding \$1.5 billion of advanced commitments from the last budget, including over \$600 million in tax cuts.
  - ✓ Slashing advanced commitments for the subsequent biennium by \$850 million to the lowest level in at least 12 years.
  - ✓ Doubling the state's required ending balance to \$130 million.

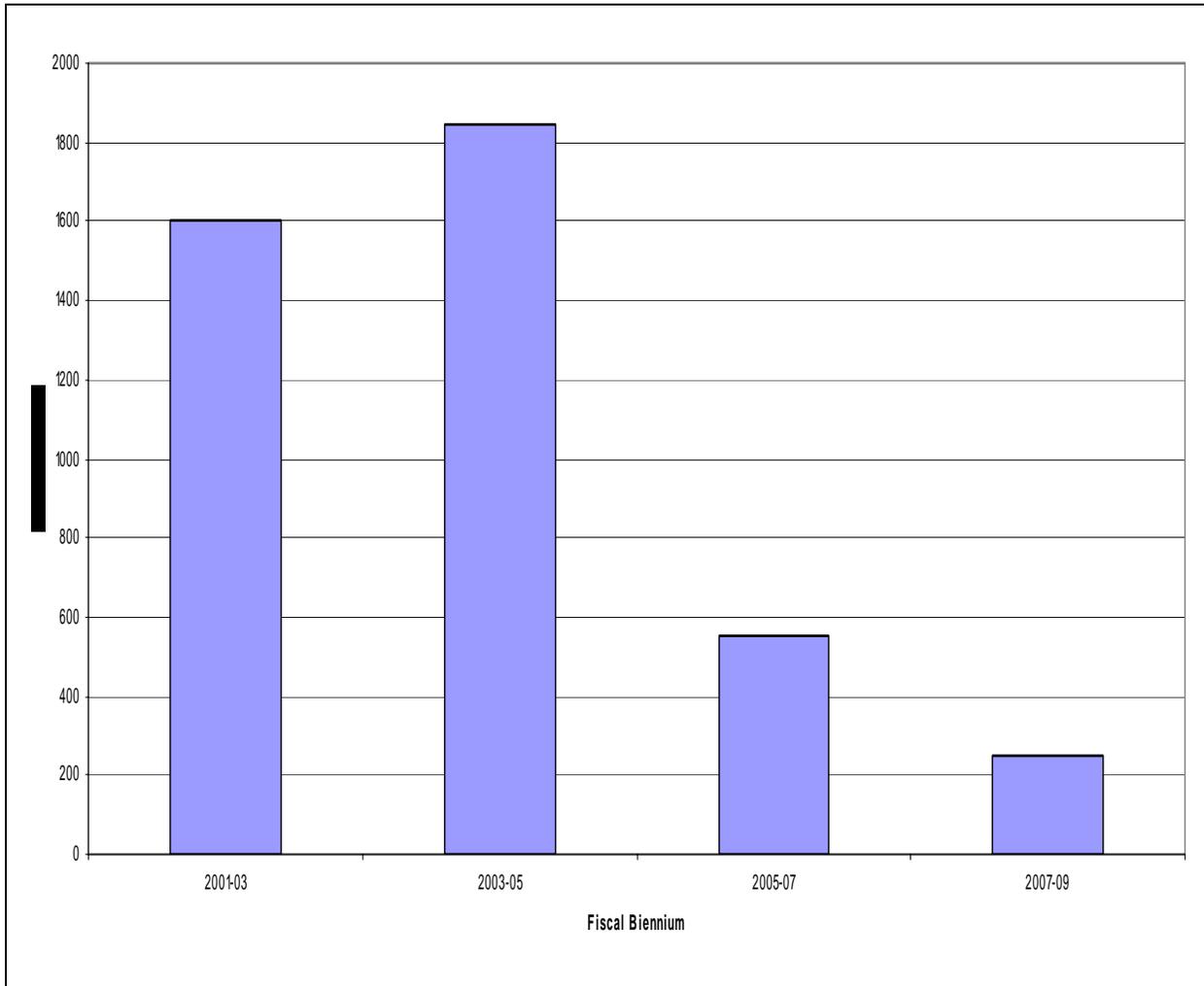
### DRAMATIC REDUCTION IN ADVANCED COMMITMENTS



**FURTHER REDUCTION IN USE OF ONE-TIME MEASURES**

(\$ in millions)

<b><u>One-time Items</u></b>	<b><u>FY08</u></b>	<b><u>FY09</u></b>	<b><u>2007-09</u></b>
Patients Compensation Fund Transfer	\$78	\$97	\$175
Recycling Fund Transfer	13	20	33
PECFA Transfer	4	0	4
Asset Sales	30	0	30
WHEDA Funds for Commerce Housing Programs	<u>2</u>	<u>2</u>	<u>4</u>
	<b>\$127</b>	<b>\$119</b>	<b>\$246</b>



## BALANCING THE BUDGET

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FY09 Ending Balance – November 20, 2006 Report (Agency Requests)	(\$ in millions)
	-\$1,630
Legislative Fiscal Bureau Reestimates – January 30, 2007 Memo	-24
Legislative Fiscal Bureau – FY07 Shortfalls	-100
Current 2007-09 Budget Gap	-\$1,754
 <b>Governor Doyle's Plan for Affordability and Fiscal Responsibility</b>	
FY07 Budget Adjustment Legislation	\$69
Set Statutory Balance at \$130 million	-65
Tax Cuts and Credits	-52
GPR for Earned Income Tax Credit / Funding for Child Care Subsidy Program	-55
State Government Operations Efficiencies	80
Pupil Transportation from Transportation Fund	56
Medical Assistance Provider Rate Increases	-23
Medical Assistance Reestimates and Efficiencies	218
Shift of Funding Related to Tobacco-Related Medicaid Costs, Transfers and Assessments (funded from tobacco tax increase, interest earnings from permanent endowment fund, hospital assessment and transfer from injured patients and families compensation fund)	753
Shift of Costs Related to County Aid Programs (funded from real estate transfer fee)	221
Net Reductions from Agency Requests and Other Reestimates	437
Permanent Program Shifts from GPR to the Transportation Fund	105
Asset Sales	30
Transfers from the Recycling and Petroleum Inspection Funds	37
Revenue Enhancements/Mainstreet Equity Act	39
Debt Service Reestimates	-71
Fuel and Utility Reestimates	-23
<b>TOTAL</b>	<b>\$1,756</b>
<b>FY09 Net Ending Balance</b>	<b>\$2</b>

## OVERALL BUDGET RECOMMENDATIONS

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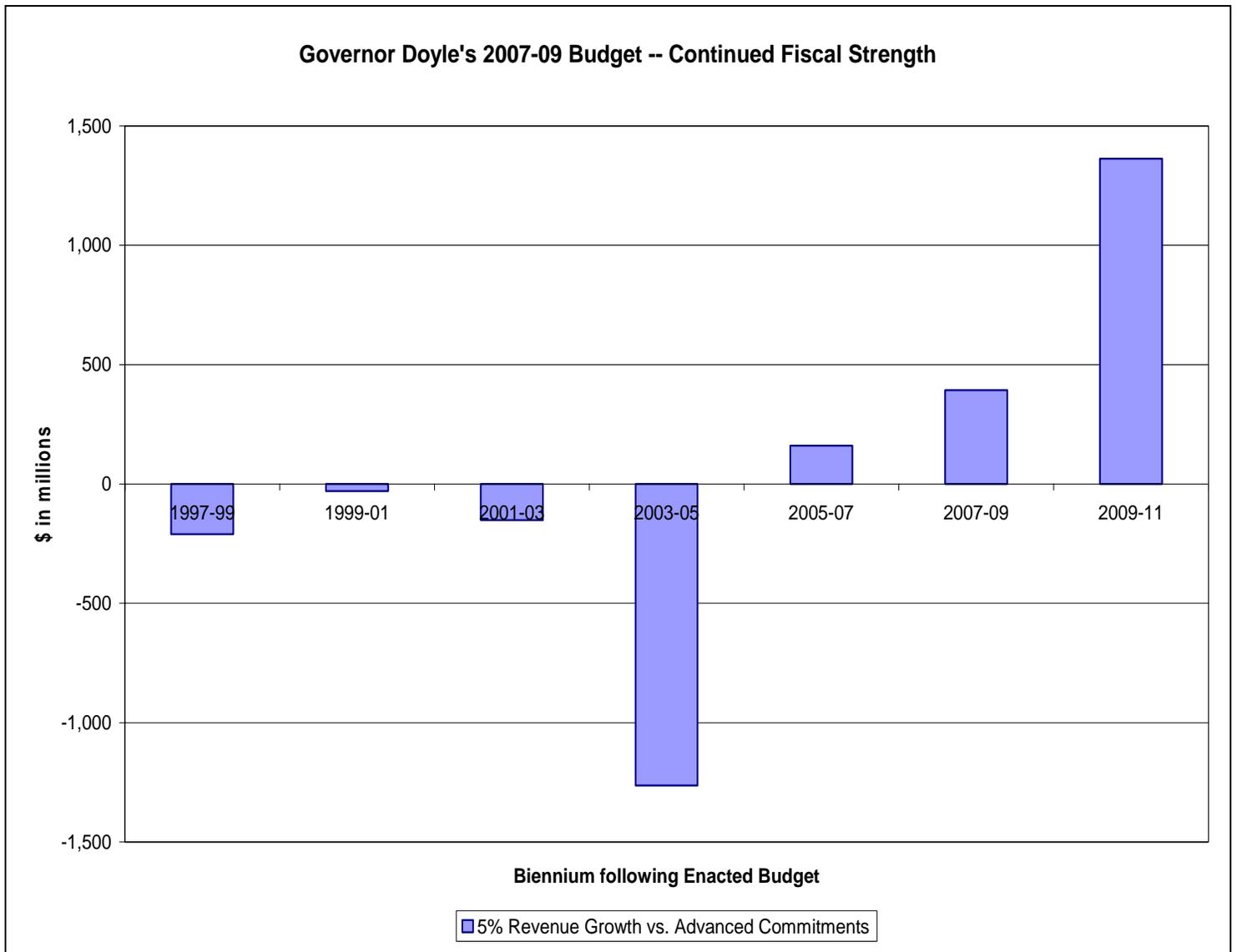
- The budget recommends the following GPR spending.
  - ✓ FY08 recommended GPR spending is \$13.4 billion, a \$111 million (0.8 percent) increase over FY07.
  - ✓ FY09 recommended GPR spending is \$13.8 billion, a \$358 million (2.7 percent) increase over FY08.
  
- The budget recommends total biennial spending from all fund sources (GPR plus federal, segregated and program revenues) of \$57.7 billion:
  - ✓ FY08 recommended all funds spending is \$28.4 billion, a \$1.58 billion (5.9 percent) increase over FY07.
  - ✓ FY09 recommended all funds spending is \$29.3 billion, a \$888 million (3.1 percent) increase over FY08.
  - ✓ Growth in overall spending is modest, with the first year growth in all funds spending reflecting the cost of advanced commitments from the prior biennia and new federal Medicaid funding.
  
- The budget adds a total of 791 positions.
  - ✓ Over 475 positions have been cut from the 1,267 FTE positions requested by state agencies.
  - ✓ Ninety-one new positions are authorized to reflect independent actions of the University of Wisconsin Hospital and Clinics Authority to create positions.
  - ✓ Most of the remaining new positions are necessary to address public safety, infrastructure development, direct patient care services and unfunded federal mandates.
  - ✓ Since 2003, a total of over 4,700 state positions have been eliminated. Over 2,000 new state positions have been added independently by the University of Wisconsin System for economic development and instruction and in response to public safety, population and patient growth at state institutions, transportation infrastructure development, and unfunded federal mandates.
  - ✓ After meeting these critical and unavoidable position needs, a net total of 2,674 state positions have been eliminated since 2003.

**GENERAL FUND CONDITION UNDER GOVERNOR'S BUDGET  
AND FISCAL YEAR 2006-07 BUDGET ADJUSTMENT LEGISLATION**  
(\$ in millions)

	2007-09 Governor's Budget			2009-11 Estimates	
	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
OPENING BALANCE, JULY 1	\$49.2	\$80.1	\$131.0	\$132.1	\$139.0
<b>REVENUES AND TRANSFERS</b>					
Taxes	12,542.6	12,883.3	13,309.5	13,936.9	14,562.3
Departmental Revenues					
Tribal Gaming Revenues	75.6	47.2	51.1	51.1	51.1
Other	<u>532.5</u>	<u>416.0</u>	<u>394.7</u>	<u>394.7</u>	<u>394.7</u>
Total Available	\$13,199.9	\$13,426.7	\$13,886.3	\$14,514.8	\$15,147.1
<b>APPROPRIATIONS, TRANSFERS AND RESERVES</b>					
Gross Appropriations	\$13,203.6	\$13,442.1	\$13,800.4	\$14,526.7	\$14,850.8
Compensation Reserves	178.3	67.8	172.5	67.8	172.5
Transfer to MA Trust Fund	25.4	0.0	0.0	0.0	0.0
Less Estimated Lapses	<u>-287.6</u>	<u>-214.2</u>	<u>-218.8</u>	<u>-218.8</u>	<u>-218.8</u>
Total Expenditures	\$13,119.7	\$13,295.7	\$13,754.2	\$14,375.8	\$14,804.6
<b>BALANCES</b>					
Gross Balance	\$80.1	\$131.0	\$132.1	\$139.0	\$342.5
Less Required Statutory Balance	<u>-75.0</u>	<u>-130.0</u>	<u>-130.0</u>	<u>-130.0</u>	<u>-130.0</u>
Net Balance, June 30	\$5.1	\$1.0	\$2.1	\$9.0	\$212.5
Structural Balance	\$30.9	\$50.9	\$1.1	\$6.9	\$203.5

*Detail may not add due to rounding.*

Assuming average revenue growth of five percent, the Governor's 2007-09 budget sets the stage for an even stronger 2009-11 budget.



## A BLUEPRINT FOR WISCONSIN'S FUTURE

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The Governor's 2007-09 proposed budget is focused on affordability and opportunity for Wisconsin families:

- Increase health care access and quality. The budget includes a new tax deduction for private employee health insurance premium costs. Health care programs are expanded to cover more families, childless adults, seniors and the disabled through the BadgerCare Plus and Family Care programs. In addition, grants and tax credits are provided to enhance patient safety through electronic medical records management systems.
- Reduce smoking. The budget dedicates a \$1.25 increase in the cigarette tax toward reducing the incidence of smoking among Wisconsin teens and to pay for tobacco-related health care costs in the Medicaid program. The budget fulfills the commitment to deposit funds in the permanent endowment in support of a threefold increase in Wisconsin's antismoking efforts.
- Support our children. A major funding increase for the Student Achievement Guarantee in Education (SAGE) program, large increases in funding for special and bilingual education aid and school breakfasts, and a major new program focused on closing the achievement gap in Milwaukee Public Schools are included in the budget. A commitment is made to protect the state's child care programs from dramatic funding reductions as much as possible.
- Invest in the University of Wisconsin. Access to higher education is the key to Wisconsin's economic future. The Governor's budget provides over \$225 million in state tax dollars to fund the University of Wisconsin Growth Agenda and provide for additional student financial aid. The Wisconsin Covenant is launched in this budget – ensuring that students who get good grades, stay focused on school and take a rigorous curriculum will receive the financial assistance necessary to attend college. The college tuition tax deduction is expanded by 32 percent to assist families with meeting the cost of higher education.
- Limit residential property taxes. The budget continues a two-year limit on local property taxes while understanding the need for local communities to grow their economies and focuses new property tax credit dollars on reducing the residential property tax burden.

- Increase state aid. General and categorical school aids are increased to maintain the commitment to fund two-thirds of school costs. Youth Aids, court support, and shared revenues to municipalities and counties are increased for the first time in over five years.
- Help schools and local governments address costs. Incentives are provided to local governments to hold down growth in property taxes below allowable limits. The qualified economic offer law is repealed and schools are authorized to invest in school safety and teacher mentoring efforts so that school boards, administrators and teachers have the tools necessary to ensure a cost-effective, safe and productive school environment.
- Streamline state government. Programs that assist children and families are being consolidated to eliminate red tape and ensure the highest quality services to our neediest families. Expansion of health care programs to the uninsured is being supported through more efficient delivery systems and managed care. Further state operations reductions will be achieved through reengineering accounting, financial and human resources activities in conjunction with implementation of new information technology systems and work force planning.

## TAX RELIEF

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The Governor's budget includes no increases in general taxes and no increases in income, sales or corporate taxes. New revenues are focused on health care, local aids and transportation.

- Finances and proposes tax cuts and credits in excess of \$1.7 billion over the next four years, including:
  - ✓ Full exemption of Social Security income from state taxes.
  - ✓ Full implementation of the single sales factor in the corporate income tax and the exemption of fuel and utilities used in manufacturing from sales taxes.
  - ✓ Full exemption of health insurance premiums from taxation.
  - ✓ A new tax deduction of up to \$6,000 in child care expenses.
  - ✓ A 32 percent increase in the college tuition tax deduction.
  - ✓ Expanded job development tax credits – angel investor and early stage seed investment, renewable fuel, dairy facility modernization, medical records technology and biotechnology equipment.
  - ✓ Over \$700 million for additional property tax credits, including a new \$100 million credit focused on reducing property taxes on residences and expansion of the homestead credit for Wisconsin seniors.
- Delivers property tax relief.
  - ✓ Maintains state's commitment to fund two-thirds of school costs.
  - ✓ Saves Milwaukee property taxpayers over \$20 million by paying 100 percent of the cost of new students in the Milwaukee Parental Choice Program.
  - ✓ Continues local levy limits for two more years at the greater of four percent or new rate of economic growth.
  - ✓ Increases shared revenue by \$15 million – the first increase in five years.
  - ✓ Offers incentives worth \$30 million to help local governments reduce property taxes as much as possible.

**PROSPECTIVE TAX REDUCTIONS**  
(\$ in millions)

	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
<b>From Prior Biennia (Change to FY07)</b>				
<b>BUSINESS TAX RELIEF</b>				
2003 Act 37: Single Factor (Sales) Apportionment	-\$16.0	-\$25.0	-\$25.0	-\$25.0
2003 Act 99: Fuel and Electricity Exemption and Credits	-3.0	-5.0	-5.0	-5.0
2003 Act 267: Income Credits for Fuel and Electricity	-5.9	-6.4	-6.4	-6.4
2005 Act 77: Health Insurance Risk Sharing Authority	-10.0	-5.0	0.0	0.0
2005 Act 361: Rural Enterprise Development Zones	-1.5	-6.0	-6.0	-6.0
2005 Act 366: Sales Tax Exemption Farming Personal Property	-6.2	-6.2	-6.2	-6.2
2005 Act 479: Credit for Internet Broadband Equipment	-7.5	0.0	0.0	0.0
2005 Act 452: Credit for Research Facilities	-2.8	-2.8	-2.8	-2.8
2005 Act 487: Airport Development Zones	-0.7	-1.5	-1.5	-1.5
<b>PROPERTY TAX RELIEF</b>				
2005 Act 25: Increase in School Levy Tax Credit	-123.8	-123.8	-123.8	-123.8
<b>INDIVIDUAL TAX RELIEF</b>				
2005 Act 25: Social Security Benefits Exclusion	-45.9	-99.7	-99.7	-99.7
2005 Act 25: Deduction for Health Insurance Premiums	-5.8	-11.7	-19.5	-19.5
<b>ESTATE TAX RELIEF</b>				
2001 Act 16: Fully Federalize Estate Tax	<u>0.0</u>	<u>-83.4</u>	<u>-108.4</u>	<u>?</u>
<b>Total from Prior Biennia</b>	<b>-\$229.1</b>	<b>-\$376.5</b>	<b>-\$404.3</b>	<b>-\$295.9</b>
<b>Governor's Recommendations (Change to Current Law)</b>				
<b>INDIVIDUAL TAX RELIEF</b>				
Health Insurance Premium Deduction	\$0.0	-\$11.8	-\$31.9	-\$62.0
Child and Dependent Care Deduction	0.0	-3.9	-7.8	-11.8
Increase Angel Investors Credit	-1.4	-2.5	-2.5	-2.3
Homestead Credit Indexing	-4.0	-8.0	-12.0	-16.0
Increase College Tuition Deduction	-2.4	-1.6	-0.8	-0.1
<b>BUSINESS TAX RELIEF</b>				
Credit for Medical Records Technology Investment	0.0	-4.5	-10.0	-10.0
Sales Tax Exemption for Biotechnology Equipment	-2.5	-2.5	-2.5	-2.5
Increase Early Stage Seed Investment Credit	-1.4	-2.5	-2.5	-2.5
Dairy Manufacturing Investment Credit	-0.3	-0.4	-0.4	-0.4
Expanded Printing Materials Sales Tax Exemption	0.0	-0.6	-2.5	-2.5
Ethanol and Biodiesel Fuel Pump Credit	-0.0	-1.0	-1.0	-1.0
<b>PROPERTY TAX RELIEF</b>				
School Levy Tax Credit – Exempt first \$5,545 from taxes	<u>0.0</u>	<u>0.0</u>	<u>-100.0</u>	<u>-100.0</u>
<b>Total Governor's Recommendations</b>	<b>-\$12.0</b>	<b>-\$39.3</b>	<b>-\$173.9</b>	<b>-\$211.1</b>
<b>Four Year Tax Reductions</b>	<b>-\$241.1</b>	<b>-\$415.8</b>	<b>-\$578.2</b>	<b>-\$507.0</b>
<b>Cumulative Reductions</b>	<b>-\$241.1</b>	<b>-\$656.9</b>	<b>-\$1,235.1</b>	<b>-\$1,742.1</b>

## EDUCATION

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The Governor's budget invests over \$675 million of new state funding in K-12 and higher education:

- \$235 million in general school aid and a new \$100 million credit to exempt the first \$5,545 of home value from school property taxes.
- \$54 million to assist school districts with federally-mandated, but unfunded, special education costs.
- Over \$21 million for small class sizes in early grades; \$3 million to help school districts start 4-year-old kindergarten; and \$3.3 million to increase school breakfast programs.
- \$15 million to improve student outcomes in mathematics and other areas of low achievement in the Milwaukee Public Schools.
- Makes schools safer by allowing investments in safety personnel and equipment through cooperative agreements with local law enforcement.
- Supports teacher excellence by repealing the QEO, allowing investments in teacher mentoring and providing up to \$5,000 in bonus pay to teachers who obtain master certification and work in our most challenging school environments.
- Helps students compete in the global economy by requiring a third year of mathematics and science to graduate from high school and provides new funding in support of science, technology, engineering and mathematics (STEM) instruction in schools.
- Helps rural school districts by reducing the impact of declining enrollment, increasing the revenue limit for low-spending school districts and increasing the reimbursement for school transportation costs related to students traveling more than 12 miles.

- Delivers \$225 million in new state tax dollars to the University of Wisconsin System including \$21 million for the Growth Agenda, an expected modest tuition increase of about four percent annually and a \$44 million increase in student financial aid.
- Guarantees access to higher education through the Wisconsin Covenant for students who commit to getting good grades and staying focused on school and community.

## HEALTH CARE ACCESS AND AFFORDABILITY

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The Governor's budget makes targeted revenue increases and leverages new federal Medicaid funding to give 98 percent of Wisconsin families and individuals access to health care:

- Adds \$1.25 to the cost of tobacco to both reduce smoking and pay for the estimated \$480 million annual cost to the state's Medicaid program of tobacco-related illnesses.
- Locks away \$650 million in settlement payments from tobacco companies and uses the investment earnings to triple the amount of funding for antismoking and smoking cessation programs.
- Exempts all health insurance premiums from taxes.
- Ensures access to health care for all Wisconsin children through expansion of the highly successful BadgerCare program.
- Leverages over \$100 million in federal support to provide health care services to uninsured, unemployed adults without children.
- Increases hospital Medicaid reimbursements by \$300 million to help pay the cost of uncompensated care through new federal matching dollars secured through an assessment on hospital revenues.
- Enhances patient safety and increases hospital efficiency by providing \$40 million in grants and tax credits for medical records technology investments.
- Helps Wisconsin seniors and the disabled with their long-term care needs by implementing a five year statewide phase-in of the Family Care program.

## CHILDREN AND FAMILIES

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The Governor's budget streamlines, focuses and makes investments in programs for children and families:

- Creates a new Department of Children and Families to comprehensively and effectively address the challenges faced by families due to economic circumstances, substance abuse, illness and other disadvantages.
- Invests \$85 million GPR over a three year period to protect the Wisconsin Shares child care subsidy program from massive reductions due to insufficient funding from the federal child care development and Temporary Assistance for Needy Families block grants.
- Provides \$2.8 million to develop and implement a child care quality rating system to give families the tools to evaluate the quality of child care providers and \$2.4 million to assist child care workers in obtaining early childhood education degrees and to increase the salaries of workers successfully completing their degrees.
- Provides a \$100,000 biennial increase to support activities of Boys and Girls Clubs throughout Wisconsin and another \$500,000 specifically targeted to the Boys and Girls Clubs of Greater Milwaukee to expand sites and implement early literacy programs.
- Provides \$1.5 million for the Educare Program in Milwaukee in support of high-quality child care linked with parental involvement in their child's future academic success.
- Provides \$7.8 million to extend the length of time that parents may stay home with their newborn children from 12 to 26 weeks and \$1.4 million in cash assistance to unmarried, pregnant women with no other custodial children and who are participating in the Wisconsin Works (W-2) program, are in the third trimester of a medically verified, at-risk pregnancy and are unable to work.
- Provides \$9.3 million to meet increased demand for emergency assistance payments to low-income individuals and families affected by fire, flood, natural disaster, energy crisis, homelessness or impending homelessness.

- Directs the Department of Workforce Development to implement a Real Work Real Pay pilot project, under which 500 Wisconsin Works (W-2) participants would be enrolled in an enhanced version of the existing W-2 Trial Jobs employment position.
- Establishes a Family Foundations universal home visiting program for first-time parents and expands the targeted home visiting program for first-time parents eligible for Medical Assistance.
- Requires group insurance plans to provide coverage for autism spectrum disorder services.
- Provides funding to increase foster care rates by five percent in FY08 and an additional five percent in FY09.
- Increases fees for obtaining copies of vital records in support of system enhancements required under federal homeland security mandates and to increase funding for the Children's Trust Fund, for domestic abuse prevention and for social services for vulnerable children and families.

## MILWAUKEE

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The Governor recommends the following investments in support of enhancing Wisconsin's largest city:

- Assists Milwaukee County with its financial challenges by authorizing the issuance of appropriation bonds, on a one-time basis and within certain guidelines, to pay for the county's unfunded prior service liability for its employee retirement system.
- Increases court support, Youth Aids and court interpreter funding by a total of \$46.5 million statewide. Milwaukee County's share of these increases is about \$16.4 million.
- Increases shared revenue for counties and municipalities by \$15 million over the biennium. The city and county's share of this increase is approximately \$5 million.
- Provides a new nonproperty tax local revenue option to the city of Milwaukee in support of infrastructure development by expanding eligibility for the Premier Resort Area Tax to first-class cities that establish a tourism district of no more than four square miles.
- Provides \$15 million over the biennium in a new categorical aid program that will fund research-based efforts to improve achievement of all students in the Milwaukee Public Schools.
- Assists Milwaukee property taxpayers by providing 100 percent state funding to cover the costs of additional students in the Milwaukee private school choice program.
- Provides over \$4 million GPR over the biennium to address crime in Milwaukee. Funding will support additional police officers for the city of Milwaukee and increased resources to ensure appropriate sentencing, treatment and rehabilitation of offenders.
- Provides \$500,000 over the biennium to the Boys and Girls Clubs of Greater Milwaukee to expand sites and implement early literacy programs.

- As part of the University of Wisconsin's Growth Agenda, provides up to \$10 million to the University of Wisconsin-Milwaukee to support a major expansion of its undergraduate and graduate student research activities, medical imaging research and to enhance the campus' ability to attract outside gifts and grants. Earmarks \$200,000 from the Growth Agenda to assist in planning a School of Public Health at the University of Wisconsin-Milwaukee if approved by the Board of Regents.
- Provides \$2.5 million to the University of Wisconsin to help support the Biomedical Technology Alliance to facilitate southeastern Wisconsin's regional strengths in biomedical engineering, medical imaging, medical informatics, bioinformatics and technologies to accelerate drug development.
- Provides \$2.5 million to the Medical College of Wisconsin to support its translational research facility that will build on its efforts in the research of Alzheimer's, Parkinson's and other neurological diseases.
- Increases support for organizations operating homeless shelters by providing additional housing assistance of \$2 million over the biennium. Provides revenues from a portion of the real estate transfer fee to create a segregated affordable housing trust fund. Organizations in Milwaukee providing homeless and transitional housing services will be eligible to compete for these funds.
- Allows first-class cities to extend by 12 months a tax incremental financing district after all costs have been paid. Up to 75 percent of the increments earned during the 12-month extension may be used to support affordable housing.
- Provides \$17 million in bonding revenues to match federal funding for the removal of contaminated sediments in two Milwaukee tributaries of Lake Michigan, the Kinnickinnic River and the Milwaukee River/Estabrook Park.
- Funds a minority business development specialist through the Wisconsin Entrepreneurs Network to provide technical assistance to minority entrepreneurs in Milwaukee.
- Provides \$600,000 over the biennium to organizations that support mental health and drug and alcohol abuse treatment for women and children and aid youth in making the transition from foster care to independent living.

## TRANSPORTATION AND ECONOMIC DEVELOPMENT

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- The Governor recommends the following initiatives to enhance economic development and preserve our transportation network:
  - ✓ Provides for over \$4.6 billion in road and highway funding over the biennium, a \$405 million (8.7%) increase.
  - ✓ Expands revenues for transportation infrastructure through a new 2.5 percent assessment on oil company earnings and a \$20 increase in the vehicle registration fee.
  - ✓ Invests over \$140 million in additional funding for highway construction and maintenance efforts.
  - ✓ Rebuilds southeastern Wisconsin freeways through \$241 million for the I-94 North-South Corridor and \$24 million for the Zoo Interchange.
  - ✓ Increases local transportation and transit aids at the rate of inflation.
  - ✓ Provides \$1 million to support the Kenosha-Racine-Milwaukee commuter rail project and \$32 million to help leverage federal funding for passenger rail expansions.
- The Governor recommends the following economic development initiatives:
  - ✓ Positions Wisconsin to be a global leader in renewable fuels through \$30 million in development grant and loan funding.
  - ✓ Expands investment in new businesses through \$5 million in additional angel and early stage seed investment tax credits and funding for a new Wisconsin Venture Center.
  - ✓ Creates a dairy manufacturing facility investment tax credit.
  - ✓ Quadruples funding in support of worker training efforts and assists manufacturers with LEAN manufacturing efforts.

## CRIMINAL JUSTICE INITIATIVES

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The Governor recommends a series of initiatives supporting effective public safety and ensuring the greatest value for every taxpayer dollar allocated to corrections and justice programs:

- Completes the task of truth-in-sentencing by creating an 11-member Truth-in-Sentencing Phase II Council and direct it to propose legislation for sentencing guidelines by January 1, 2008.
- Creates an Earned Release Review Commission to manage the process of returning to the community, or releasing from community supervision, nonviolent offenders that have served 75 percent of their sentence for a Class F to I felony. This will free up time that county courts currently spend managing this process. The commission will use the same criteria currently used by the courts in making these determinations.
- Provides \$10.4 million GPR and 122.25 FTE GPR positions to implement global positioning tracking of serious child sex offenders; increases staffing for the Internet Crimes Against Children Task Force by 3.0 FTE GPR positions and \$350,000 GPR annually; and implements a 100-bed expansion at the Sand Ridge Secure Treatment Facility for sexually violent persons.
- Provides resources to address the backlog of processing DNA evidence at the state crime labs.
- Increases state funding to counties for Youth Aids by \$27 million over the biennium.
- Provides over \$4 million GPR over the biennium to address crime in Milwaukee. Funding will allow for additional police officers for the city of Milwaukee, and increased resources for better sentencing, treatment and rehabilitation of offenders.
- Increases payments to counties by \$19 million to support Circuit Court operations.

## ENVIRONMENTAL INITIATIVES

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The Governor recognizes that Wisconsin's quality of life and economic success is tied to preserving, protecting and enhancing our state's natural resources.

- Ensures the continuation of Wisconsin's legacy of natural resource preservation and expands outdoor recreational opportunities through reauthorization of the Warren Knowles-Gaylord Nelson Stewardship 2000 Program and increases funding for the program to \$105 million annually from FY11 to FY20. The increase in funding is necessary to simply maintain the program's current purchasing power.
- Protects our lakes and rivers and improves water quality in Wisconsin by providing an additional \$37 million over the biennium, including \$12 million to fund nutrient management, reduce nonpoint source water pollution through increased nutrient management planning and other pollution abatement practices.
- Provides \$17 million in bonding revenues to match federal funding for the removal of contaminated sediments in two tributaries of Lake Michigan.
- Encourages cleanup of sites with petroleum contamination by allowing the Department of Commerce to make payments directly to contractors and prevents contamination by removing abandoned underground storage tanks before leaks occur.
- As part of the Managed Forest Law Program, creates a \$1.8 million grant program to maintain the amount of land which the public has access to for recreation and enjoyment.
- Provides an additional \$431,000 over the biennium to increase education on aquatic invasive species control and enforcement of aquatic invasive species regulations.

## **GOVERNMENT OPERATIONS AND VETERANS INITIATIVES**

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The Governor recommends the following initiatives to increase state government efficiency, invest in clean government and support Wisconsin's veterans:

- Reduces \$40 million in each year from major state agencies to account for ongoing savings from state administrative efficiency efforts.
- Consolidates attorneys and support staff of most executive branch agencies in order to improve the provision of legal services, including contract negotiations, in state government.
- Provides 30.0 FTE positions and \$2,533,700 PR for direct care needs at the Veterans Home at King and provides \$100,000 PR in each year to conduct a market study that will help assess how best the veterans nursing homes may adapt to meet their clients' needs.
- Authorizes \$28,500 GPR in each year for Military Funeral Honors stipends.
- Provides \$125,000 GPR in each year to continue Mission Welcome Home outreach and for assistance to returning veterans suffering from post-traumatic stress disorder.
- Reduces the minimum age for eligibility in the Wisconsin GI Bill program from 18 to 17 years and eliminates the full-time student participation requirement in the Wisconsin GI Bill for otherwise eligible dependent children of Wisconsin veterans.
- Provides \$12 million GPR to offset the costs of the Wisconsin GI Bill veterans tuition remission program.
- Increases by \$50 million the bond limit of the veterans self-amortizing mortgage loan program.

- Creates an appropriation for the public financing of campaigns in support of a new Government Accountability Board and implementation of a bipartisan ethics reform initiative.
- Approves \$450,000 GPR in each year for support of the Campaign Finance System database conversion.
- Provides \$924,700 GPR in FY08 and \$1,027,200 GPR in FY09 to support hosting services of the Statewide Voter Registration System.
- Improves University of Wisconsin faculty and staff and state government employee recruitment and retention by including domestic partners for purposes of group health insurance coverage and allowing health insurance coverage for all new employees after two months of employment.