

**JIM DOYLE**

**Governor  
State of Wisconsin**

To the Honorable Members of the Assembly:

I have approved Assembly Bill 75 as 2009 Wisconsin Act 28 and deposited it in the Office of the Secretary of State.

In the face of the worst global and national economic conditions in generations, Wisconsin, like most other states, faced the largest deficit in state history – \$6.6 billion – and, despite this challenge, the Legislature finished the budget on time. Today, for the first time since 1977, the budget will be enacted before the start of the new biennium. I hope that future legislatures will continue to meet this deadline.

This budget reflects difficult decisions. State spending is cut by over \$3 billion, the largest cut in state history. All state programs, with very few exceptions, will be cut at least 1 percent from base. Many programs will be cut by an additional 5 percent or more. State employees will be making dramatic sacrifices – 8 furlough days per year, no pay increases, layoffs, and increased contributions to retirement and fringe benefits. The economic conditions facing our state are not the fault of state workers or Wisconsin citizens. Unfortunately, we must now all make sacrifices due to reckless behavior on Wall Street and in real estate markets.

Smaller reductions in key programs such as school aid and shared revenue were made possible through much deeper cuts in other areas. I worked with President Obama and Congressman Dave Obey to shape the federal recovery legislation that delivered over \$2 billion to protect

Wisconsin's schools, property taxpayers and health care programs. Finally, after making deep cuts and securing federal stabilization funds, targeted revenue measures were necessary to keep the global economic crisis from damaging Wisconsin's future economic growth.

This budget protects the middle class. Despite two consecutive years of falling tax collections, there is no sales tax increase. There is no across-the-board income tax increase. The top 1 percent of taxpayers have been asked to pay 1 percent more on income above \$300,000. Wisconsin's generous capital gains exemption will be trimmed back but still remain one of the most favorable in the nation. Collection measures are being enhanced and corporate tax deductions clarified to ensure fairness. Property taxes will be held in check by maintaining tight limits on municipal and school district levies and increasing the first dollar credit on property tax bills. Public health is improved through a 75 cent increase in state tobacco taxes in conjunction with the recently enacted statewide smoking ban.

As a result of 2009 Wisconsin Acts 2 and 11, which I signed earlier this year, along with provisions in this budget, business taxes will be cut by over \$130 million during the next four years. Research and development, job creation, and new business venture investments are given a boost through new tax credits. New jobs are created immediately through an \$823 million increase in state transportation spending from state resources and federal recovery funding. Future economic opportunity is fostered through investments in the Great Lakes Bioenergy Research Center and Wisconsin Institutes for Discovery, along with support for cutting edge research on personalized medicine and genomics and bonding to support UW-Milwaukee's efforts to build its research capacity. Additional state bonding is also authorized to help keep Wisconsin on-track for federal support to expand passenger rail service from Milwaukee to Madison and beyond.

Our future lies in our children and their education. Despite deep spending cuts in many programs, this budget preserves funding for small class sizes, increases support for schools with high proportions of children in poverty and delivers more resources to rural schools. Access to higher education is enhanced through \$20 million more for financial aid, including holding the line on tuition increases for families making less than \$60,000 per year, and commitment of \$25 million for the Wisconsin Covenant. Through greater operational efficiencies and prioritization, the University of Wisconsin System will manage its share of cuts to state government and maintain modest tuition increases.

The global recession has made access to health care all the more critical for Wisconsin families. This budget preserves the health care safety net by maintaining eligibility and health care benefits provided to the state's most vulnerable citizens under the Medicaid, BadgerCare and SeniorCare programs.

Health care access and costs continue to be a major issue for Wisconsin families and businesses. This budget addresses those health care concerns by identifying new sources of federal revenue to support program expansions covering uninsured children and low-income families and adults, thereby ensuring that 98 percent of Wisconsin citizens will now have access to affordable, high-quality care. However, the sizeable budget deficit will require significant reductions in state health care expenditures. Over the next two years, the Department of Health Services will be implementing initiatives to improve efficiency and quality, reduce unnecessary Medicaid expenditures and limit costs in order to save almost \$200 million GPR. These reductions, while difficult, are necessary to ensure the long-term financial viability of these essential programs.

Effective local services are critical to Wisconsin citizens. This budget establishes a new police and fire protection fee to help maintain local law enforcement and emergency response efforts. Reductions to shared revenue are limited to 3.5 percent through use of federal recovery funding.

One of the critical issues facing local government and regional economic development is effective transit systems. My budget recommendations to the Legislature included a comprehensive series of proposals to move forward on regional transit authorities. Those proposals were based on discussion and dialogue by local government officials, business leaders and interested parties.

What I heard and what I have learned about successful regional transit systems in other parts of the country is that it is important to focus efforts and resources solely on transit throughout an economic region. While the Legislature did not adopt all of my recommendations, I commend several of the steps it took. New regional transit authorities were created in the Chippewa Valley, Chequamegon Bay region, Dane County and Southeast Region. My vetoes will improve on those efforts.

Unfortunately, the Legislature chose not to include a transit authority in the Fox Valley, even though government and business leaders in that area have worked cooperatively for many years to create a regional structure to support transit with an eye toward efficient use of taxpayer resources. The Fox Valley deserves to have a regional transit authority.

Economic growth in southeastern Wisconsin, the most populous region of the state, would be enhanced through regional transit efforts. People travel throughout the region to work, seek employment and conduct business. Regional cooperation would enhance and improve those economic development activities.

I recognize that the Legislature's proposal for a Milwaukee Transit Authority and a Southeastern Regional Transit Authority is an attempt to move forward on this issue and while I could have signed these provisions, I believe they would move us in the wrong direction. We must commit from the very beginning to a vision of real regional transit. New revenues must be focused on regional transit, not immediate local transit funding needs. Transit planning and operations must reach across county boundaries in southeastern Wisconsin.

My vetoes remove the Milwaukee Transit Authority but retain the Southeastern Regional Transit Authority and the \$18 vehicle rental fee. This will at least allow important engineering studies for the Kenosha-Racine-Milwaukee rapid rail system to move to the next step in the federal New Starts process. However, I strongly urge the Southeastern Regional Transit Authority to avoid full implementation of the new vehicle rental fee. I also respectfully request the Legislature to build on the positive steps it took in this budget on regional transit. Further efforts and legislation are needed as soon as possible to continue to make progress toward a truly regional transit system in support of economic growth.

Smart and effective use of taxpayer investments in public safety have become a priority in many states, including Wisconsin. This budget represents a carefully measured first step toward comprehensive sentencing reform in Wisconsin. Wisconsin is not alone in passing sentencing reform this budget cycle, but it is important to note that this budget invests resources to ensure the reforms enacted will maintain public safety by ensuring that the most violent offenders are

held accountable while low-risk offenders are offered opportunities for rehabilitation and a chance to resume productive lives in the community.

Not only does this budget enact sentencing reform, but it also strives to make the sentencing process more efficient and streamlined while still maintaining public safety. In the past year, the Council of State Governments' Justice Reinvestment Initiative has been working in Wisconsin to determine what drives growth in our prison population and identify the steps necessary to reduce recidivism and break the cycles of crime and violence. Recommendations have been adopted by the Legislative Council Special Committee on Justice Reinvestment Initiative Oversight. Some of those recommendations are included in this budget and build on the proposals I made in February. My administration will continue to work with the Legislature and the Justice Reinvestment Initiative to identify further reforms that positively impact public safety. As part of these efforts, I urge the Legislature to carefully review the risk reduction measures included in this budget to better address responsible sentence adjustment for nonviolent offenders.

The following is a brief summary of how this budget, including my vetoes, will address some of the key issues facing the citizens of Wisconsin:

### **K-12 Education**

- Provides \$237 million in federal stabilization funds for general equalization aid and \$390 million over the biennium under federal Title 1 (No Child Left Behind) and IDEA (Individuals with Disabilities Education Act), which will protect districts from significant cuts to staff and programming. As a result, school districts will actually receive a \$107 million increase in state and federal funding compared with the previous biennium.

- Repeals the Qualified Economic Offer to create equity between teachers and other public employees in collective bargaining, increases the allowable length of teacher contracts to four years, and authorizes the creation of bargaining units consisting of school district employees from multiple districts.
- Creates new requirements for private schools participating in the Milwaukee Parental Choice Program to significantly strengthen program accountability and the quality of schools participating in the program. Among these provisions are requirements on schools to employ teachers with bachelor's degrees, adopt academic standards and schedule the same number of hours of instruction as in public schools.
- Increases high-poverty aid by \$13.4 million over the biennium to reduce the property tax burden in high-poverty school districts where at least 50 percent of pupils qualify for free or reduced-price lunch.
- Increases sparsity aid by \$11.3 million and increases the per pupil aid amount to \$300. This program provides additional aid to low enrollment, rural school districts where offering a high-quality curriculum poses greater fiscal challenges.
- Creates a new revenue limit increase beginning in the 2009-10 school year for school district spending on energy efficiency measures and renewable energy products that result in cost savings, and additional revenue limit increases for school safety, transportation and nursing costs beginning in the 2011-12 school year.

## **Higher Education**

- Helps ensure that college remains affordable for lower income Wisconsin residents by increasing support for financial aid programs by \$20.3 million over the biennium.
- Strengthens Wisconsin's leadership role in medical research by providing \$2 million GPR in fiscal year 2009-10 for the Wisconsin Genomics Initiative, a collaborative public-private initiative at the forefront of personalized health care research.
- Places Wisconsin at the leading edge of renewable energy science by investing \$4.05 million annually in research and development projects at the Great Lakes Bioenergy Research Center at the University of Wisconsin-Madison and related bio-energy projects at the University of Wisconsin campuses in Milwaukee, Stevens Point, River Falls and Green Bay. The projects are developing the next generation of bio-based fuels and energy that promise to free us from our dependence on foreign oil.
- Provides \$8.2 million GPR in fiscal year 2010-11 to support biotechnology, nanotechnology and information technologies research at the Wisconsin Institutes for Discovery, a visionary public research institute at the University of Wisconsin-Madison charged with enhancing human health and welfare through interdisciplinary research.
- Provides an additional \$15 million over the biennium to strengthen the University of Wisconsin System's ability to retain high-demand faculty.
- Increases funding for general state aid to technical colleges by \$1.8 million GPR to help support critical front line worker retraining and job readiness efforts.



- Provides \$25 million GPR in fiscal year 2010-11 to establish a funding base for Wisconsin Covenant Grants. Beginning in fiscal year 2011-12, the grants will help all qualified Covenant scholars pursue a postsecondary education.

### **Children and Families**

- Ensures that access to affordable child care for low-income working families will be maintained by providing \$67.8 million in additional funding over the biennium for subsidized child care.
- Provides \$38.6 million GPR to fully fund projected costs of out-of-home care in the Bureau of Milwaukee Child Welfare and to fill the gap caused by diminishing federal support.
- Provides \$3.9 million GPR to help strengthen and improve the service mission of the Bureau of Milwaukee Child Welfare. This includes initiatives to reduce staff turnover and improve skills by hiring additional child protective services staff and implementing a career ladder. It also includes on-call reimbursement and technical assistance for supervisory staff. In addition, funding is provided to hire nurses to monitor the health and safety of children in out-of-home care and to expand the Mobile Urgent Treatment team, which provides crisis intervention services.
- Provides \$1.9 million GPR to implement a graduated foster care licensing system. This system will create five licensing levels with increasing licensing requirements. It will also provide an assessment for children placed in out-of-home care and monthly rates of reimbursement to providers commensurate with the level of care the provider is licensed for and the needs of the child placed in the home.

- Provides \$766,000 GPR to increase the uniform foster care rate by 5 percent in 2011 along with a 2.5 percent increase to kinship care providers, as well as increases to the one-time clothing allowance for foster families.
- Expands oversight of the Wisconsin Shares child care subsidy program by providing \$900,000 GPR in additional funding over the biennium for the child care program integrity unit and strengthening state laws to better prevent overpayments and fraud.
- Expands Wisconsin Works (W-2) placement opportunities by creating a subsidized private sector employment initiative that will provide private sector work experience to W-2 participants, enabling them to more easily transition to full-time employment.

### **Health Care**

- Funds the expansion of Medicaid coverage to income-eligible adults without children. This expansion will help cover over 98 percent of Wisconsin residents and, through use of managed care, help hold down unreimbursed costs for health care providers.
- Continues to expand Family Care, with over 20 additional counties starting up over the next two years, funded in large part by the savings achieved through relocating and diverting residents from nursing homes to community placements.
- Adds 1,000 long-term support waiver slots for children with disabilities over the next four years.

- Creates opportunities for residents of the Southern Wisconsin Center for the Developmentally Disabled to relocate to less restrictive community placements in a safe and measured manner.
- Provides new federal Medicaid funding for the Birth-to-Three program to increase early intervention services to young children with developmental delays and disabilities.
- Reduces county costs for placing children and the elderly at state mental health institutions by permitting counties to benefit from the enhanced federal medical assistance percentage.
- Provides \$10.2 million GPR in fiscal year 2008-09 and \$1 million GPR annually starting in fiscal year 2009-10 to increase supplemental Medicaid payments to county and municipal nursing homes.
- Provides additional funding and positions to improve care to residents at the veterans nursing home facilities.
- Provides \$500,000 GPR to study the feasibility of expanding access to dental education and the state's role in increasing dental care in rural and underserved areas.
- Provides \$200,000 GPR as a one-time grant to Milwaukee Health Services to purchase equipment and provide dental services at the Isaac Coggs Heritage Health Center.
- Establishes a Wisconsin Quality Home Care Authority to provide services to recipients and providers of home care services.

## **Insurance**

- Reforms motor vehicle insurance requirements to ensure that policyholders get the full benefit of their automobile insurance and to mandate that all drivers maintain vehicle liability insurance at a level adequate to meet growing health care costs. I have vetoed several related provisions that, while well-intentioned, could have the effect of unreasonably increasing premiums for liability insurance coverage. These vetoes balance the need for ensuring adequate coverage with maintaining the affordability of liability insurance premiums.
- Ensures that health insurance meets the needs of policyholders and protects consumers through changes in plans offered by regulated insurers, including:
  - Mandating coverage of autism services to children.
  - Covering dependents up to age 27 under group health policies.
  - Clarifying the coverage of mental health services provided by mental health professionals.
  - Mandating coverage of contraceptive services.
  - Improving consumer protections in the small group and individual health insurance markets.

## **Economic Development**

- Creates a new refundable jobs tax credit program aimed at attracting and expanding business. The new program provides up to \$10 million per year in payroll credits to businesses. A portion of the wages paid toward new family supporting jobs would be eligible for up to a 10 percent credit.

- Creates a flexible and streamlined forward innovation fund to support the start-up, expansion or retention of minority businesses; businesses in economically distressed areas; and innovative proposals to strengthen inner cities, rural communities, industry clusters and entrepreneurships.
- Provides tax incentives to accelerate new business growth, including a tax break for investors who reinvest their capital gains into Wisconsin start-up businesses and an income tax credit to businesses that significantly increase their research and development efforts.
- Encourages economic and business development by creating income tax credits that support market entry for new farmers.
- Supports the strategic industrial sectors of biotechnology and manufacturing by creating sales and use tax exemptions for machinery and equipment devoted to research and development.

- Launches a more efficient and effective business model for tourism in the state by closing the Wisconsin Welcome Centers and creating new grants for municipalities and tourism information organizations.
- Expands the scope of Wisconsin's prevailing wage law to assure that Wisconsin workers receive fair and reasonable pay for their labor.

### **Transportation**

- Adds over \$823 million of state funds and federal recovery grants for major highways, highway rehabilitation and local transportation infrastructure improvements over three construction seasons.
- Increases general transportation aids and transit aids to local governments by 2 percent in 2010 and 3 percent in 2011.
- Funds the next phase of reconstruction of the north-south I-94 segment in Milwaukee, Racine and Kenosha counties with over \$270 million of state funding and federal recovery resources. Provides \$6 million in new funding to continue preliminary work on the Zoo Interchange.
- Lays the framework for regional cooperation on transit issues by creating regional transit authorities in the Chippewa Valley, Chequamegon Bay region, Dane County and the Southeast Region.

- Provides \$100 million in general obligation bonding authority for freight and passenger rail and \$12.7 million in general obligation bonding authority for harbor assistance grants in recognition of the diversity of means to transport goods and products to and from Wisconsin.

### **Shared Revenue and Property Tax Relief**

- Returns excess wireless 911 funds to local governments in support of emergency services.
- Supports local governments by averting deep shared revenue cuts through the use of \$76.1 million of the state's American Recovery and Reinvestment Act allocation.
- Creates a police and fire protection fee coupled with a maintenance of effort requirement to preserve local emergency services.
- Continues the municipal levy limit program to protect property taxpayers while increasing the limit from 2 percent to 3 percent to help local governments meet essential service needs.
- Encourages the creation of low-income housing by exempting certain projects from property tax and permitting local governments to extend the life of a tax incremental district to fund improvements to low-income housing stock.
- Expands the premier resort area tax to foster growth in tourism areas.

## **Environment**

- Guarantees continued access to Wisconsin's vast outdoor recreational opportunities without general increases to hunting and fishing license fees.
- Encourages the long-term preservation of Wisconsin's fertile farmland and supports commitments by farmers to manage their land in an environmentally friendly manner by adopting key recommendations of the Working Lands Initiative.
- Protects Wisconsin lakes and rivers and improves water quality in Wisconsin by providing an additional \$20 million SEG and bonding over the biennium to reduce nonpoint source water pollution through increased nutrient management planning and other pollution abatement practices.

## **Justice**

- Increases funding for civil legal services to indigent persons to help on targeted issues, including guardian ad litem and obtaining child support.
- Provides funding and positions to improve mental health care for female inmates.
- Provides funding and positions to ensure that serious child sex offenders are closely supervised in the community and offenders comply with sex offender registration requirements.
- Increases staffing for the Internet Crimes Against Children Task Force.



- Implements a smarter criminal justice policy that holds individuals accountable for their crimes, but also better prepares and supports those individuals when they re-enter the community so that they do not return to the criminal justice system. Provisions in the budget include the following:
  - Allows certain offenders to earn positive adjustment time for good behavior and progress toward rehabilitation.
  - Provides the Earned Release Review Commission (formerly the Parole Commission) with the authority to release inmates with extraordinary health conditions to extended supervision so long as public safety is maintained.
  - Allows the secretary of the Department of Corrections to release to extended supervision offenders serving the confinement portion of a bifurcated sentence for a misdemeanor or nonviolent Class F to I felony who are within 12 months of release to extended supervision and who meet certain eligibility criteria.
  - Expands the Earned Release Program and the Challenge Incarceration Program to include inmates with programming needs other than substance abuse, to allow the inmates deemed eligible at sentencing to earn early release by fulfilling certain requirements while in prison.
  - Allows the Department of Corrections to manage offenders on community supervision by prioritizing resources and discharging offenders who are no longer a threat to public safety.

- Permits judges to order risk reduction sentences to provide offenders with a chance to redeem themselves and decrease time spent in prison, while learning skills and receiving services that will prepare them for successful reintegration into the community.
  
- Provides \$10 million GPR for community services to reduce recidivism and provide offenders with treatment, employment services and access to mental health care.

### **General Fund Taxes**

- Provides targeted individual income tax increases by creating a new tax bracket that collects an additional 1 percent on income over \$300,000. The new bracket is estimated to impact only the highest 1 percent of income earners and increases state revenue by \$163.4 million in fiscal year 2009-10 and \$124 million in fiscal year 2010-11.
  
- Improves public health outcomes by increasing the cigarette tax by \$0.75 to \$2.52 per pack and provides targeted tax increases on certain other tobacco products to increase state revenue by \$166.1 million in fiscal year 2009-10 and \$171.1 million in fiscal year 2010-11.
  
- Encourages individual savings and investment by maintaining one of the most generous tax treatments nationally for capital gains income. The long-term capital gains exclusion from taxable income is reduced from 60 percent to 30 percent, increasing state revenue by \$115.1 million in fiscal year 2009-10 and \$127.4 million in fiscal year 2010-11. The long-term capital gains exclusion for farm assets is continued at 60 percent.
  
- Promotes tax equity by realigning tax treatment of nonresident members of pass-through entities with resident members and by eliminating the deduction for corporations' qualified

domestic production activities, a deduction that provided a tax subsidy for business activity outside the state.

- Enhances debt collection efforts at the Department of Revenue by streamlining business processes and authorizing new partnerships for increased efficiency and revenue generation.

### **General Government**

- Provides group health insurance and retirement survivor benefits to domestic partners of state employees and University of Wisconsin faculty and staff.
- Extends certain dependent and survivor protections to domestic partners.
- Provides the faculty, academic staff and research assistants of the University of Wisconsin System the right to collectively bargain.
- Allows for the consolidation of human resource services at executive branch agencies to gain efficiencies in delivering consistent and quality employee services.
- Reorganizes attorneys and legal support staff in order to improve the provision of legal services, including contract negotiations, in state government.

## **Building Program**

- Creates the Milwaukee Initiative program, providing financial support through general fund supported borrowing to attract federal and private funds to construct research and academic facilities to spur science education and research activities at the University of Wisconsin-Milwaukee in the areas of freshwater science, engineering, public health and integrated research.
- Authorizes \$6.6 million general fund supported borrowing to aid Dane County in the construction of anaerobic digesters for the Dane County Yahara Watershed Project to protect water quality through reduction of nutrient loads from agricultural enterprises.
- Enumerates \$250 million program revenue supported borrowing for the renovation of the Charter Street heating and cooling plant at the University of Wisconsin-Madison to increase fuel diversity through inclusion of renewable biomass fuels, thereby eliminating the use of coal.
- Enumerates \$18 million program revenue supported borrowing for the University of Wisconsin-Stout Memorial Student Center renovation.
- Enumerates over \$6.1 million Stewardship borrowing for a new park entrance and visitor station, and water and sewer utilities at Rib Mountain State Park in Wausau.

I have made 81 vetoes to the budget. These vetoes remove unnecessary reports and requirements, clarify program implementation timelines, and improve the intended focus of certain programs. These vetoes reduce spending by over \$10 million.

This budget has been forged in the worst economic conditions in many years. Already gloomy revenue forecasts made in January were reduced by another \$1.6 billion in May. Despite these challenges, the Legislature worked diligently to make the difficult decisions necessary to deliver a balanced budget on time.

I commend the leadership of the Legislature for maintaining a balanced approach to addressing the global and national economic recession. I know the process toward reaching this remarkable achievement required compromises and consensus. In the end, the goals I set out in February were achieved – protect the middle class, make deep cuts, implement targeted revenue increases and preserve education, critical local services and health care access.

I remain concerned about the fragility of the global and national economies and the impact of further weakness on Wisconsin's economy. The budget I introduced included a \$270 million balance on June 30, 2011. This margin is critical given the continuing uncertain economic outlook.

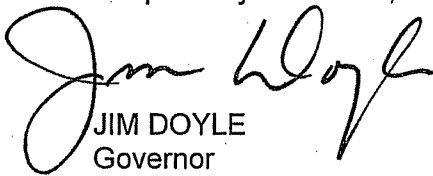
The Legislature's budget has an ending balance of \$65 million on June 30, 2011. In order to protect the budget from further global and national economic weakness, I have vetoed approximately \$10 million in new GPR spending. I have also, through veto, restored authority from the 2007-09 budget to make an additional \$200 million in state agency cuts during the 2009-11 biennium.

Taken together, these actions will set the general fund ending balance at approximately the \$270 million level included in my budget recommendations to the Legislature.

Wisconsin is a great state. We help each other in tough times. We protect the most vulnerable. The budget I sign today, after vetoes, protects our priorities in the face of unprecedented financial uncertainty and sets the stage for a strong recovery for all Wisconsin citizens.

On Wisconsin.

Respectfully submitted,



JIM DOYLE  
Governor

Date: June 29, 2009

**VETO MESSAGE**

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## **A. AGRICULTURE, ENVIRONMENT AND JUSTICE**

### **CIRCUIT COURTS**

#### **1. Increased Court Fees**

##### *Section 3232r*

This section increases the fee collected by clerks of courts for judgments, writs, executions, liens, warrants, awards and certificates from \$5 to \$10.

I am vetoing this section because I object to the doubling of a fee charged to individuals accessing services through their county court system. The effect of this veto is a return to the current law fee of \$5.

#### **2. Recompense**

##### *Sections 3272m, 3349g, 3349r, 3362m, 3364g, 3364m, 3364r and 3395t*

This provision deletes current law related to recompense. In addition, this provision allows the court to order a forfeited cash deposit to be held for a period of time determined by the court and require the cash deposit to first be applied to any restitution ordered by the court, and when that is paid in full, the cash is applied to the payment of costs.

Recompense is an order which distributes an amount of forfeited cash bail to the victim of the crime for which the bond conditions were imposed. If the defendant is convicted, any cash deposited for bond must be first applied to the payment of restitution, further assisting the victim of the crime.

I am vetoing this provision because current law provides a process by which a victim can receive payment earlier in their involvement with the criminal justice system. Crime victims may lose property, time away from work and their sense of security after being victimized and any process which helps them recover these pieces of their lives is important to maintain.

### **CORRECTIONS**

#### **3. Council on Offender Reentry**

##### *Section 2669k [as it relates to ss. 301.095 (10) and (11)]*

This provision specifies the duties of the newly-created Council on Offender Reentry and spells out the details to be included in the annual report that the council has to submit to the Governor, any relevant state agencies and the chief clerk of each house of the Legislature.

I am partially vetoing this provision to eliminate the duty of the council to facilitate dialogue between a victim and an offender because this is not an appropriate function of the council. The language requiring the council to work to include victims in the reentry process remains. I am also vetoing the unnecessary details of the annual report. The language of the provision is too limiting and prescriptive. Instead, the council will be required to report on the progress of the council's work. This remaining language sufficiently covers the intent of the provision.

#### **4. Felmers Chaney Pre-Release Transition Facility**

##### *Section 2671m*

This section requires the Department of Corrections to designate the Felmers Chaney Correctional Center in the city of Milwaukee as a pre-release transition facility for inmates within 5 to 12 months of release into the community. The section further details the programs to be provided at this facility.

I am vetoing this section to allow the Department of Corrections to maintain its authority and flexibility in managing resources and facilities. The Felmers Chaney Correctional Center already focuses on pre-release inmate preparation with emphasis on job preparedness.

#### **5. Conversion of Unit Supervisor Positions**

##### *Sections 2482m and 2666r*

These sections provide that upon receiving notice from the Department of Corrections that a unit supervisor position in the Division of Adult Institutions has become vacant, the director of the Office of State Employment Relations shall reclassify the position under s. 230.09, Wisconsin Statutes, as a teacher position.

I am vetoing these sections because I object to the limits they place on the department's ability to manage correctional institutions. Unit supervisors play a key role in running prisons by coordinating inmate security, health care, mental health, food service, maintenance and programming, and it is therefore essential to keep these positions in place to ensure the safety and well-being of employees and inmates in our correctional institutions.

#### **6. Date Explanation at Sentencing**

##### *Sections 3382, 3383, 9311 (4) [as it relates to ss. 973.01 (8) (a) 2. and 3.] and 9411 (2u) [as it relates to ss. 973.01 (8) (a) 2. and 3.]*

This provision adds a requirement to state at the time the sentence is being imposed the estimated date upon which the person is eligible to be released to, or apply for release to extended supervision, or be discharged from extended supervision.

I am vetoing sections 3382 and 3383 and partially vetoing sections 9311 (4) and 9411 (2u) to eliminate the requirement that a court explain to the person being sentenced the date upon which the person may be eligible to be released to extended supervision under s. 302.113 (2) (b), Wisconsin Statutes, the date upon which the person may apply for release to extended supervision under s. 304.06, Wisconsin Statutes, and the date upon which the person may be eligible for discharge under s. 973.01 (4m), Wisconsin Statutes. The nature of the sentencing provisions cited in these sections does not allow for an accurate prediction of the release date and therefore it would not be possible to estimate a date with reasonable certainty.

## **7. Sentencing Changes**

*Sections 2669h [as it relates to ss. 301.068 (1) and (6)], 2699m [as it relates to s. 302.042 (3)], 2722 [as it relates to s. 302.113 (2) (b) 1d.], 2724h, 2726, 2726h, 2726p, 2728, 2739 [as it relates to s. 302.113 (9h) (em)], 2751 [as it relates to ss. 304.06 (1) (bg) 1. ad. and 2. ad.], 3376p, 3377 [as it relates to s. 973.01 (3d) (c)], 3392d, 3392s, 9111 (12g), 9311 (4q) [as it relates to ss. 302.113 (9) (am) 2. and 3m.] and 9411 (2u) [as it relates to ss. 302.113 (9) (am) 2., 973.01 (2) (d) intro. and 973.09 (5) intro.]*

Sections 2722, 2751 and 3377 exclude individuals sentenced for offenses committed on or after the effective date of the bill from being eligible for positive adjustment time.

I am partially vetoing these sections to render individuals sentenced for offenses committed on or after the effective date of the bill eligible for positive adjustment time. Excluding these individuals based on when the offense was committed would create an inequality issue and would take away the incentive for good behavior in prison.

Section 2739 requires passive review by the sentencing court when a person becomes eligible to have their bifurcated sentence modified by the Department of Corrections.

I am vetoing this section because a review by the court would be duplicative of the review already conducted by the department before releasing the offender. The department has the ability to modify a bifurcated sentence for an offender convicted of a misdemeanor or nonviolent Class F to I felony, which requires the department to consider if the offender could live in the community without posing a risk to public safety. Only nonviolent offenders convicted of the lowest classifications of offenses who are within 12 months of release are eligible. Also, when an offender is released, their extended supervision sentence is lengthened accordingly to ensure their overall sentence is not reduced. The department will only release those offenders it deems safest to live in the community, and as these offenders will be released within 12 months, the possibility of a modification creates an incentive for the inmate to behave while incarcerated.

Section 2699m specifies that the Department of Corrections may modify an inmate's risk reduction program plan if programming or treatment specified in a plan is unavailable to the inmate because of the inmate's security classification, the department discontinues the programming or treatment, or there is a waiting list for the programming or treatment.

I am partially vetoing this provision to eliminate the specification of details related to modifying program plans because it unnecessarily limits the department's ability to modify an inmate's plan. This partial veto preserves the intent of the provision to direct the department to develop a program plan for the inmate that is designed to reduce the risk of reoffending and allows for flexibility to modify the plan as needed.

Section 3376p limits the length of a term of extended supervision for all offenses other than Class B and C felonies and certain sex offenses to a maximum length of 75 percent of the confinement portion of a bifurcated sentence. For the exempted offenses, the term of extended supervision would be governed by current law. Section 9411 (2u) implements a delayed effective date for section 3376p of October 1, 2009, or on the 90th day after publication of the bill, whichever is later.

I am vetoing this provision due to the possible unintended consequence of creating a cap on extended supervision sentences. Appropriate sentences depend on several factors related to a specific offender and often a one-size-fits-all approach cannot take into account a violent past or other aggravating factors contained in a case. I am maintaining language for shortening extended supervision sentences, through the ability of the Department of Corrections to discharge a person from supervision after two years. This release creates an incentive for an offender to comply with the rules of their supervision and earn discharge through rehabilitation, which better protects public safety.

Sections 2724h, 2726, 2726h, 2728 and 9311 (4q) implement a maximum term of reconfinement in prison of six months for an offender revoked from extended supervision, with a possible extension by the Department of Corrections of 90 days. Exclusions from this maximum term of reconfinement include sex offenders and those who the department determines would pose a substantial risk to public safety if reconfined for only six months. Section 2726p requires the department to promulgate rules defining "substantial risk to public safety." Section 9411 (2u) implements a delayed effective date for these sections of October 1, 2009, or on the 90th day after publication of the bill, whichever is later.

I am partially vetoing this provision because I object to the one-size-fits-all approach. Placing an arbitrary maximum term of reconfinement on offenders who are revoked from their extended supervision and then allowing the department to deviate from the maximum when they determine a person poses a substantial risk is problematic from a due process point of view and could result in multiple petitions filed against the reviewing authority. I am deleting the section requiring the department to promulgate rules, as this is no longer necessary under this partial veto. I am maintaining the language which requires the reviewing authority and not the sentencing court to determine the period of reconfinement. I am also maintaining the language related to multiple approaches for reducing revocations and recidivism of offenders in the community because it is important to maintain flexibility in establishing reconfinement times for offenders who do not follow the terms of their supervision and then must face the consequences.

Sections 3392d and 3392s allow the Department of Corrections to petition the sentencing court to discharge a person from probation who has served less than 50 percent of their probation term. The court may approve and discharge the person if they have complied with the conditions of their probation and paid ordered costs, fees and restitution.

I am partially vetoing section 3392d and vetoing section 3392s in its entirety to give the department the ability to discharge an offender who has served at least 50 percent of their period of probation. As the authority charged with probation supervision, the department is best able to determine when an offender can live in the community, with no supervision and without posing a substantial risk for committing another crime. Public safety will be the primary determination of when an offender can be discharged from probation.

Section 9111 (12g) requires the Department of Corrections, by December 31, 2009, to submit a report to the Joint Committee on Finance that explains how the department has implemented the expansions of the programs under ss. 302.045 and 302.05, Wisconsin Statutes.

I am partially vetoing this provision to eliminate the date of the report. The specified date does not allow the department sufficient time to implement the expansions and produce a detailed report.

Section 2669h requires the Department of Corrections to establish community services to increase public safety, reduce the risk of offenders on community supervision, and reduce the recidivism rate of offenders on probation, parole and extended supervision for a felony conviction by 25 percent between fiscal years 2007-08 and 2010-11. The section also specifies the types of services the department must provide, establishes conditions these services must meet, requires a system for monitoring offenders to evaluate effectiveness of the services, and requires the department to provide specific types of training to probation, extended supervision and parole agents, and develop policies for agents regarding alternatives to revocation. Finally, the section requires an annual report detailing the scope of services provided, arrest and conviction data of offenders receiving services and progress toward the recidivism reduction goal.

I am partially vetoing this section to remove the language that sets a goal of reducing recidivism by 25 percent between fiscal years 2007-08 and 2010-11 because this is an arbitrary figure that will be hard to measure in the short time prescribed in the language using accepted best practices for measuring recidivism rates. I am also vetoing the language that includes information on progress toward this goal as a required component of the annual report. The effect of this partial veto will be to require the department to reduce the recidivism rate by fiscal year 2010-11.

## **JUSTICE**

### **8. Creation of the Crime Alert Network**

*Sections 176 [as it relates to s. 20.455 (2) (gp)], 525m, 535m and 2447m*

This provision permits the Department of Justice to develop and administer an integrated crime alert network, to provide information on criminal activity, crime prevention, and missing or endangered children or adults to state agencies, law enforcement officers and members of the private sector. Members of the private sector can join the system to receive information for a fee, with the amount determined by the department.

I am vetoing this provision because it is already the responsibility of law enforcement to disseminate pertinent information to government agencies and members of the public relating to criminal activity and public safety. While a goal of increased information sharing is laudable, agencies are struggling to maintain current programs and the revenue potential of the network is unknown and may not be sufficient to support the costs of this new initiative.

**9. Assistant District Attorney and Assistant State Public Defender Compensation**

*Sections 176 [as it relates to ss. 20.455 (3) (kb), 20.475 (1) (kb) and 20.550 (1) (kb)], 535s, 542m, 598m, 2252m, 2443m, 3400p, 3400s, 3400v, 9413 (1u), 9430 (2u) and 9438 (1u)*

This provision creates an appropriation under the Department of Justice to receive fund transfers of up to \$1,000,000 from other department appropriations and permits the department to allocate these transferred funds to newly created appropriations under the District Attorneys and State Public Defender to fund attorney compensation payments. Also, the provision requires the secretary of the Department of Administration, on behalf of District Attorneys and the State Public Defender, to report to the Attorney General the number of full-time equivalent assistant district attorney and assistant state public defender positions that are filled as of June 30th of each year beginning June 30, 2011. Each year the Attorney General may transfer to the District Attorneys and State Public Defender an amount up to \$1,000,000 multiplied by the percentage the current full-time equivalent positions make up of the total current respective full-time equivalent counts in each agency.

Under the provision, each assistant district attorney and assistant state public defender would receive compensation from the transferred funding equal to the percentage that his or her full-time equivalent position makes up of the total current position count for these positions. Further, specify that increased compensation received could not be considered during the course of collective bargaining negotiations by the Office of State Employment Relations.

I am vetoing this provision because it not only circumvents the collective bargaining process, under which most compensation increases are allocated, but also specifies these compensation payments cannot be considered during negotiations. I object to making one department shoulder the burden of providing salary increases to employees in other agencies. Due to the tight fiscal condition in the state, the department is already facing funding reductions and would need to allocate scarce resources away from their core responsibilities to fund these compensation payments. In addition to reductions documented in the budget, the department will also be subject to unallocated lapses during the 2009-11 biennium.



## **OFFICE OF JUSTICE ASSISTANCE**

### **10. American Indian Tribal Community Reintegration Program**

*Section 176 [as it relates to s. 20.505 (6) (kf)]*

This section authorizes \$318,300 in PR-S funds in fiscal year 2010-11 for a newly created American Indian reintegration program in the Office of Justice Assistance. The program is intended to facilitate the reintegration of American Indians who have been incarcerated in a state prison into their American Indian tribal communities. Each participant will receive an individualized integration plan that provides customized services, while incorporating tribal practices and traditions.

I am partially vetoing this section because I object to the large amount of new funding provided to the grant program at a time when agencies face deep cuts to existing programs. By lining out the department's appropriation under s. 20.505 (6) (kf) and writing in a smaller amount that deletes \$268,300 PR-S in the second year of the biennium, I am maintaining sufficient funds to begin the program. I am also requesting the Department of Administration secretary not to allot these funds.

## **NATURAL RESOURCES**

### **11. Tipping Fees for Owners of Construction Landfills**

*Sections 2649g, 2650g, 2651g, 2656h, 2656i, 2656j, 2656jm, 2656k, 2656L, 2656m, 2657b, 2657d, 2657f, 2657h, 2658g, 2658m and 9337 (3e)*

This provision requires owners of construction landfills to pay solid waste tipping fees for waste materials generated from the construction, demolition or razing of buildings, effective with waste disposed of on or after January 1, 2010.

I am vetoing this provision because it is unfair to require owners of construction landfills to pay tipping fees to dispose of waste in them. While it is still important to encourage recycling, there may be unintended consequences of imposing these fees without a more detailed analysis of this issue. Vetoing this provision will help to keep costs down for construction companies as they contribute to the economic recovery in Wisconsin.

### **12. Dam Fishway Requirements**

*Sections 706r and 706s*

This provision deletes the current law requirement that the Department of Natural Resources may require a dam owner to have sufficient fishways only if the following conditions are met: (a) the department must have promulgated rules concerning rights held by the public in navigable waters that are dammed; and (b) a grant program (federal or state) must be in place to equip dams with fishways under which a grant is available to the dam owner.

I am vetoing this provision because it could be very costly to dam owners to install fishways in the absence of a grant program. Moreover, it would be inappropriate to impose this requirement before rules are promulgated detailing how fishways are to be constructed and maintained.

### **13. Managed Forest Law Withdrawal of Tribal Land**

#### *Section 1872r*

This section specifies that the Department of Natural Resources issue a withdrawal order, upon request of an Indian tribe, to remove tribal lands from a managed forest law order without paying a withdrawal tax or fee if an Indian tribe has provided the department with documentation which demonstrates the tribe's intent to transfer land currently under a managed forest law order to the United States to be held in trust, and the tribe and department have entered into a written intergovernmental agreement in which the tribe agrees to comply with the existing forestry management plan and other program requirements until the date the order would have otherwise expired.

I am partially vetoing this section because it may prevent a tribe from being able to place land in federal trust due to the potential encumbrances against the land. I am deleting language in order to establish a clear process wherein land will be removed from a managed forest law order when the tribe has a date for transfer to federal trust status, rather than documented intent to transfer the land. Also, I am deleting language in order to specify that the provision relates only to particular parcels of land owned in fee that would be removed from a managed forest law order, instead of all land owned by that tribe. In many instances a tribe may only want to remove some parcels and often land is owned by a tribal entity instead of directly by the tribe. In addition I am deleting certain statutory references contained in the section because they include statements that allow for the potential taking of the land through a tax deed if payments are not made. Even with this veto, the intent remains that the land will continue to be treated as managed forest land until the date on which the order would have expired.

Through use of this partial veto I ensure that the intent of the provision prevails. The ability of a tribe to transfer land under a managed forest law order to federal trust status is maintained by removing potential encumbrances and preventing the assessment of property taxes instead of managed forest law payments.

### **14. Nonresident Boat Sticker**

#### *Sections 271m, 706m and 9137 (3c)*

This provision creates a nonresident boat sticker of \$15 with revenues deposited to the boat account of the conservation fund, effective January 1, 2010. This provision also requires the Department of Natural Resources to promulgate rules establishing procedures for issuing the boat stickers and regulating the activities of license agents authorized to issue the stickers; further, the department has the authority to use the emergency rule process without the finding of an emergency.

I am vetoing this provision because it may serve as a deterrent to tourism. Few states currently require a nonresident boat sticker and any barrier to visitors entering the state is harmful, especially during a tight economy when several areas of the state are dependent on tourism to support their local economy.

## **STATE PUBLIC DEFENDER**

### **15. State Standard for Indigent Legal Defense Counsel**

*Sections 598k, 2741e, 3392b, 3398r, 3398t, 3400g, 3400i, 3400k, 3400n, 9338 (1j) and 9438 (1j)*

These provisions increase the State Public Defender indigency standard and model it after Wisconsin Works, which, when measuring gross income, is set at 115 percent of the federal poverty level. These provisions also create 49.3 FTE GPR positions effective June 30, 2011.

I am vetoing these provisions because of the additional cost and positions associated with implementing the higher standard. This veto returns the indigency standard to current law and deletes the positions associated with the increase. I remain committed to ensuring adequate representation of individuals with limited income. I will continue to review this policy issue in future budgets.

## **B. EDUCATION, CHILDREN AND FAMILIES**

### **CHILDREN AND FAMILIES**

#### **1. Foster Children and Foster Parent Bill of Rights**

*Sections 1051n, 1051o, 9108 (6f) and 9408 (5f)*

These sections enumerate the rights of foster children and foster parents.

I am vetoing this provision because it constitutes a major change and should be subject to the full legislative process where the merits can be fully and openly debated. The safety and welfare of children in out-of-home care has been a priority of my administration. I am fully committed to protecting the rights of both foster children and foster parents. Despite the decline in state revenues and significant spending cuts in the vast majority of state programs, this budget protects child welfare and child care funding.

This same bill of rights initiative is currently under discussion by the Joint Legislative Council's Special Committee on Strengthening Wisconsin Families. The committee should be allowed to complete its work on this important legislation to ensure that it is fully reviewed and its consequences understood by the public before it is enacted into law. In addition, the Department of Children and Families, the State Foster Parent Association and county foster care agencies, to name just a few stakeholders in this matter, have had limited opportunity to review and react to this initiative. The development of a foster children and foster parent bill of rights should be done in such a way as to provide for the thorough review of these issues.

As part of this discussion, the issue of whether the bill of rights is more appropriately included in statute or administrative rule should also be addressed. Many of the rights enumerated in this provision are currently contained in the Wisconsin Administrative Code. While some modifications may be necessary, they should not be enacted without a more complete deliberation on the issues.

#### **2. Bureau of Milwaukee Child Welfare Audit**

*Section 9131 (2f)*

This provision requires the Legislative Audit Bureau to conduct a performance and financial audit of the Bureau of Milwaukee Child Welfare.

I am vetoing this provision because the Bureau of Milwaukee Child Welfare was evaluated by the Legislative Audit Bureau in 2006 and the Department of Children and Families is still in the process of implementing the recommendations from that evaluation.

### **3. Promulgation of Emergency Rules**

*Sections 9108 (2) (b) 1. and 2m., and 9108 (5) (a) 1. and 2m.*

These provisions prohibit the Department of Children and Families from promulgating emergency rules for provider rate regulation and foster parent training.

I am vetoing sections 9108 (2) (b) 2m. and 9108 (5) (a) 2m. and partially vetoing sections 9108 (2) (b) 1. and 9108 (5) (a) 1. because I object to limiting the department's authority to promulgate emergency rules. Existing state law provides a procedure for promulgating emergency rules and there is no compelling reason why the department's authority to follow this procedure should be denied. This veto gives the department flexibility to implement programs on an appropriate timetable.

### **4. Graduated Foster Care Licensing**

*Sections 9108 (3) (b) 1. and 2m. and 9108 (3) (cm)*

These provisions prohibit the Department of Children and Families from promulgating emergency rules relating to graduated foster care licensing and require the department to submit a detailed plan for the implementation of those rules to the Joint Committee on Finance for approval.

I am vetoing section 9108 (3) (b) 2m. and partially vetoing section 9108 (3) (b) 1. that prohibits the department from promulgating those emergency rules. Prohibiting the promulgation of emergency rules will needlessly delay implementation of graduated licensing, preventing the state from fully realizing cost savings and additional federal matching revenue.

I am also vetoing section 9108 (3) (cm) requiring the department to submit an implementation plan to the Joint Committee on Finance prior to those rules being implemented because it is unnecessary. The department can work with Senate and Assembly committees that do have oversight responsibilities for foster care programs to ensure that the rules are effectively implemented. The department should also consult with other interested parties on this matter before implementing the graduated foster care licensing system.

### **5. Notice to Relatives**

*Sections 919p, 921h, 958p, 1086f, 1101c, 3290n, 3290p, 3292h, 3327p and 3339j*

This provision requires juvenile courts to order counties or the Bureau of Milwaukee Child Welfare to search for and provide notice to all adult relatives of a child who is ordered to be held in out-of-home care and to all other adult individuals requested by the child's parent to be considered as placement options for the child within 30 days after the temporary physical custody court hearing at which the child was ordered into out-of-home care.

I am vetoing this provision because several elements conflict with federal requirements or existing state law or raise confidentiality concerns. Statutory changes regarding notice to relatives will be needed to comply with recent federal law changes and separate legislation is being pursued to achieve compliance without raising additional problems with state law and confidentiality concerns.

First, federal law requires that notification to relatives be made within 30 days after a child is taken into custody. This provision would require notice within 30 days from the custody hearing date, which does not ensure compliance with the federal law. This provision also requires that the notification be given by a court order. Federal law does not require judicial involvement. Notification requirements may be better implemented as a statutory directive to child welfare agencies rather than through court orders, ensuring compliance, but not imposing an unnecessary burden on the courts.

Second, the provision defines "adult relative" as the child's grandparent, great-grandparent, aunt, uncle or sibling who has attained 18 years of age. This new definition is not consistent with definition of relative elsewhere in the Wisconsin Children's Code, which is much more inclusive.

Third, the provision requires that a parent be requested to provide names of three adult relatives who could become placement options for a child. If the parent does not provide this information at the hearing, the county agency or the Department of Children and Families must make a reasonable effort to provide each parent with the opportunity to supply this information. Without any requirement to review the parent's choices, a parent could name three adult relatives who may or may not be appropriate caregivers and who should not be given private information about a child's case.

Fourth, the provision requires that agencies notify both relatives and nonrelatives identified by the parents of the court order for an out-of-home placement. Again, this raises confidentiality issues. Under current law, if a placement is being made, certain child protective services information can only be released to a placement or relative with a foster care license.

The Department of Children and Families is currently working on draft legislation that will address all issues of compliance with the federal Fostering Connections to Success Act of 2008. I am confident that the department will seek input from all stakeholders to ensure that this legislation effectively addresses the role of relatives in the foster care system.

## **6. Subsidized Private Sector Employment**

### *Section 1173c*

This provision creates a subsidized private sector employment program for Wisconsin Works (W-2) participants to work in a private sector employment position for up to 20 hours per week for a maximum of six months. Participants are paid minimum wage by the employer plus receive an additional monthly grant of up to \$25 paid by the Department of Children and Families. The employer is wholly or partially reimbursed for compensation costs by the department. The department can only implement this program if certain conditions are met, including that the total compensation received by

the participant is no less than what would be received in a community service job and that the total cost to the department is no greater than it would be for a community service job.

I am partially vetoing this provision to delete the \$25 monthly grant. I see no need to provide an additional grant to participants in subsidized private sector employment who already receive compensation in the form of the higher of state or federal minimum wage plus eligibility for the state and federal earned income tax credit. The additional cost of the grant would be better applied to creating additional subsidized employment opportunities. I am also partially vetoing the provision to delete the 20 hour maximum per week of subsidized employment to provide the department with additional flexibility to address unique individual situations. The 20 hour maximum was included under the assumption that all employers would be fully reimbursed for their compensation costs under the program. Deleting this maximum allows the department to explore other compensation options or address unique circumstances.

Subsidized private sector employment will provide Wisconsin Works (W-2) participants with an opportunity to gain work experience in projects that closely resemble real private sector employment. Furthermore, the program is structured to guarantee that the cost to the state for each participant will not exceed the cost under the existing community service jobs program.

## **7. Child Care Authorizations**

### *Section 1214a*

This provision establishes a methodology for authorizing the number of hours per week for which an eligible child can receive subsidized child care under the Wisconsin Shares program. Under this provision, a family using less than 60 percent of its authorized hours of subsidized care for each of three successive two-week periods shall have its authorization reduced to 90 percent of the maximum weekly hours used during that six-week child care period. The reduced authorization would take effect following a six week grace period.

To fully achieve the intent of the Joint Committee on Finance budget agreement, I am partially vetoing section 1214a to base the authorization on using fewer than 60 percent of the authorized hours averaged over the entire six week period rather than for each of three successive two-week periods. As currently drafted, a family could use none of its authorized hours for two of the three two-week periods and 60 percent for the third two-week period and still maintain its full authorization. This formula provides little incentive for families to request only the number of authorized hours that they need. While it is important that the reimbursement system recognize that families can have legitimate reasons for their children missing a day of child care and that child care providers cannot easily fill a slot when a child is absent, requiring that the average utilization be at or above 60 percent of authorized hours averaged over six weeks provides ample flexibility for both families and providers to accommodate the absences.

I am partially vetoing section 1214a to delete the requirement that the grace period be for six weeks. I agree that there needs to be a grace period before authorized hours are reduced so that families and providers can adjust to the reduction, but it does not need

to be six weeks. While my partial veto will leave the length of the grace period undefined in statute, I am requesting the Department of Children and Families secretary to provide for a two-week grace period. This should provide enough time for families and providers to accommodate the change.

## **8. Child Care Program Integrity**

*Sections 1138f and 1214f*

This provision expands the existing child care program integrity unit. The program integrity unit ensures that child care program business practices are fiscally responsible and legal. The expansion includes authorizing the Department of Children and Families to deny payments to providers if they are convicted of felonies or misdemeanors related to business practices or intentionally and egregiously violate any provision or rule related to the Wisconsin Shares Child Care subsidy program.

I am partially vetoing sections 1138f and 1214f to delete the phrase "intentionally and egregiously." The department needs the authority to ensure that child care providers follow the rules of the Wisconsin Shares program. Requiring the violations to be intentional and egregious significantly limits the department's ability to address continuing issues with providers who violate program rules to receive reimbursement for services that they do not provide. This veto will strengthen the department's ability to enforce compliance with Wisconsin Shares rules.

## **HIGHER EDUCATIONAL AIDS BOARD**

### **9. Education Benefits for Veterans**

*Sections 745f, 747f, 754f, 756f and 770k*

These provisions provide for supplemental payments to student veterans who are eligible for education benefits under the federal Post-9/11 Veterans Educational Assistance Act.

I am partially vetoing these provisions because they may be interpreted as preventing timely supplemental payments to eligible student veterans insofar as they require payments to be made only in June of an academic year. The effect of my partial veto is to provide for additional administrative flexibility to minimize the impact of benefit changes on student veterans. I am also requesting the Higher Educational Aids Board to work closely with the University of Wisconsin System Board of Regents, the Wisconsin Technical College System Board and district boards to ensure that eligibility determinations and supplemental payments are made in the most efficient, effective manner possible.



## **PUBLIC INSTRUCTION**

### **10. Aid Adjustments Relating to Funding Reductions in General School Aids**

#### *Section 9139 (1j) (b)*

This provision changes the general equalization aid calculation in fiscal years 2009-10 and 2010-11. This provision requires the Department of Public Instruction to compare the amount of equalization aid each district will actually receive in fiscal years 2009-10 and 2010-11 with the amount they would have received if base funding had not been reduced by \$147 million, and make adjustments to certain school districts' school aid payments. Under these adjustments, districts that would have lost more than 10 percent of their aid as a result of the \$147 million base funding reduction would have their aid increased to limit their reduction to approximately 10 percent. Districts that would have lost less than 0.9 percent of their aid compared to what they would have received with no base funding reduction, have property values per pupil above the statewide average and have fewer than 35 percent of pupils eligible for free or reduced price lunch would have their aid decreased to result in a reduction of 10 percent.

I am partially vetoing this provision to redistribute the reduction to a larger number of school districts because I am opposed to singling out a few districts for an additional 10 percent cut in equalization aid. As a result of the unprecedented worldwide economic crisis, fiscal year 2009-10 may be the first time that state funding for schools will be reduced from the prior year. During this period, it is reasonable for the equalization aid formula to be temporarily modified to reduce the aid loss to any one school district. However, many of the limited number of school districts that would have their aid reduced by an additional 10 percent under this provision will have already experienced a 15 percent aid reduction from the prior year, resulting in a total aid loss of 25 percent. Partially vetoing this provision to redistribute the aid reduction to the vast majority of school districts is consistent with the current formula, and will help cushion the decreases to those districts most affected by the equalization aid reduction. To implement this provision, I am requesting that the State Superintendent pay the additional amount received by districts under s. 9139 (1j) (b) from the general equalization aid appropriation under s. 20.255 (2) (ac).

### **11. Limit on Open Enrollment Payment**

#### *Section 9139 (2q)*

This section limits the amount of state aid that districts located in whole or in part in Milwaukee County can receive from Milwaukee Public Schools under the Open Enrollment Program in the 2009-10 school year to the state aid amount received in the 2008-09 school year. Under current law, school districts that accept a pupil under open enrollment receive a per pupil payment in the form of a reallocation of state aid from the pupil's school district of residence.

I am vetoing this section because I object to the negative impact it could have on funding educational services in school districts located in Milwaukee County. School districts accepting pupils under the Open Enrollment Program in 2009-10 notified pupils in Milwaukee that they could attend their districts on June 5, as required by statute.

Rescinding those acceptances could subject these districts to legal action. As a result, these districts must educate these additional pupils with no added funding. Furthermore, the districts accepting additional pupils were in full compliance with current state law, which does not limit the number of pupils a district can accept under open enrollment. Therefore, the amount of funding they receive from Milwaukee Public Schools in the 2009-10 school year should reflect the number of pupils they accept from Milwaukee Public Schools in the 2009-10 school year and not the amount of funding they received in the 2008-09 school year.

## **12. Open Enrollment Hold Harmless Payments**

*Sections 176 [as it relates to s. 20.255 (2) (ch)], 242d, 2274t, 2309 and 9339 (7j)*

This provision creates a new school aid appropriation starting in the 2009-10 school year for payments to school districts that have net pupil transfers out of the district under the Open Enrollment Program greater than 10 percent of their pupil membership. The payment would be equal to the net number of pupils in excess of 10 percent of the district's membership who transferred out of the district in the prior year multiplied by the per pupil transfer payment in the prior year. It is estimated that this provision would cost \$772,000 annually. Any payments received by school districts under this provision would be subject to revenue limits.

I am vetoing this provision because it is unnecessary. Pupils who transfer out of their resident school district under the Open Enrollment Program are included in their resident district's membership count for school aid purposes. A school district's equalization aid is then increased or decreased by a fixed dollar amount per pupil, as established in statute, multiplied by a district's net gain or loss of pupils under the program. However, the amount of funding per pupil authorized to school districts under revenue limits is higher than the per pupil transfer payment under open enrollment. Therefore, under the Open Enrollment Program, school districts receive a net revenue gain for pupils they no longer educate. As a result, it is not necessary to provide school districts with additional payments for pupils that transfer out of the district.

## **13. Milwaukee Parental Choice Program Payments to Schools Barred from the Program**

*Sections 244s, 2295g, 2295h and 9439 (3c)*

These sections require the Department of Public Instruction to send payments to private schools barred by the department from participating in the Milwaukee Parental Choice Program. Payments would be sent to schools in the form of checks made out to parents or guardians of pupils who were attending the schools at the time they were barred. The parents or guardians of those pupils would be required to endorse the checks. The total payment to each barred school would be based on instructional time provided by the school prior to removal from the program less any amount previously paid to the school by the department. Schools would first be required to use the additional payments to reimburse money owed to a state entity and then, if funds remain, reimburse teachers for any salaries that had not been paid when the school was removed from the program.

This provision would apply to schools barred from the program, beginning three years prior to the budget bill's effective date.

I am vetoing this provision because it lacks both a system to ensure that the additional payments to parents eventually reach teachers who are not fully compensated and a location to send the checks if the private school no longer exists. I am sympathetic to teachers who are not fully compensated for their teaching time when a school is removed from the Milwaukee Parental Choice Program for failing to meet the limited accountability measures that currently exist. Under the stronger accountability provisions included in this budget, the overall quality of choice school management should improve significantly and the need to remove schools from the program should diminish.

## **C. GENERAL GOVERNMENT AND ECONOMIC DEVELOPMENT**

### **ADMINISTRATION**

#### **1. Reimbursement for Legal Notices in Newspapers**

*Sections 3405ay and 3405b*

This section specifies that any newspaper in a county of more than 500,000 individuals may be compensated for printing of legal notices. The newspaper must have a circulation of at least 40,000 copies in the region and would exempt the newspaper from current law requirements relating to its circulation and subscribers.

I am vetoing this provision because it should be subject to the full legislative process where the merits of the provision can be fully and openly debated.

#### **2. Access to State and Federal Surplus Property Sales**

*Section 104n, 104p and 680n*

This provision requires the Department of Administration or any agency allowed to purchase property by the department to grant any entity or group that is entitled to participate in federal surplus property sales or auctions or is entitled to special purchasing rights or preference in sales the same purchasing rights and preferences that are available to all agencies.

I am vetoing this provision because it is unnecessary. The surplus property program is open to all entities and groups that wish to participate.

#### **3. Use of Private Contractor Positions**

*Sections 76L, 82L, 104L, 2157r, 9139 (7u) [as it relates to the definition of federal economic stimulus funds] and 9157 (2L)*

This budget makes several modifications to the executive branch use of private contractor positions. While I concur that state agencies should be reviewing and limiting, where appropriate, the use of private contractor positions, I am vetoing these provisions because the use of private contractor positions should be reviewed across all state agencies, not just the executive branch and because these provisions are administratively burdensome.

Budget Submission Requirements: Requires agencies and the Department of Administration to identify information related to contract positions including the number and funding, both base and requested, for such positions, and the number of state positions required to perform work being completed by contracted positions as part of the Governor's biennial budget submission.

Hiring Requirements: Directs that during a hiring freeze or mandatory furlough, executive branch agencies cannot hire private contractor positions or consultants in that fiscal year, unless the use of those positions is required or authorized under the American Recovery and Reinvestment Act.

Reduction Requirements: Requires all state executive branch agencies to review service contract practices for private personnel and report the findings on how they would achieve savings of 1 percent for the 2009-11 biennium. Authorize the Joint Committee on Finance to reduce appropriations by up to 1 percent based on identified savings.

Electrical Consultant Private Contractors: Requires the Department of Commerce to perform a more robust cost-benefit analysis if using private contractors instead of hiring FTE electrical consultants. If the cost-benefit analysis shows that it is more cost effective to hire a state position, the department is required to hire a state employee.

I do, however, believe that these provisions are well intentioned. As such, I request that state agencies review the use and hiring of private contractor positions during these difficult economic times. To meet the deep across-the-board reductions, agencies will be reviewing all business practices, including the hiring and use of private contractor positions. To reduce state agency appropriation authority by a further 1 percent based on the reduction of private contractor positions during a time when agencies have to manage significant funding reductions could lead to unacceptable gaps in service or delays in meeting critical business needs. Additionally, the cost-benefit analysis process required under current law will continue to ensure that all contracts entered into by agencies are done so only after a thoughtful analysis of need.

To ensure that contractor positions are not replacing state workers who have been laid off or furloughed, and that the use of a private contractor position is appropriate, I am creating a centralized review process with aid from the newly formed Division of Legal Services, the state Bureau of Procurement and the Office of State Employment Relations. While I object to the limiting and burdensome requirements of these provisions, I welcome and look forward to working with all state agencies to manage the use of private contractor positions to achieve additional savings while maintaining the high service standards Wisconsin citizens expect from state government.

## **COMMERCE**

### **4. Grant to Pleasant Prairie Technology Incubator Center**

#### *Section 9110 (17q)*

This provision requires the Department of Commerce to provide a one-time grant to the Pleasant Prairie Technology Incubator Center of \$700,000. It also requires the center to obtain \$700,000 in matching funds from sources other than the state.

As I am concerned about allocating large amounts from the Wisconsin Development Fund, I am partially vetoing this provision to strike a digit to reduce the amount of the grant and the matching funds from \$700,000 to \$70,000. I am also requesting that the

Department of Commerce work with the Pleasant Prairie Technology Incubator Center to help identify additional resources.

## **5. Area Development Manager**

*Section 9110 (18f)*

This section requires the Department of Commerce to fill a currently vacant area development manager position which serves 16 counties in the Northwest section of the state.

I am vetoing this section because I object to the Legislature requiring an agency to fill an existing vacant position. I do support the work that the department does in this area and request the Department of Commerce secretary to fill the position when a qualified candidate has been identified.

## **6. Innovation and Research Grants**

*Section 176 [as it relates to s. 20.143 (1) (a)]*

This provision provides funding for small business innovation research stage businesses and preparation costs as well as a 1.0 FTE GPR position to establish a regulatory ombudsman to administer the grants.

I am lining out the s. 20.143 (1) (a) appropriation and writing in a smaller amount that deletes \$75,000 GPR annually. By lining out the additional funding, I am vetoing the 1.0 FTE GPR position added by the Legislature because this is not a priority program for new funding. I am also requesting the Department of Administration secretary not to allot these funds and not to authorize the additional 1.0 FTE GPR position.

## **7. Film Production Tax Credits Program Changes**

*Sections 176 [as it relates to ss. 20.835 (2) (bL) and (bm)], 621m, 1579x, 1580yj, 1580yk, 1659y, 1660h, 1660i, 1725w, 1726yh, 1726yj and 3070m*

These provisions replace the current film production services tax credit with a new refundable tax credit. The provisions provide \$1,500,000 in each year of the biennium, define an "accredited production" with cost thresholds, create an application fee, require reporting, and set percentages, eligible expenditures and various caps for the new credit.

I am partially vetoing provisions in sections 176 [as it relates to ss. 20.835 (2) (bL) and (bm)], 621m, 1579x, 1580yk, 1659y, 1660i, 1725w and 1726yj because the funding level for the program is excessive. This veto restores my original intent regarding funding for this program. The effect of this veto will be to make permanent the expenditure control language, which limits the credits that may be claimed in the upcoming biennium. To clearly reflect my intent, I am striking a "1" from the \$1,500,000 appropriation under s. 20.835 (2) (bm) to reduce the Chapter 20 schedule authority by \$1,000,000 to

\$500,000 in each year and requesting the Department of Administration secretary reestimate expenditures by this amount. I am further striking the "1" from the \$1,500,000 referenced in ss. 1579x, 1580yk, 1659y, 1660i, 1725w and 1726yj and partially vetoing related provisions. I am also changing from sum sufficient to annual the new appropriation under s. 20.835 (2) (bL).

I am partially vetoing sections 1579x, 1659y and 1725w to provide a single cost threshold of \$50,000, because I object to separate cost thresholds based on the length of a production. The final length of a production does not determine its ability to create jobs or infrastructure.

I am vetoing section 3070m to remove the requirement to report to the Joint Committee on Finance because it is redundant with current reporting requirements under 2007 Wisconsin Act 125.

I am partially vetoing sections 1579x, 1659y and 1725w to delete the credit for labor-related payments to nonstate residents because the focus of the film production tax credit should be to encourage the development of a creative infrastructure and work force within the state. By removing this provision, the program will focus on Wisconsin's workers.

I am partially vetoing sections 1579x, 1659y and 1725w to delete the 3 percent add-on to the credit for labor-related payments made to residents in economically distressed areas because it is unclear and would present an administrative burden to the Departments of Commerce and Revenue that would outweigh limited benefits.

Finally, I am vetoing sections 1580yj, 1660h and 1726yh and the provisions under sections 1579x, 1659y and 1725w to delete a \$10,000,000 limit on credits claimed per project because it is unnecessary due to the \$500,000 annual limit on the program established through my vetoes.

## **8. Rural Outsourcing Grants**

*Sections 207, 207p, 208, 210, 9110 (13u) and 9110 (16u).*

This provision requires the Department of Commerce to award up to \$250,000 PR in grants over the biennium to businesses for outsourcing work to rural areas of the state. It also requires the department to obtain funding from grantees at least equal to the grant amount.

I am vetoing section 9110 (13u) and partially vetoing sections 207, 207p, 208, 210 and 9110 (16u) because this provision has not been fully explained and limits the department's flexibility in meeting statewide economic development goals. I am requesting the Department of Commerce secretary to continue to work with rural leaders on economic development initiatives.

## **FINANCIAL INSTITUTIONS**

### **9. Credit Union Service Organization**

*Sections 2453um and 2453v*

This provision permits a credit union service organization to provide services related to the sale or leasing of motor vehicles as a routine daily operation of the organization if those services were provided prior to January 1, 2009.

I am vetoing this provision because it requires further review through the legislative committee process where the merits of this provision can be fully considered. This is a significant change in the scope of services offered by these organizations and it requires broad input and discussion.

### **10. Conversion of a Credit Union to a Mutual Savings Bank**

*Sections 2453w, 2453x, 2453y, 2476nm, 2476o, 2476p, 2476t and 9417*

This provision modifies the requirements that a state-chartered credit union must meet to convert to a state-chartered mutual savings bank.

I am vetoing this provision because it requires further review through the legislative committee process where its merits can be fully considered. This is a significant change to the credit union chartering process and it requires broad input and discussion.

## **GENERAL PROVISIONS**

### **11. Limitation on Construction Work Performed by County**

*Section 1444v*

This provision requires that a county may not perform construction work, including road work, for a project that is directly or indirectly owned, funded, or reimbursed, in whole or in part, by a private person.

I am vetoing this provision because it is overly broad. I understand concerns regarding unfair competition by counties with private sector firms; however, the Legislature should consider a less expansive means to address issues related to public and private competition for these projects.

### **12. Required Reports**

*Sections 1424m, 1815g, 1918i, 1918j, 1928b, 9108 (8u), 9110 (11r), 9111 (2i), 9111 (2k), 9111 (3x), 9122 (8v), 9150 (4d), 9150 (5d), 9150 (5x) and 9150 (8j)*

These sections mandate certain reports.



Section 1424m requires the Department of Health Services to annually report by October 1, to the Joint Committee on Finance on the status of individuals relocated from the Southern Wisconsin Center to a community setting. The report is to include information on the effect the placement has had on a person's health status for people placed in the prior three years; a list of each setting the person has lived in for the prior three years; the involvement of guardians and family with the person placed in the community and the cause of death for each person who died in the previous year. I am vetoing this section because it is unnecessary. The Department of Health Services will be closely monitoring the transition of individuals from this facility and will work closely with the families and communities during this process.

Section 1815g requires the Department of Revenue to provide an annual report to the Governor, Legislature and Joint Committee on Finance concerning department activities related to enhanced enforcement of state tax laws. The report should describe the allocation of funding and positions; expenditures incurred; activities or projects undertaken; data regarding the type of enforcement actions, number of taxpayers affected, additional amounts assessed and collected, and additional revenues that were generated; and an analysis of the cost effectiveness of the activities. I am vetoing this section because it is unnecessary. The Department of Revenue already measures the performance of tax compliance activities.

Section 1918i requires the Department of Transportation to prepare an environmental impact statement for a potential major highway development project involving USH 12 from the city of Elkhorn to the city of Whitewater. I am vetoing this section because it is unnecessary and inconsistent with established highway planning processes.

Section 1918j requires the Department of Transportation to prepare an environmental assessment or, if necessary, an environmental impact statement, construction of a new bridge across the Wisconsin River, connecting Wood County Trunk Highway Z south of the city of Wisconsin Rapids to STH 54/73 in the village of Port Edwards. Funding would come from the state highway rehabilitation program. I am vetoing this section because it is unnecessary and inconsistent with established highway planning processes.

Section 9111 (2i) requires the Department of Corrections and Department of Administration to jointly devise a statutory mechanism to address future deficits in the juvenile correctional services appropriation under s. 20.410 (3) (hm), Wisconsin Statutes. The provision further requires both departments to submit, by September 30, 2009, a report to the Joint Committee on Finance on this mechanism, including any proposed legislation that is necessary for its implementation. I am vetoing this section because it is unnecessary. Deficits in the juvenile corrections appropriation have persisted for many years and can continue to be addressed through existing appropriation and review processes.

Section 9111 (2k) requires the Department of Corrections and Department of Administration, together with any other state agency that provides relevant services, to conduct a comprehensive review of juvenile correctional services provided in the state and the funding of these services. I am vetoing this section because it is unnecessary and overly prescriptive. State agencies continue to seek ways to better deliver services through collaborative efforts and comprehensive studies.

Section 9111 (3x) requires the Department of Corrections within 60 days after the effective date of this bill to submit to the Joint Committee on Finance a report demonstrating that the department has eliminated all prohibitions on inmates receiving donated books. I am vetoing this section because it is inconsistent with safe and appropriate management of the correctional system. The Department of Corrections will continue to review this issue in the context of overall safety of corrections staff and prisoners.

Section 9122 (8v) requires the Department of Health Services to report to the Legislature by December 1, 2009, on recommendations for improving the birth defect prevention and surveillance system, standards for measuring system performance, individual privacy concerns, and potential federal and private funding sources. I am vetoing this section because it is unnecessary. The department already provides reports and other communications to the Legislature and other interested parties on these matters.

Section 1928b requires the Department of Transportation to consider the feasibility of a stop at Waterloo in any high speed rail plan for the Milwaukee to Madison corridor. I am vetoing this section because it is unnecessary and is inconsistent with federal planning requirements. Rail stops on a future Milwaukee to Madison corridor will be determined based on a full assessment of traffic patterns, travel times and equipment configurations.

Section 9150 (8j) requires the Department of Transportation to present a recommendation to the Transportation Projects Commission by March 15, 2010, regarding an environmental study for a potential major highway development project involving STH 13 from the city of Marshfield to STH 29. I am vetoing this section because it is unnecessary and conflicts with existing review and planning processes.

Section 9150 (4d) requires the Department of Transportation to submit a report to the Joint Committee on Finance assessing the most appropriate uses of consultants for highway project development. I am vetoing this section because it is unnecessary. The Department of Transportation is continually seeking to ensure the most cost-effective use of transportation resources.

Section 9150 (5x) requires the Department of Transportation to submit to the Joint Committee on Finance a report that provides an assessment of potential freight rail improvements and acquisitions in a multi-modal perspective, comparing benefits of these projects to other modes of transportation. The report should also assess whether railroads could fund a higher percentage of line improvements. The report is to be completed by January 1, 2010. I am vetoing this section because it is unnecessary. The Department of Transportation is continually updating multi-modal plans, including freight rail needs, based on overall economic development trends and goals.

Section 9150 (5d) requires the Department of Transportation a report to submit to the Joint Committee on Finance a report on the current and future harbor improvements in the next 10 years for freight and non-freight industries in a multi-modal perspective, comparing benefits of these projects to other modes of transportation. Report is to be completed by July 1, 2010. I am vetoing this section because it is unnecessary. The Department of Transportation is continually updating multi-modal plans, including harbor and port needs, based on overall economic development trends and goals.

Section 9110 (11r) requires the Department of Commerce to submit to the Joint Committee on Finance co-chairs a report that identifies retention methods the department could use to identify companies at risk for relocation or expansion outside of Wisconsin and that includes a plan to identify businesses outside of Wisconsin that could be encouraged to relocate or expand through the use of incentives. The provision requires the department to develop an emergency response team that could contact prospects for expansion or relocation. I am vetoing this section because it is unnecessary and may compromise efforts to grow Wisconsin business. The Department of Commerce is continually seeking ways to attract and retain businesses and jobs.

Section 9108 (8u) requires the Department of Children and Families to submit a plan to the Joint Committee on Finance by January 1, 2010, specifying how the department will make the ombudsman office, which is operated by the Planning Council for Health and Human Services, Inc., under contract with the department, more effective in reviewing and resolving complaints concerning the Bureau of Milwaukee Child Welfare. I am vetoing this section because it is unnecessary. I am requesting the Department of Children and Families secretary to review the specific issues and work with interested parties on this matter.

### **13. Earmarks**

*Sections 199, 215d, 816m, 1924c, 9110 (10q), 9110 (12h) and 9125*

These sections earmark specific projects or grants.

Sections 199 and 9110 (10q) require the Department of Commerce to award to the WiSys Technology Foundation, Inc., an annual grant of not less than \$50,000 GPR, for providing intellectual property management services to the University of Wisconsin-Extension and all University of Wisconsin institutions and colleges other than the University of Wisconsin-Madison and the University of Wisconsin-Milwaukee. I am vetoing these sections because they are unnecessary. I am requesting the department to work with the WiSys Technology Foundation, Inc., to identify ways the department can provide assistance.

Section 816m requires the Department of Tourism, in each biennium, to expend not less than \$200,000 PR-S to conduct or contract for marketing activities related to exhibits or activities on behalf of the Milwaukee Public Museum. I am vetoing this section because it is unnecessary. The Department of Tourism already has sufficient flexibility to work with the museum on level of support.

Section 1924c requires the Department of Transportation to designate and mark the route of United States Highway 8 between United States Highway 53 and the village of Turtle Lake in Barron County as the "Donald J. Schneider Highway." I am vetoing this section because it is inconsistent with the way highways are named in this state. I have the utmost respect for Donald J. Schneider and the service he provided as chief clerk of the Wisconsin State Senate. He retired from state government in 2003, after a long and distinguished career serving the state of Wisconsin and he continues to exemplify public service at its best.

Sections 215d and 9110 (12h) require the Department of Commerce to provide a grant, not to exceed \$50,000, from the brownfields grant appropriation to the town of Beloit to pay 50 percent of the costs of constructing a children's playground in Preservation Park. I am vetoing these sections because they are unnecessary and may conflict with other provisions in the brownfields grant program.

Section 9125 requires the Wisconsin Housing and Economic Development Authority (WHEDA) to provide a \$25,000 grant in fiscal year 2009-10 and in fiscal year 2010-11 to the Household Abuse Victims Emergency Network in Merrill for renovation of a domestic abuse shelter serving Langlade, Lincoln, Taylor, Vilas and Oneida counties. I am vetoing this section because it is unnecessary. WHEDA can provide such assistance under current law and can work with this organization to identify the best ways to further their mission.

## **LIEUTENANT GOVERNOR**

### **14. Constituent Services Position**

*Section 176 [as it relates to s. 20.540 (1) (a)]*

This section increases the Office of the Lieutenant Governor's general program operations appropriation to reflect the increase of 1.0 FTE GPR position to provide constituent services and external relations support to the Lieutenant Governor.

I understand and appreciate the work of the Office of the Lieutenant Governor and respect the dedication Lieutenant Governor Lawton has shown to our great state. However, given the fiscal situation the state now faces, I am lining out the s. 20.540 (1) (a) appropriation and writing in a smaller amount that deletes \$36,000 GPR in fiscal year 2009-10 and \$52,800 GPR in fiscal year 2010-11. The remaining amount will ensure that the office's current 3.0 FTE positions are funded. By lining out the additional funding, I am vetoing the 1.0 FTE GPR position added by the Legislature because creating this position is not a priority in a time when agencies are faced with deep budget cuts. I am also requesting the Department of Administration secretary not to allot these funds and not to authorize the additional 1.0 FTE GPR position.

## **MILITARY AFFAIRS**

### **15. State Matching Funds for Disaster Aid**

*Section 9136 (1x)*

This provision requires the Department of Military Affairs to submit to the Joint Committee on Finance prior to expending any funds in excess of \$1,347,000 annually from its GPR sum sufficient disaster aid appropriation a report detailing the amount of required additional funding necessary to match federal disaster aid, when the required match will be needed and whether any potential funding source in lieu of GPR may be utilized to provide the required match.

I am vetoing this provision because the reporting and additional authorization could seriously delay the flow of disaster aid to Wisconsin families and businesses impacted by federally declared disasters. While I understand the need for tighter fiscal controls during difficult economic times, I object when that control seriously impedes Wisconsin citizens and businesses from moving forward after a serious natural disaster.

## **REGULATION AND LICENSING**

### **16. Regulation of Chiropractors**

*Sections 2995iem [as it relates to student loan default], 2995if, 2995inm, 2995iom [as it relates to sexual misconduct], 2995ip, 2995ipm and 2995ir*

This provision makes several changes to the regulation of chiropractors in Wisconsin related to the successful completion of an examination prior to licensure, student loan repayment requirements, the duty to refer clients, certification for chiropractic technicians and chiropractic radiological technicians, sexual misconduct by a licensed chiropractor, and continuing education required by the Chiropractic Examining Board.

Sections 2995iem and 2995if direct the Chiropractic Examining Board to not grant a license to an applicant unless that applicant has provided a form that certifies they have not defaulted on any loans used to finance their education. I am vetoing section 2995if and partially vetoing section 2995iem as it relates to student loan default because loan repayment history has no bearing on one's ability to perform chiropractic service and is an overly onerous regulatory provision.

Further, I am vetoing sections 2995inm, 2995ip, 2995ipm and 2995ir and partially vetoing section 2995iom as it relates to penalties for sexual misconduct by a licensed chiropractor. I fully support penalizing sexual misconduct crimes to the fullest extent of the law, however I object to these sections because the Department of Regulation and Licensing already maintains a thorough and strict enforcement process with severe penalties for violating terms of licensure, including sexual misconduct. Further, the definitions covered by the provision are considered crimes under current law. By making the proposed changes, it may hamper the department's ability to aggressively enforce such crimes by establishing a prescribed approach to revocation. The department's administrative law judges should enforce penalties based on the crime at hand and not on a predetermined methodology.

While I support appropriate regulatory control over licensed professions and as such, the effect of this veto is to remove two provisions from a larger, more comprehensive regulatory change to the Chiropractic Examining Board. Intact are examination requirements, the duty to refer a client to a physician when the client's condition cannot be treated by chiropractic means, the newly created certification for chiropractic technicians and chiropractic radiological technicians and finally, continuing education requirements for professions licensed under the Chiropractic Examining Board.

## 17. Regulation and Licensing Credential Fees

*Sections 2478c, 2994a, 2994b, 2994c, 2994d, 2994e, 2994f, 2994g, 2994h, 2994i, 2994j, 2994k, 2994L, 2994m, 2994mg, 2994mh, 2994mi, 2994mj, 2994mk, 2994mn, 2994mnag [as it relates to the fee], 2994mnar [as it relates to the fee], 2994mnb, 2994mnf, 2994mnk [as it relates to the fees], 2994mnp, 2994mns [as it relates to the fee], 2994mnw, 2994mp [as it relates to the fees], 2994mr [as it relates to the fee], 2994mu [as it relates to the fees], 2994mx, 2994ng [as it relates to the fee], 2994nr, 2994o, 2994p, 2995ca, 2995cb, 2995cc, 2995cd, 2995ce, 2995cf, 2995cg, 2995ch, 2995ci, 2995cj, 2995ck, 2995cL, 2995cm, 2995cn, 2995co, 2995cp, 2995cq, 2995cr, 2995cs, 2995ct, 2995cu, 2995cv, 2995cw, 2995cx, 2995cz, 2995d, 2995dg, 2995dr, 2995e, 2995eg, 2995er, 2995f, 2995fg, 2995fr, 2995g, 2995gg, 2995gr, 2995h, 2995hg, 2995hr, 2995i, 2995iam, 2995ih, 2995j, 2995jg, 2995jr, 2995k, 2995kg, 2995kr, 2995L, 2995Lg, 2995Lr, 2995m, 2995mg, 2995mr, 2995n, 2995ng, 2995nr, 2995o, 2995og, 2995or, 2995p, 2995pg, 2995pr, 2995q, 2995qg, 2995qr, 2995r, 2995rg, 2995rr, 2995s, 2995sg, 2995sr, 2995t, 2995tg, 2995tr, 2996f, 2996fm, 2996fn, 2996fo, 2996fp, 2996fq, 2996g, 2996h, 2996i, 2996j, 2996k, 9142 (2u) and 9442 (1q)*

This provision requires all initial and renewal fees paid by credential holders licensed by the Department of Regulation and Licensing to be set by statute and that all fees are based on time keeping data collected by the department.

I am vetoing this provision because the current law process already meets the spirit of the provision. Current law requires that initial and renewal fees set by the department are based on time keeping data and are submitted to the Joint Committee on Finance under 14-day passive review. I object to this provision because setting the fees in statute limits the department's ability to react in a timely manner to changes in the industries it regulates.

## TOURISM

### 18. Grants to Municipalities and Organizations for Regional Tourist Information Centers

*Section 817m*

This provision defines the applicants, grant eligibility requirements, application and written agreement requirements, and limitations that the Department of Tourism and applicants must adhere to in administering the grants to regional tourist information centers.

I am partially vetoing the application and written agreement requirements, and the limitations of this provision because I object to overburdening municipalities and organizations applying for these funds. This partial veto streamlines the grant process, while ensuring proper oversight of the grant funds.

## **WORKFORCE DEVELOPMENT**

### **19. Milwaukee Area Workforce Investment Board**

*Sections 176 [as it relates to s. 20.445 (1) (fr)], 516v and 9156 (2q)*

Sections 176 and 516v create a new GPR appropriation, and section 9156 (2q) requires the Department of Workforce Development to provide a grant of \$2,000,000 during the 2009-11 biennium from that new appropriation to the Milwaukee Area Workforce Investment Board, provided that the city of Milwaukee also provides a grant of \$1,500,000 to the board.

The intent of this provision as adopted by the State Assembly, was to provide \$1,500,000 all funds from the state, matched by \$1,500,000 from the city of Milwaukee. To return to the intent of the amendment, I am lining out the new appropriation and writing in a smaller amount, deleting \$1,500,000 GPR over the biennium and am requesting the Department of Administration secretary not to allot these funds. I am also partially vetoing the language under section 9156 (2q) to remove the amount of the grant required by the Department of Workforce Development and to reduce the amount of the grant required by the city of Milwaukee to equal \$500,000, the same amount to be provided by the department. Furthermore, I am requesting that the Department of Workforce Development secretary identify federal recovery funds available to assist the board and allocate appropriate federal resources to the board. Finally, I am partially vetoing section 516v to correct a drafting error. The cross reference to section 9156 (2w) is incorrect and should instead refer to section 9156 (2q), as (2w) does not exist.

### **20. Apprenticeship Program Accountability**

*Section 2207n [as it relates to ss. 106.04 (1), (2) and (4)]*

This section requires employers to submit monthly electronic reports on the daily number of employees in trades that are apprenticeable, the daily number of apprentices employed on the project, including characteristics and number of hours worked, to the Department of Workforce Development. The department is required to post on its Internet site a running summary of those reports. The department is also required to grant an employer a grace period for submitting reports and if the employer exceeds the grace period, the employer must forfeit \$1,000 for each day by which the period is exceeded. The department is further required to distribute to all state agencies a list of all persons who have exceeded the grace period in the preceding three years, precluding the state agency from awarding any contract to persons on the list. The section requires any person submitting a bid on a project subject to this section to identify any business interest during the preceding three years that had been found to have violated the report filing requirements.

I am partially vetoing the section as it relates to apprenticeship report and debarment requirements because they are too burdensome. This partial veto eliminates potential barriers to the employment of apprentices. The employment of apprentices on state public works projects is important and exceptions to this requirement should only be made for good cause. As such, I am maintaining the provision requiring that if the

department grants an exception or modification to any requirement in any contract for the performance of work on a project relating to the employment and training of apprentices, the department must post that information on its Internet site, together with a detailed explanation of why the exception or modification was granted.

## **21. Listing Deductions from Wages**

### *Section 2186f*

This provision provides the Department of Workforce Development with the capacity to order an employer that fails to clearly list deductions from wages, to pay the employee, as liquidated damages, not less than \$50 or more than \$500 for each violation.

I am vetoing this provision because current law provides sufficient protections regarding the listing of deductions from wages.

## **22. Nursing Survey and Allocation to a Nursing Center**

### *Section 2207t*

This provision requires the Department of Workforce Development to develop and submit to the Department of Regulation and Licensing, a nursing survey to collect supply and demand side data related to the nursing profession. To fund the survey, the Department of Regulation and Licensing is required to assess a \$4 surcharge on all nursing credential fees and to transfer to the Department of Workforce Development all surcharge revenues, less the administrative expenses of the Department of Regulation and Licensing.

Further, the provision requires the Department of Workforce Development to expend 12 percent of the revenues received by the department on administering the survey and to grant 88 percent of the revenues to a statewide nursing center to develop strategies to ensure that there is an adequate nursing workforce. The department must submit the survey to the Department of Regulation and Licensing by October 1 of each odd-numbered year.

I am partially vetoing this provision to delete the date by which the survey must be submitted to the Department of Regulation and Licensing. The effect of this veto is to align the survey submission deadline with the licensing timelines at the Department of Regulation and Licensing.

## **23. Prevailing Wage**

*Sections 1478v [as it relates to the prevailing wage law], 1479p, 1479r, 1479t, 1480c, 1480e, 1484f, 1484h, 1487, 2187f, 2187h, 2187j, 2188e, 2188g, 2188h, 2192f, 9156 (1d), 9356 (5f) and 9456 (1x)*

Sections 1478v and 2188e expand the definitions of state agency and local governmental unit, respectively, to include a (state or local) public body and corporate



created by constitution, statute, ordinance (in the case of a local government unit), rule or order. I am partially vetoing this provision to remove references to state or local public body and corporate created by constitution, statute, ordinance (in the case of local government unit), rule or order because this language is overly broad. The definitions of state agency and local government unit under current law are sufficient for purposes of the modifications to the prevailing wage law included in the bill. My veto retains the inclusion of regional transit authorities under the definition of local government unit.

Sections 1479p, 1479r, 1480c, 1480e, 1487, 2187f, 2187h, 2188g, 2188h, 9156 (1d) and 9456 (1x) add the improvement of any project of public works as it pertains to prevailing wage law. I am vetoing sections 1479p, 1479r, 1480e, 2187f and 2187h and partially vetoing sections 1480c, 1480e, 1487, 2188g, 2188h, 9156 (1d) and 9456 (1x), as they relate to improvements, because these provisions are redundant and unnecessary due to other provisions in the bill and in current law.

Sections 1479t and 2187j add a definition of project of public works. I am vetoing these sections because the definition is unnecessary. Projects as they pertain to public works and the prevailing wage law are already defined in administrative rule.

Section 1480e deletes the reference to local governments making contracts by "direct negotiation." I am vetoing this section, as it relates to direct negotiations, and maintaining current law because negotiation of public works projects should be direct and transparent.

Sections 1484f, 1484h, 1487, 2192f and 9356 (5f) modify remedies under prevailing wage laws for municipal and state projects of public works and for publicly funded private construction projects. Specifically, the provisions for actions commenced after the end of any pay period specified by the Department of Workforce Development for the payment of liquidated damages, if the court finds that a contractor, subcontractor, or contractor's or subcontractor's agent failed to pay the prevailing wage or has paid less than 1.5 times the hourly basic rate of pay for all hours worked in excess of the prevailing wage hours of labor, the court must order the contractor, subcontractor, or contractor's or subcontractor's agent to pay the affected employee the amount of his or her unpaid wages or unpaid overtime compensation and an additional amount equal to 200 percent of the amount of those unpaid wages or that unpaid overtime compensation as liquidated damages. I am vetoing section 1484h and partially vetoing sections 1484f, 1487, 2192f and 9356 (5f) [as they relate to the remedy of liquidated damages] to remove the provisions that would require a court to order liquidated damages of 200 percent of unpaid wages and overtime because this amount is excessive. Provisions in the bill and in current law provide sufficient penalties for failure to comply with prevailing wage laws.

Section 1487 [as it relates to s. 66.0904 (1) (i) 1. and 3.] excludes from the definition of publicly funded private construction project owner-occupied residential property that is supported by certain grants and residential property that contains no retail, office or commercial components, if the project is intended to increase the supply of affordable housing in a community. I am partially vetoing this section [as it relates to s. 66.0904 (1) (i) 1. and 3.] to expand the exemption for residential property supported by certain grants so that it need not be owner-occupied and that residential property intended to increase the supply of affordable housing in a community may contain retail, office or commercial components. I object to the narrow definition of the exemption and

with this veto attempt to slightly expand it in support of affordable housing developments. This change is not intended to create a broad exemption to the new provisions in the prevailing wage law, but only to provide certain types of projects with critical public policy goals with greater flexibility.

Section 1487 [as it relates to s. 66.0904 (3) (a) 2. and (b)] provides that certain laborers, workers, mechanics and truck drivers that are employed in the manufacturing of materials on the site of a publicly funded private construction project or to transport materials are covered under publicly funded private construction projects subject to prevailing wage. I am partially vetoing this section [as it relates to s. 66.0904 (3) (a) 2. and (b)] to exclude these workers from these provisions. These are important issues and I recognize the concerns surrounding the application of prevailing wage to publicly funded private construction projects. The issue of whether certain workers should be covered under prevailing wage law requires more review. I therefore suggest that the Legislature pursue appropriate remedial legislation after further study. I am also requesting the secretary of the Department of Workforce Development ensure that this provision is appropriately implemented.

Section 1487 [as it relates to s. 66.0904 (6)] provides exemptions for publicly funded private construction projects if a local ordinance or other local governmental provision results in standards as high or higher than those established under this section. I am partially vetoing this provision to remove the phrase "resulting in standards" to ensure that the intent of the provision is clear. Local ordinances that in totality are as high or higher than standards set in the prevailing wage law shall apply. I am requesting the secretary of the Department of Workforce Development ensure that this provision is properly implemented.

Section 1487 [as it relates to s. 66.0904 (9) (b) 1.] provides that any contractor, subcontractor, or contractor's or subcontractor's agent may be fined not more than \$200 or imprisoned for not more than 6 months or both for violations under this section. I am partially vetoing this section [as it relates to s. 66.0904 (9) (b) 1.] to remove the imprisonment provision as it is unduly harsh and unnecessary given other penalty provisions under current law and the bill.

I remain supportive of ensuring fair wages in projects that receive direct public monies. Many of the prevailing wage provisions in this bill make great strides toward that goal. However, some of the provisions were unclear or did not strike a balance between fair wages and prudent application of the prevailing wage law. My vetoes attempt to maintain some of that balance.

I fully expect that remedial legislation may be needed to clarify the prevailing wage law and urge the Legislature to take up this matter over the next few months.

## **D. HEALTH SERVICES AND INSURANCE**

### **HEALTH SERVICES**

#### **1. Milwaukee Health Services Grant**

*Section 176 [as it relates to s. 20.435 (1) (dj)]*

This section provides a one-time grant of \$600,000 to Milwaukee Health Services for dental services and equipment at a clinic with an address in ZIP code 53218.

By lining out the appropriation under s. 20.435 (1) (dj) and writing in a smaller amount that deletes \$400,000 in fiscal year 2009-10, I am vetoing part of the additional GPR that was added by the Legislature and am also requesting the Department of Administration secretary not to allot these funds. Although I strongly support increasing access to dental services, current economic and fiscal conditions limit the amount of funding that can be provided in this budget.

#### **2. Restriction on the Use of Vital Records Fee Revenue**

*Sections 327 and 327d*

These sections restrict the use of vital records fee revenue to specified allocations and activities related to the vital records automation project, including master lease payments.

I am partially vetoing these sections because I object to this limitation on the Department of Health Service's ability to determine the appropriate use of revenues and prioritize expenditures within current law restrictions. The department's priority is to use vital records revenues to fund the automation project and vital records preservation activities; however, in instances of public health or other emergencies, the department must have the flexibility to use excess, unanticipated revenues for emergency responses.

#### **3. Family Care Expansion, Langlade County**

*Section 9122 (4q)*

This provision requires the Department of Health Services to begin offering aging and disability resource center services in May 2010 and managed care organization benefits in July 2010 in Langlade County, through the expansion of the Family Care program.

I am vetoing this provision to remove the specified deadlines because the provision does not ensure that certification standards are adequately met prior to implementation of Family Care. Family Care managed care organizations must meet standard programmatic and fiscal certification requirements which are designed to ensure high-quality and appropriate care to members. If no organization meets the criteria, Family Care expansion cannot begin on the specified date. It is my intent that the

Department of Health Services begin offering aging and disability resource services in May 2010 and Family Care managed care organization benefits in July 2010 in Langlade County; however, this veto allows for necessary flexibility if the department determines that no organization meets the programmatic and fiscal requirements to become a Family Care managed care organization.

#### **4. ICF-MR Preservation Study**

##### *Section 9122 (7i)*

This provision requires the Department of Health Services to appoint a committee to study the need for and preservation of remaining intermediate care facilities for the mentally retarded (ICF-MR) in the state and submit a report to the Joint Committee on Finance by December 1, 2009.

I am partially vetoing this provision because the identified study is too narrowly focused since ICF-MRs represent only one care setting among the many available to individuals with developmental disabilities, the creation of a task force is not the most efficient method of studying the long-term care system and the reporting deadline is too aggressive. I support the goal of studying the future system of long-term care supports and services for individuals with developmental disabilities and therefore, I am retaining the language requiring the department to study and report to the Joint Committee on Finance. I am directing the department to report the results of a comprehensive assessment of the future needs of people with developmental disabilities for long-term care system services, including best practices adopted by other states.

#### **5. Marquette Dental School and Dental Services**

##### *Section 176 [as it relates to s. 20.435 (1) (de)]*

This section restores funding for dental services grants made by the Department of Health Services to Marquette University School of Dentistry to provide dental care in areas of the state and to populations that are currently underserved. In addition, these grants support a fluoride and school-based dental sealant program, including funding to technical college district boards to provide oral health services.

By lining out the appropriation under s. 20.435 (1) (de) and writing in a smaller amount that deletes \$171,800 in fiscal years 2009-10 and 2010-11, I am vetoing the additional GPR that was added by the Legislature and am also requesting the Department of Administration secretary not to allot these funds. Although I strongly support the provision of dental services in underserved areas, current economic and fiscal conditions require that all agencies must absorb reductions in their budgets.

## **6. Oversight of Medicaid Savings Plan**

### *Section 9122 (11q)*

This provision requires the Department of Health Services to submit a plan to achieve the unspecified Medicaid savings by August 1, 2009, for approval by the Joint Committee on Finance by September 1, 2009.

I am vetoing this provision because it creates an excessive delay in the implementation of actions required to reduce Medicaid expenditures and the realization of savings during the biennium. The report is unnecessary since the department has established an open and collaborative process and is working with providers to determine the changes that will be made to Medicaid reimbursement. Public information regarding the final plan will be readily available.

## **7. Medicaid Transportation Broker**

### *Section 9122 (4f) (a)*

This provision requires the Department of Health Services to report to the Joint Committee on Finance prior to contracting with an entity to provide transportation management services. The report is to include the steps taken by the department to guarantee the entity under contract will coordinate with existing local transit services and provide adequate access throughout the state, including in rural counties.

I am vetoing this provision because I object to the limitation on the department's ability, in collaboration with a wide array of stakeholders, to manage the Medicaid program in a manner that is in the best interest of providers, recipients and the state. I am retaining the language requiring the department to report to the Joint Committee on Finance by January 31, 2010, on the savings and other efficiencies achieved in the delivery of transportation services, whether the manager enabled the state to claim additional federal funding and how the manager affected access to services for recipients statewide.

## **8. Delivery of Medicaid Dental Services in Southeast Wisconsin**

### *Section 1317n*

This provision requires the Department of Health Services to use a fee-for-service dental delivery model in Kenosha, Milwaukee, Racine and Waukesha counties beginning on January 1, 2010.

While I support the intent of improving and expanding access to dental services, I am vetoing this provision because it is overly restrictive regarding the administration of the benefit and will prevent the department from exploring options and developing innovative strategies to improve the quality and provision of dental services in Southeast Wisconsin.

## **9. Quality of Care Improvement Implementation**

*Sections 1301c, 1313h, 1313p, 1315n, 9122 (10q), 9322 (3f) and 9422 (14g)*

These sections require the Department of Health Services, beginning on January 1, 2010, to impose mandates on managed care organizations serving Medicaid recipients. These mandates include requirements to provide prenatal care coordination programs and require all pregnant Medicaid recipients to enroll in the program; assign a primary care provider to every Medicaid recipient; provide a monthly per patient payment to primary care physicians for care coordination services; and have a chronic disease management and case coordination program in place for all patients diagnosed with diabetes, asthma, congestive heart failure, coronary artery disease, and a primary or secondary behavioral health diagnosis, including substance abuse and depression. These sections also require the department to expand the use of special needs programs to provide case management services for children with medically complex conditions. Finally, these sections require the department to submit a report to the Legislature regarding six initiatives intended to improve the quality of care provided under Medicaid and reduce costs within the program.

I am vetoing these sections because these mandates are excessively prescriptive and provide insufficient flexibility for the department to manage and administer the Medicaid managed care program using quantifiable health outcomes. While I support the goal of improving the quality and cost-effectiveness of care provided through the Medicaid program, designating the operations of managed care organizations in statute limits the program's ability to develop new initiatives as best practices emerge and advance and it does not reward health care providers based on patient outcomes, which is contrary to the goals of the department.

## **10. County Nursing Home Supplements**

*Sections 176 [as it relates to ss. 20.435 (4) (b) and (o)] and 1292n*

These provisions require the Department of Health Services to increase annual Medicaid supplemental payments to county and municipal nursing homes by \$2,000,000 in each year of the biennium from the Medical Assistance Trust Fund.

I am partially vetoing these provisions because I object to increasing these payments during this fiscal crisis. I am lining out the Medical Assistance program benefits appropriation under s. 20.435 (4) (b) and am writing in a smaller amount that deletes \$1,000,000 GPR in fiscal years 2009-10 and 2010-11. I am also lining out the Federal Aid Medical Assistance appropriation under s. 20.435 (4) (o) and am writing in a smaller amount that decreases the dollar amount for fiscal year 2009-10 by \$704,500 FED and decreases the dollar amount for fiscal year 2010-11 by \$655,500 FED. The intent of this veto is to provide an additional \$1,000,000 per year of Medicaid supplemental payments to county and municipal nursing homes, for a total payment of not more than \$38,100,000 in each fiscal year. I am also requesting the Department of Administration secretary not to allot these funds.

## **11. Patient Health Care Records Access and Fees**

*Sections 2433b, 2433d, 2433f, 2433r and 9322 (9c)*

This provision repeals the Department of Health Services' authority to prescribe fees in administrative rule, sets fees for copies of patient health care records in statute and limits fees that can be charged for electronic copies of records. Further, this provision specifies deadlines for the provision of copies and access to records, and prescribes penalties for failure to meet the requirements.

I am partially vetoing this provision to eliminate the deadlines and the associated penalties for providing copies of and access to records, with the intent of maintaining current law requirements provided under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). The impact on health care providers of creating state regulations that are significantly more restrictive than federal requirements has not been adequately analyzed. Further, this partial veto will eliminate the \$5 fee limit on electronic record copies with the intent that providers may charge a reasonable fee rate for providing copies in an electronic or digital format that is no more than the paper copy rate. The fee limitation is a deterrent to providers adopting electronic health records. Because the impact of these changes requires further study, I am directing the department, in collaboration with the Wisconsin eHealth Care Quality and Patient Safety Board, to evaluate alternatives and to make recommendations on appropriate fees and effective penalties to ensure appropriate and timely access to records that can be adopted in future legislation.

## **12. Milwaukee Income Maintenance Investigation**

*Section 9130 (1q)*

This provision requires the Department of Justice to investigate whether county administrative fraud was committed before May 1, 2009, in connection with the administration of any income maintenance program in Milwaukee County.

I am vetoing this section because it is inappropriate for the Legislature to direct a law enforcement agency to conduct a specific investigation. The Legislature has other resources, such as the Legislative Audit Bureau, that are more appropriate for an investigation of this nature.

## **13. Medicaid Physician Pilot Project**

*Section 1301e*

This section requires the Department of Health Services to develop and submit a proposal within 60 days of the effective date of the bill to the Joint Committee on Finance regarding increasing reimbursement to providers recognized as patient-centered medical homes or determined to be performing well based on specified criteria. The section also requires the department to implement the proposal by January 1, 2010, if approved under passive review by the Joint Committee on Finance and the U.S. Department of Health and Human Services, and report to the Joint Committee on Finance 39 months

after the effective date of the bill on the net cost reductions and provide a recommendation on the continuation of increased reimbursement.

I am partially vetoing this section because the 60 day deadline is too short to develop a proposal of this scope. I support the goal of improving the quality and cost effectiveness of care provided to Medicaid recipients and am retaining the remaining language in this section. I am requesting that the Department of Health Services secretary submit this proposal to the Joint Committee on Finance within a reasonable time frame.

#### **14. Income Maintenance Allocation**

##### *Section 1371r*

This section directs the department to allocate \$76,000 to Milwaukee County and \$4,550,000 to the remaining Wisconsin counties and tribal governing bodies from funds received through the American Recovery and Reinvestment Act.

I am partially vetoing this section to correct the over-allocation of funds between Milwaukee County and the remainder of the state by deleting the limit on Milwaukee County. The legislative intent was to allocate \$400,000 of this funding to Milwaukee County for Income Maintenance services and, therefore, I am directing the department to allocate \$400,000 to Milwaukee County and \$4,226,000 to the remaining counties and tribal governing bodies.

#### **15. Coverage of Podiatry Services for BadgerCare Plus Childless Adults**

##### *Section 1353n*

This provision mandates coverage of services provided by podiatrists under the childless adults demonstration project.

I am vetoing this provision because I object to the limitation on the department's ability, in collaboration with medical experts, to prioritize benefit coverage in the most cost-effective and medically appropriate way. The Department of Health Services, through its Clinical Advisory Committee on Health and Emerging Technology (CACHET), has developed an open, evidence-based process to determine coverage of specific services based on cost effectiveness and medical necessity. I agree with the intent of ensuring proper and adequate preventive care is provided to recipients and am therefore directing the department to consider the inclusion of podiatric services under the childless adults demonstration project at a future CACHET meeting.



## **INSURANCE**

### **16. Motor Vehicle Insurance**

*Sections 2962t, 2963r, 3147, 3172, 3172k, 9326 (6) and 9426 (2)*

These sections make changes to motor vehicle insurance requirements related to liability coverage limits, prohibitions on insurer limitations of coverage and premium rate setting.

I proposed changes to vehicle insurance requirements to ensure that policyholders obtained the full benefit of the coverage they have purchased and to increase the minimum amounts of liability insurance required for proof of financial responsibility. Liability insurance minimums have not been increased in over 25 years while, during that same period, the cost of health care has grown substantially. The liability insurance increase and other reforms are necessary to protect consumers and to ensure that people injured in accidents are shielded from excessive financial loss due to insufficient coverage.

The bill also mandates all drivers maintain vehicle liability insurance. I support this provision as Wisconsin is one of only two states that do not require drivers to carry liability insurance. However, with the implementation of this mandate, it is more essential than ever to ensure that insurance premiums remain affordable for all drivers required to purchase coverage. For that reason, I have revisited the liability limit increases and other reforms contained in the bill and have made several modifications through vetoes.

Section 2962t increases the minimum amounts of liability insurance required for proof of financial responsibility over a three-year period. I am partially vetoing this section, the related effective date in section 9426 (2), and a cross reference in section 2963r, to retain the increase in minimum liability coverage effective on January 1, 2010, but delete the additional increases in 2011 and 2012. This will balance the need to maintain affordability while addressing some of the concerns regarding the insufficiency of the current liability minimum. In order to ensure coverage remains adequate, I am retaining a separate provision that adjusts the minimum amounts every five years based on changes in the consumer price index.

Section 3172 prohibits insurers from denying coverage for an accident if the vehicle is not described in the policy under which a claim is made. I am vetoing this provision and cross references to this section under sections 3147 and 9326 (6), because it may increase the cost of premiums, but I am retaining separate provisions that prohibit insurers from categorizing people who have not previously had insurance in a high-risk category and that allow the stacking of coverage limits for up to three vehicles owned by the insured.

I am partially vetoing section 3172k to delete a provision prohibiting insurers from determining premiums based on where the vehicle is located. This provision is disruptive to the market and would increase premiums for policyholders in many locations. I am requesting that the Commissioner of Insurance study this issue to ensure fair treatment of citizens throughout the state.

While these proposals are well-intended, I am vetoing these provisions because they may raise the costs of vehicle insurance premiums and are contrary to the goal of ensuring that all drivers are able to purchase affordable motor vehicle liability insurance.

## **E. STATE GOVERNMENT OPERATIONS**

### **OFFICE OF STATE EMPLOYMENT RELATIONS**

#### **1. Office of State Employment Relations Charges**

##### *Section 2483*

This provision allows the director of the Office of State Employment Relations to provide services and materials to other state agencies and charge them for the services and materials provided. It also requires the director to establish a methodology for determining the costs and charges by administrative rule.

I am partially vetoing this provision to eliminate the requirement to promulgate an administrative rule for this process. I object to this requirement because it is burdensome and inefficient.

#### **2. Collective Bargaining Rights for University of Wisconsin System Faculty, Academic Staff and Research Assistants**

##### *Sections 2254L and 2255*

These provisions allow faculty, academic staff and research assistants of the University of Wisconsin System the right to enter into collective bargaining. Research assistants are defined as graduate students enrolled in the University of Wisconsin System who are receiving a stipend to conduct research which is independent or self-directed. Students on a student or exchange visa or those provided fellowships, scholarships and traineeships that are distributed through other titles such as fellow, scholar or trainee are excluded. In addition, this provision allows the Wisconsin Employment Relations Commission to assign faculty and academic staff to collective bargaining units.

I am partially vetoing this provision because it requires research assistants who have formed into collective bargaining units to be initially represented by the Teaching Assistant Association and allows the Wisconsin Employment Relations Commission (WERC) to assign faculty and staff to bargaining units. I object to these provisions because employees who form bargaining units should be allowed to select the labor organization that will represent them. This veto is consistent with the intent of the Legislature on this matter. The provision that allows WERC to assign faculty and staff to bargaining units is unnecessary since it is redundant with WERC authority under current law.

## **F. TAX, TRANSPORTATION AND BUDGET DEVELOPMENT**

### **BUDGET MANAGEMENT**

#### **1. 2007 Wisconsin Act 20 Lapse and Transfer Authority**

##### *Section 3412*

This section removes the requirement in 2007 Wisconsin Act 20 that the Department of Administration secretary lapse or transfer \$200 million to the general fund from the balances of appropriations of executive branch agencies.

I am vetoing this section to restore the secretary's authority and provide additional flexibility to manage the state's finances. I am concerned that there continues to be uncertainty in the economic outlook, and the restoration of this authority will assist the state in addressing any potential fiscal impacts of further weakness in the global and national economy.

#### **2. Agency Mission Statements and Performance Measures**

##### *Section 73L*

This section requires the Department of Administration to submit copies of agency mission statements and performance measures to the Joint Committee on Finance and to the chief clerk of each house for distribution to the appropriate standing committees of the Legislature in January of each odd-numbered year.

I am vetoing this section because it is redundant and duplicative with existing law. This information is already included in the Executive Budget Book, which is distributed to all members of the Legislature and the public in each odd-numbered year.

### **PUBLIC SERVICE COMMISSION**

#### **3. Police and Fire Protection Fee Sunset and Creation of 911 Grant Program**

*Sections 40w, 225d, 225L, 665su, 665w, 681i, 682L, 1835dr, 1836er, 1849w, 2454L, 2460f, 2460t, 2475L, 2572hb, 2572he, 2572hh, 2572hL, 2572ho, 2572hr, 2572hu, 2572hy, 2573b, 2573f, 2573h, 9141, 9341 and 9441 (1j) (b) and (2j)*

These provisions sunset the police and fire protection fee on June 30, 2011, and implement a new 911 surcharge beginning July 1, 2011. Under these provisions, the 911 surcharge will be used to fund a 911 grant program for local governments and telephone service providers administered by the Public Service Commission. These provisions create a segregated 911 fund and a 911 council, permit adjustment of the amount of the 911 surcharge, and provide the commission with 1.0 FTE 911 state coordinator position and related funding.

I am vetoing sections 225L, 665w, 682L, 2454L and 9441 (1j) (b) to remove the sunset of the police and fire protection fee because I object to the loss of direct aid to local governments. I am also vetoing sections 40w, 225d, 665su, 681i, 1835dr, 1836er, 1849w, 2460f, 2460t, 2475L, 2572hb, 2572he, 2572hh, 2572hL, 2572ho, 2572hr, 2572hu, 2572hy, 2573b, 2573f, 2573h, 9141, 9341 and 9441 (2j) because the program will no longer have a funding source. While I agree that enhanced 911 capabilities are a significant part of public safety, we must protect funding for the fire and police personnel who provide local law enforcement and emergency response. My veto will ensure that the police and fire protection fee continues to be returned to local governments through the county and municipal aid program. I request that the commission work with interested parties to determine the best approach and revenue source to reimburse enhanced 911 costs, and to ensure that the public has the opportunity to be heard on this important issue.

#### **4. Intervenor Financing for a Nonprofit Corporation**

*Sections 176 [as it relates to s. 20.155 (1) (j)], 222m and 2463m*

This provision permits grants to certain organizations to be made from the Public Service Commission's intervenor financing appropriation. The provision specifies that a \$300,000 annual grant shall be made to a nonstock, nonprofit corporation with a history of advocating on behalf of residential ratepayers for affordable rates, and increases the appropriation accordingly. The provision also changes the intervenor financing appropriation from annual to biennial to accommodate the grants.

I am vetoing this provision because the grant is unnecessary. This provision was created in anticipation of an increased number of cases due to the permissive automatic utility rate adjustment. However, the automatic rate adjustment was not included in the final budget passed by the Legislature. I agree that while this is a meritorious idea, it requires further consideration and public hearing. Nonstock, nonprofit corporations will continue to be eligible for compensation through intervenor financing under current law, and any increases to intervenor financing can be considered should future changes result in an increased caseload.

By lining out the dollar amounts in the commission's appropriation under s. 20.155 (1) (j) and writing in a smaller amount that deletes \$300,000 in each fiscal year, I am vetoing the funding for these grants. Furthermore, I am requesting the secretary of the Department of Administration not to allot these funds.

## **REVENUE**

### **5. Assessment of Leased Property**

*Sections 1520d and 9343 (4f)*

This provision requires assessors to consider the actual rent and terms of a lease when determining the value of leased property using the income approach.

I am vetoing this provision because I object to changing valuation methodology through the legislative process. Currently, property assessment methods and standards are set forth in the Wisconsin Property Assessment Manual. The manual is developed in accordance with professionally accepted appraisal practices and is researched and reviewed thoroughly by experts working in the appraisal field. Changes to property assessment practices should be pursued as updates to the manual to ensure sufficient review by property appraisal experts.

### **6. Financial Record Matching Program**

*Section 1804*

This section establishes a financial institution data match program that partners financial institutions with the Department of Revenue to identify financial institution account holders with delinquent state taxes for the purpose of levying accounts to offset debts owed to the state. The section stipulates that financial institutions must match the delinquent taxpayer data against account holder records and provide the results to the department. In addition, the section exempts financial institutions with less than \$5 million in assets from the program.

I am partially vetoing this section, as it relates to s. 71.91 (8) (a) 4. and (c), to eliminate the requirement that financial institutions perform the data match because I object to the administrative burden this requirement imposes on the institutions. The effect of the veto will provide institutions the option to forward account holder data to the department for matching. The remaining language will allow the department to promulgate rules that provide program flexibility consistent with the administration of a similar program that partners financial institutions with the Department of Children and Families.

In addition, I am partially vetoing this section as it relates to a financial institution with less than \$5 million in assets because it is unnecessary. These smaller institutions will be able to utilize the data match option provided above. As a result, all financial institutions in the state will be subject to the financial record matching program.

## **7. Burnett County Temporary Sales Tax**

*Sections 1856j, 1860 [as it relates to county sales tax rates], 1861 [as it relates to county sales tax rates], 1862 [as it relates to county sales tax rates], 1863 [as it relates to county sales tax rates] and 9443 (14u)*

These sections permit Burnett County to increase its county sales tax rate from 0.5 percent to 1 percent upon adoption of an ordinance, if the increase is approved at a referendum. The sections require that the additional revenue may only be used to fund upgrades to radio towers per Federal Communications Commission requirements.

I am partially vetoing sections 1860, 1861, 1862 and 1863 and vetoing sections 1856j and 9443 (14u) because sales tax increases in the current economy inappropriately burden consumers. The need to comply with Federal Communications Commission requirements has been known for a long time, and other counties have adjusted budgets appropriately to fund necessary radio tower upgrades.

## **8. Withholding by Certain Contractors**

*Sections 1777m, 1777o, 9143 (1q) and 9343 (3i)*

This provision requires that if an employer files federal tax form 1099-MISC, on behalf of any independent contractor or single-member limited liability company providing construction services to the employer, the employer shall deduct and withhold 1 percent from the wages paid to the person on whose behalf the form is filed.

I am vetoing this provision because it is unduly burdensome on employers and the legislative intent of this provision is unclear. Use of independent contractors and issues surrounding workers' compensation and unemployment insurance are important concerns to both employers and labor. Further study and review of this issue should be conducted by the Legislature.

## **TRANSPORTATION**

### **9. Regional Transit Authorities**

*Sections 778, 779, 1449m [as it relates to ss. 59.58 (7) (d), (dm), (e), (j) and (k)], 1478v [as it relates to the Milwaukee Transit Authority], 1487t, 1488 [as it relates to ss. 66.1039 (2) (c) 1. and 3., (e) 1., 2. and 4., (4) (s) 1., 3. and 4., (12), (13) (a) and (c), and (15m)], 1516, 1622, 1817p, 1849, 1856f, 1856g, 1856h, 1856i, 1864, 1864b, 1932 [as it relates to the Milwaukee Transit Authority], 2223m, 2969, 3139 and 9443 (14r)*

Sections 778, 779, 1449m [as it relates to s. 59.58 (7) (j)], 1478v, 1487t, 1516, 1622, 1817p, 1849, 1856f, 1856g, 1856h, 1856i, 1932 [as it relates to the Milwaukee Transit Authority], 2223m, 2969, 3139 and 9443 (14r) create a Milwaukee Transit Authority covering all of Milwaukee County. The authority would be able to contract for transit service with the county and would be governed by a seven member board. The Milwaukee County Board could vote to join the transit authority and would then be

allowed to impose a 0.65 percent sales and use tax, with 0.5 percent for transit services, and 0.15 percent for police, fire and emergency services. If the county board imposes the sales and use tax for transit, it would not be allowed to use property taxes to fund transit and would be required to show the amount by which the 0.5 percent sales tax lowered the property tax bill. The revenue dedicated to police, fire and emergency services would be distributed to municipalities within Milwaukee County.

Section 1449m [as it relates to s. 59.58 (7) (k)] allows transit systems in Kenosha and Racine to contract with the Southeastern Regional Transit Authority by vote of the respective municipal authority boards. Section 1449m [as it relates to s. 59.58 (7) (d)] requires the transit authority to include stops along the Kenosha-Racine-Milwaukee Commuter Rail Link at the intersection of Lincoln Avenue and Bay Street, and where the line crosses National Avenue, if the rail link is constructed. Section 1449m [as it relates to s. 59.58 (7) (dm)] prohibits stops in Kenosha or Racine if the communities do not provide additional funds for local transit.

Section 1449m [as it relates to s. 59.58 (7) (e)] requires the Southeastern Regional Transit Authority to transfer revenue to Kenosha and Racine for transit purposes, provided each city has created a new local funding source for transit. Revenue transferred would be the equivalent of \$1 on the rental car fee to each of the cities.

Section 1488 [as it relates to s. 66.1039 (12) and (15m)] allows the Dane County Regional Transit Authority to use up to 25 percent of its sales and use tax revenue for highway purposes as directed by the transit authority board.

Section 1488 [as it relates to ss. 66.1039 (2) (c) 1. and (e) 1., and (4) (s) 3. and 4.] requires binding referenda in order to form a Chequamegon Bay Regional Transit Authority and a Chippewa Valley Regional Transit Authority. Section 1488 [as it relates to ss. 66.1039 (2) (c) 3. and (e) 2. and 4., and (13) (a) and (c)] requires referendum approval before counties may join or leave the Chequamegon Bay Regional Transit Authority or the Chippewa Valley Regional Transit Authority. Section 1488 [as it relates to s. 66.1039 (4) (s) 1.] requires a binding referendum before the imposition of the sales and use tax by the Dane County Regional Transit Authority.

Sections 1864 and 1864b add transit authorities to the list of taxing jurisdictions which can impose sales and use taxes on retailers making deliveries in company-operated vehicles to purchasers located in their jurisdiction.

I am vetoing sections 1487t, 1817p, 1856f, 1856g, 1856h, 1856i and 9443 (14r), and partially vetoing sections 778, 779, 1449m [as it relates to s. 59.58 (7) (e), (j) and (k)], 1478v, 1516, 1622, 1849, 1932 [as it relates to the Milwaukee Transit Authority], 2223m, 2969 and 3139 because they do not provide a framework for regional cooperation on providing transit services. Regional cooperation in the southeast region is vital for the continued prosperity of Southeastern Wisconsin. These provisions do not move in the direction of regional cooperation and leave serious concerns about the ability of the Kenosha-Racine-Milwaukee Commuter Rail Link to move to completion. By vetoing these provisions, I am allowing the creation of a transit authority that can move forward with the planning process on the rail link while eliminating provisions that hamper regional cooperation. I encourage the Legislature to bring forward a proposal with a stable revenue source dedicated solely to transit across the region, in order to move regional transit forward.



I am partially vetoing section 1449m [as it relates to s. 59.58 (7) (d) and (dm)] because it jeopardizes the Kenosha-Racine-Milwaukee Commuter Rail Link application to the Federal Transit Administration's New Starts grant program. Requiring or prohibiting stops at specific locations violates Federal Transit Administration regulations requiring alternative route analysis as part of the environmental impact study process. Vetoing this provision allows the environmental process to proceed as federal regulations require. Furthermore, though I am opposed to the rental car fee as the funding mechanism for the transit authority, I cannot veto it because the transit authority must have a local funding source to move forward with the federal application process. However, I strongly recommend to the board of the transit authority not to impose the entire amount of the fee until New Start plans are approved by the Federal Transit Administration.

I am vetoing sections 1856h and 1856i and partially vetoing section 1488 [as it relates to s. 66.1039 (12) and (15m)] because I object to the use of transit authority sales and use taxes for highway and emergency services. Regional transit authorities exist to maintain and improve transit service within their jurisdictional area. Distributing a portion of funding to highway projects or emergency services deviates from a transit authority's core purpose. Vetoing the use of revenue for highway and emergency service purposes allows the authorities to remain transit focused.

I am partially vetoing section 1488 [as it relates to ss. 66.1039 (2) (c) 1. and 3., (e) 1., 2. and 4., (4) (s) 1., 3. and 4., and (13) (a) and (c)] because I object to state mandated referenda deciding questions on local transit. Local county boards and transit authority boards are permitted to require referenda before creating regional transit authorities or imposing sales and use taxes, if local preferences dictate. By vetoing this provision, questions about the need for referenda to decide local transit questions can be decided locally.

I am partially vetoing sections 1864 and 1864b to remove ambiguity in statutes and to ensure compliance with the Streamlined Sales and Use Tax Agreement.

## **10. Transportation Enhancement Funding for Bicycle and Pedestrian Facilities**

### *Sections 1928j, 1928k and 9350 (10q)*

This provision requires the Department of Transportation to award at least 70 percent of the federal funding available for transportation enhancements to bicycle and pedestrian facilities.

I am vetoing this provision because it is unnecessary and may result in a reduced amount of transportation enhancement funding awarded for local projects. The provision is unnecessary because the department already awards 64 percent of enhancement grants to bicycle and pedestrian facilities. While 70 percent is an admirable goal, it may not be achievable because grant decisions are driven by federal requirements and applications submitted by local governments. If federally eligible bicycle and pedestrian grant applications totaling 70 percent of available funding are not submitted, the department would be required to reduce the total amount of grant funding awarded to meet the threshold. By vetoing this provision, the department can continue to maximize transportation enhancements and improve bicycle infrastructure.

**11. Commercial Development at Rest Areas and Waysides**

*Sections 295s and 1919m*

This provision allows the Department of Transportation to enter into public-private agreements to commercially develop up to eight rest areas and waysides on noninterstate state highways and to use funding generated through commercial development for maintenance operations of rest areas and waysides.

I am vetoing this provision because federal regulations prohibit development of rest areas or waysides on any highway for which federal highway funds have been expended. Commercialization of a rest area or wayside would eliminate the ability of the department to utilize federal highway funds on that highway in the future and may require the department to repay a portion of any federal funds used on the highway in the past.

**12. Use of Contractors for Installation and Maintenance of Equipment on State Patrol Vehicles**

*Section 2216b*

This section prohibits the Department of Transportation from contracting with third-party vendors for installation and maintenance of communications and other law enforcement equipment on state patrol vehicles.

I am vetoing this section because I object to the infringement on executive branch authority to manage programs.