May 1, 2019

The Honorable Alberta Darling, Co-Chair  
Joint Committee on Finance  
317 East, State Capitol  
Madison, WI  53702

The Honorable John Nygren, Co-Chair  
Joint Committee on Finance  
309 East, State Capitol  
Madison, WI  53702

Dear Senator Darling and Representative Nygren:

As with every biennial budget process, modifications to correct errors or better reflect the Governor’s intent in preparing the budget are required. The Governor respectfully requests to have the conceptual changes outlined below be added to or modified in 2019 Assembly Bill 56 and 2019 Senate Bill 59, the 2019-21 biennial budget bills. The net result of these changes will decrease the general fund balance by $250,000.

1. **Fixed-Dollar Premium Subsidy Study**  
The language directing the Department of Employee Trust Funds and the Group Insurance Board to submit a feasibility study on a fixed-dollar premium subsidy for the Group Health Insurance Program was not intended to be included in the budget bill. Accordingly, section 9113(2) of the bill should be deleted.

2. **Focus on Energy Revenue Adjustment**  
The Governor recommends allowing the Public Service Commission (PSC) to increase revenues to Focus on Energy by requiring utilities to spend more than 1.2 percent of annual operating revenues on the program. Since introduction of the bill, we have become aware of a failure to reconcile draft language with the Governor’s intent. Therefore, this erratum would remove the requirement that PSC submit a report on the Focus on Energy operating revenue adjustment to, and receive approval from, the Joint Committee on Finance under a passive review process and instead require that the report be submitted to the Governor for review and approval.

3. **State Highway Rehabilitation Funding**  
A shift of federal funding out of the State Highway Rehabilitation program was done, but the intended offsetting shift of state SEG funding was not completed. To correctly reflect the intended level of total funding in the State Highway Rehabilitation program $60 million SEG should be reallocated from the Southeast Wisconsin freeway megaprojects appropriation under s. 20.395(3)(aq) to the state highway rehabilitation appropriation under s. 20.395(3)(cq).
4. **Wisconsin Fast Forward – Employee Training Grants to Shipbuilders**
As indicated in the 2019-21 Executive Budget Book, the Governor recommends the Department of Workforce Development provide, from the Wisconsin Fast Forward appropriation, $1,000,000 annually for grants to a shipbuilding employer to train new and current employees. To meet this intent, the bill should specify that the department must allocate $1,000,000 in each fiscal year of the biennium from the workforce training programs, grants, services and contracts appropriation under s. 20.445(1)(b) for this purpose.

5. **Rural Hospital Hold Harmless**
The Governor's budget proposes modifying the criteria a rural critical care hospital must meet in order to qualify for Rural Critical Care Hospital Supplemental Payments. The statutory language was intended to include a hold harmless provision so that no hospital would receive a reduction in their supplemental payment under the provision. The appropriation under s. 20.435(4)(b) should be increased by $125,000 GPR annually to cover the costs of this hold harmless provision.

6. **Short Duration Health Insurance Policies**
The Governor's budget includes language prohibiting individual health benefit plans or government self-insured plans from establishing rules for the eligibility of any individual to enroll, or remain enrolled, based on preexisting medical conditions, medical history, genetic information or disability. The Governor's recommendations also specified that the provisions in the bill apply to short-term, limited duration health plans, and inadvertently changed the definition of a short-term plan to one of no longer than 36 months in total. To correct this, the length of short-term, limited duration health plans should be maintained at no longer than 18 months in duration.

7. **Recreational Vehicle Project Aids**
The Governor's budget increases the motor fuel tax rate, which results in an adjustment to the amount of motor fuel tax revenue transferred to the conservation fund for recreational vehicle aids. The Governor also recommends increasing the expenditure authority from recreation vehicle registration fees. These adjustments to the snowmobile, all-terrain vehicle and utility terrain vehicle aid appropriations in the Department of Natural Resources were not reflected in the Chapter 20 schedule. The fiscal year 2019-20 fuel tax formula adjustments are related to updated registration information, and the fiscal year 2020-21 formula adjustments are related to updated registration information and the motor fuel tax rate increase. All adjustments to be made are shown below.

<table>
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<tr>
<th>Appropriation</th>
<th>FY20</th>
<th>FY21</th>
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<tr>
<td>All-Terrain Vehicles</td>
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<tr>
<td>20.370(5)(ct)</td>
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<td>$428,500</td>
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<tr>
<td>20.370(5)(cu)</td>
<td>1,230,000</td>
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<td>Utility Terrain Vehicles</td>
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<tr>
<td>20.370(5)(gr)</td>
<td>182,900</td>
<td>321,300</td>
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<tr>
<td>Snowmobiles</td>
<td></td>
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<tr>
<td>20.370(5)(cs)</td>
<td>578,300</td>
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<td><strong>Total</strong></td>
<td><strong>$5,738,800</strong></td>
<td><strong>$7,721,200</strong></td>
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</table>
In addition, the Governor recommends clarifying the treatment of the funding for off-highway motorcycle projects, administration, safety and enforcement. Under current law, a sum sufficient appropriation provides GPR in the amount of registration and related fees paid by off-highway motorcycle owners to the Department of Natural Resources for projects and other program costs. If the appropriation is not fully expended by the end of each fiscal year, the expenditure authority lapses. The Governor recommends converting the sum sufficient appropriation to a transfer from the general fund to the conservation fund using the current matching formula and creating a continuing SEG appropriation from which the transferred funds would be expended. This would continue to provide the annual GPR funding but retain the funds and the ability to expend them into the future by transferring them to the conservation fund.

8. Stewardship Program Extension
The Governor’s budget includes a two-year extension of the Warren Knowles-Gaylord Nelson Stewardship Program. To ensure sufficient authority is available for the extension, an additional $42.6 million of general obligation bonding authority should be included in the budget bill. This amount will also ensure that the cost-sharing grant to provide matching funds for a Municipal Flood Control project in Trempealeau County remains fully funded.

9. Well Compensation Grants
The Governor recommends correcting a file maintenance error and providing an increase of $800,000 SEG from the environmental fund in each year for well compensation grants in the appropriation under s. 20.370(6)(cr).

10. County Forest Grants
The Governor recommends correcting a file maintenance error and providing an additional $165,000 SEG annually from the forestry account of the conservation fund in the county sustainable forestry and county forest administration grants appropriation under s. 20.370(5)(bw), to be allocated as follows: (a) $87,000 SEG annually for sustainable forestry practices and (b) $78,000 SEG annually for counties to hire LTE foresters.

11. TEACH Grants – Universal Service Fund Appropriation
The Governor’s budget includes increased funding for broadband expansion, including funding from the universal service fund. The budget bill reduces expenditure authority in the universal service fund TEACH appropriation by the recommended amount of the TEACH grant reduction ($6,025,000 SEG per year). Universal service fund assessments, however, are tied to appropriation amounts, so this reduces the universal service fund revenues coming into the program. Continuing existing universal service fund assessments will ensure there are sufficient revenues available for any growth in the TEACH program as well as potential funding of the Public Service Commission broadband expansion program in the future.

12. Office of Emergency Communications Funding
The Governor’s recommends transferring the Office of Emergency Communications and its functions from the Department of Military Affairs to the Department of Transportation. As part of the transfer several appropriations were renumbered from s. 20.465 to
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s. 20.395. One of the renumbered appropriations had a base level of funding that inadvertently did not get added after the move. To correct this, the base funding of $6,700,000 SEG annually from the police and fire protection fund should be added to s. 20.395(5)(qm).

In addition, two appropriations were incorrectly changed from program revenue appropriations to segregated revenue appropriations in the transfer. To correct this, the renumbered appropriations under s. 20.395(5)(qs) and (qL) should be converted back to program revenue appropriations. Further, the bill should include the transfer of the incumbent employees with the transfer of the positions.

13. Staffing for Department of Corrections Barracks
The Governor’s recommendations included positions and partial year funding in fiscal year 2020-21 to staff three barracks buildings that were included in the Governor’s capital budget recommendations for the Department of Corrections. More recent information indicates that if the barracks are approved, they would not be completed within the 2019-21 biennium. Therefore, the Governor recommends deleting the proposed 72.0 FTE positions and redirecting $6,056,400 GPR of fiscal year 2020-21 funding related to the barracks to the Department of Justice’s Treatment Alternatives and Diversion Program in the appropriation under s. 20.455(2)(em).

Sincerely,

[Signature]
Joel T. Brennan
Secretary

Enc.

cc: Members, Joint Committee on Finance
Bob Lang, Legislative Fiscal Bureau