

# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

April 17, 2003

TO: Members  
Joint Committee on Finance

FROM: Senator Alberta Darling, Senate Chair  
Representative Dean R. Kaufert, Assembly Chair  
Joint Committee on Finance

SUBJECT: 2003-05 Budget Procedures for the Joint Committee on Finance

The purpose of this memorandum is to inform you of the process that the Committee will use in its deliberations on the state's 2003-05 biennial budget.

### **Non-Fiscal Policy Items**

We asked the Legislative Fiscal Bureau to prepare a list of items of SB 44, which, in their judgment, were non-fiscal policy items that should be reviewed by the Legislature as separate bills. In response to our request, the Bureau prepared the attached memorandum. In total, the memorandum identifies 21 non-fiscal policy items.

We have reviewed the Bureau's list and concur with the 21 items that have been identified. Accordingly, these items will be drafted as separate bills. They will not be considered by the Committee during our deliberations on the budget.

Along with removing these items from the budget, we are committed to ensuring that other, non-fiscal policy items are not incorporated into the budget by the Committee. The leaders of both houses of the Legislature have insisted that the budget address fiscal matters and that non-fiscal issues be dealt with outside of the budget process. We agree and ask for your assistance in accomplishing that goal.

## **Beginning Point**

The Committee will use, as its beginning point, the Governor's recommendations (SB 44), less the 21 non-fiscal policy items. Thus, the Committee will vote to amend the Governor's bill. A proposed change to SB 44 will require a majority vote to be adopted.

## **Executive Sessions**

The Committee will hold its first executive session on the budget on Wednesday, April 23. It is our goal that the Committee complete its work during the week of May 19.

The April 23 meeting will begin at 10:00 a.m. in Room 412 East, State Capitol. The agencies scheduled for the executive session at that meeting are listed below.

Department of Financial Institutions  
Secretary of State  
Public Service Commission

- Departmentwide
- Office of the Commissioner of Railroads

Judicial Commission  
Ethics Board  
Investment Board  
Regulation and Licensing  
Employee Trust Funds

- Private Employer Health Care Coverage Program

Office of the Commissioner of Insurance  
Technology for Educational Achievement in Wisconsin Board  
Wisconsin Technical College System  
Office of the Governor  
Office of the Lieutenant Governor  
Department of Tourism

During its executive sessions on the budget, the Committee will work from the following three documents.

1. **LFB Summary of the Governor's Budget Recommendations.** This is the document that we have used during the briefings and public hearings.

2. **LFB Budget Papers.** The Legislative Fiscal Bureau will attempt to distribute its papers at least 48 hours prior to each of the Committee's executive sessions. The Bureau's papers for the Committee's April 23 executive session will be delivered to your offices tomorrow. Following the distribution, the papers will be available on the Bureau's website.

3. **Individual Motions.** Motions will be made from the budget papers or the LFB summary of the Governor's recommendations. If a member of the Committee desires a vote on a budget-related item that is not contained in either the LFB summary or a budget paper, the member can contact the Fiscal Bureau and ask that a motion be prepared on that item. The Bureau will then: (1) prepare the motion; (2) indicate the name of the Committee member who authored the motion on the motion itself; and (3) give the author sufficient copies of the motion for distribution to the entire Committee. The Bureau will keep the motion confidential and will distribute all copies only to the author. This distribution will occur at the commencement of, or during, each executive session. The Chairs will only entertain motions that have been prepared by the Fiscal Bureau.

In order that the Bureau has time to properly prepare the motion and produce sufficient copies for the Committee, members should submit all motion requests at least one day prior to the executive session on each agency or program.

AD:DRK:dh  
Attachment



## Legislative Fiscal Bureau

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April 8, 2003

TO: Representative Dean Kaufert, Assembly Chair  
Senator Alberta Darling, Senate Chair  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Non-Fiscal Policy Items Contained Within the Governor's 2003-05 Budget Bill

At your request, this office has prepared the attached list of items that are contained within 2003 Senate Bill 44 (the Governor's 2003-05 budget recommendations). The list is comprised of items that are primarily of a non-fiscal policy nature and not closely related to the state's fiscal programs for the next biennium. Included are the page and item number showing where the provisions are described in the Legislative Fiscal Bureau's summary of the Governor's budget.

Putting such a list together always requires some subjective judgment on which items should be identified. Arguments could be made to expand the list beyond what is presented here or to delete some items from it. However, in preparing the attached list, this office applied the same criteria that it has used over the past decade when identifying provisions of the executive budget bill as non-fiscal policy items.

The criteria used are as follows: (1) generally, the item has no state fiscal effect; (2) if there is a state fiscal effect associated with an item, the policy implications of the provision outweigh any potential fiscal effect; (3) the item has been, or is, the subject of separate, non-budget legislation; (4) the item is one that typically would be reviewed by a standing committee of the Legislature; and (5) the provision could be accomplished without statutory directive, such as reports, studies, and audits. Items that typically are not included on the list are those that: (1) affect program eligibility; (2) would generally be referred to the Joint Committee on Finance if introduced as separate legislation; and (3) address a reorganization or transfer of state government operations or functions.

There are two items included on the list that merit discussion. These items, listed under the Employment Relations Commission, are the "Repeal of QEO Provisions" and "Municipal Employee Interest Arbitration Modifications." They have been included on the list for two reasons.

First, throughout the past decade, this office has consistently included provisions related to municipal bargaining on its lists of non-fiscal policy items. Second, there is no identifiable state fiscal effect of the two provisions.

Currently, the financing of elementary and secondary education centers around three provisions: (1) the state's commitment to fund two-thirds of partial school revenues; (2) revenue limits imposed on school districts; and (3) the qualified economic offer (QEO).

The revenue limits determine the maximum amount, absent an approved referendum, that a district may raise through the property tax and general state aid. When the revenue limits were established in 1993, the QEO provisions were also implemented. The QEO was intended as a limitation on certain expenditures within the allowable revenue limits. The overall fiscal control, however, was set by the revenue limits and not the QEO.

The Governor's bill would eliminate the sum sufficient, two-thirds funding provision and replace it with a specific amount for distribution as state aid. The bill would also repeal the QEO provisions. The bill would not, however, modify the revenue limits.

Unless the revenue limits are modified, the ability of school districts to generate revenue is unaffected by the existence or absence of the QEO provisions. Districts may, however, exceed the revenue limits by approval by the voters through referenda. Under the state's current two-thirds funding commitment, the state's appropriation for general school aids is increased by two-thirds of the amount of voter-approved referenda.

Thus, under the current two-thirds funding policy, if the QEO were to be repealed, and the voters approved a referendum to exceed the revenue limits because of increased costs of compensation, the general school aid appropriation would need to be increased by two-thirds of the approved amount in order to maintain state two-thirds funding. However, because SB 44 would repeal the two-thirds provision, the link to state aids would no longer apply.

The repeal of the QEO is a significant policy issue. The QEO provision was created in the 1993-95 budget act and was made permanent in the 1995-97 budget act. For this reason, one could argue that the QEO and municipal bargaining modifications of SB 44 should remain in the bill and be part of any budget deliberations. However, because of this office's consistent identification of these items in previous biennia and because of the lack of a state fiscal effect due to the bill's repeal of the two-thirds funding policy and the continuation of the revenue limits, these items have been included on the attached list.

Another item is not on the list, but is one that has drawn attention as one for consideration as a non-fiscal policy item. That item is identified as "Pet Regulation" under the Department of Agriculture, Trade and Consumer Protection (DATCP). The 2001-03 biennial budget bill, as passed by the Legislature, contained an initiative to require DATCP to regulate pet breeders, pet

dealers, kennels, and animal shelters. The provision included \$406,600 (\$271,100 in 2002-03) for 7.0 positions and fees to provide revenues to support the program.

The Governor, in signing the bill, exercised his partial veto authority to delete funding and the 7.0 positions, and some of the revenue sources to support the program. The Governor did not, however, repeal the program or its February, 2004, effective date.

Senate Bill 44 would repeal the program. Because the program would be repealed in SB 44, there is no associated fiscal effect with it. If, however, the program is to be implemented, it will require funding and position authorization or a reallocation of positions and funding from some other program. Thus, because the fiscal ramifications of the program should be addressed if the program is to be implemented, it has not been included on the attached list.

This treatment is similar to the repeal of the high school graduation test. The repeal is included in SB 44. Although no fiscal effect is identified with the repeal of the test, funding would need to be provided if the test were to be conducted. As a result, this item has also not been included on the attached list.

If you have questions regarding this memorandum, please contact me.

BL/sas  
Attachment

## **NON-FISCAL POLICY ITEMS**

### **ADMINISTRATION**

#### **General Programs**

- Position Report Requirements (Page 25, Item #15)

### **BUDGET MANAGEMENT AND COMPENSATION RESERVES**

- DOA Review of All State-Owned Property (Page 73, #4)

### **CORRECTIONS**

#### **Adult Corrections**

- Applicable Law in Private Out-of-State Prison Facilities (Page 113, Item #4)
- Sentencing Commission -- Analysis and Modification of Sentencing Guidelines (Page 122, Item #20)

### **DISTRICT ATTORNEYS**

- Inspecting Poultry Purchase Records (Page 138, Item #8)

### **ELECTIONS BOARD**

- Election Administration Fund Created (Page 143, Item #6)
- Statewide Voter Registration System Funded from the Election Administration Fund (Page 144, Item #7)

### **EMPLOYMENT RELATIONS COMMISSION**

- Repeal QEO Provisions (Page 164, Item #4 and Page 349, Item #6)
- Municipal Employee Interest Arbitration Modifications (Page 165, Item #5)

## **FINANCIAL INSTITUTIONS**

- Credit Union Examination Cycle (Page 178, Item #7)

## **HEALTH AND FAMILY SERVICES**

### **Health Care Financing -- Administration**

- Food Stamps -- Real Party in Interest in Support Cases (Page 239, Item #5 and Page 513, Item #5)

### **Community-Based Long-Term Care**

- Family Care -- Eligibility and Assessment of the Feasibility of Expanding the Program to Additional Counties (Page 244, Item #7, second paragraph)

### **Health**

- Health Care Information (Page 250, Item #9)

### **Community Aids and Supportive Living**

- Advisory Committee to Develop Recommendations Regarding Restructuring the Human Services System (Page 268, Item #9)

## **UNIVERSITY OF WISCONSIN SYSTEM**

- Nonresident Tuition Remission for Certain Undocumented Persons (Page 454, Item #22)

## **WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY**

- WHEDA Board (Page 463, Item #1)

## **WORKFORCE DEVELOPMENT**

- Equal Rights -- Authority to Bring Action in Court (Page 479, Item #13)
- Client Assistance for Reemployment and Economic Support (CARES) Computer System (Page 507, Item #39)
- Study on Labor Market Participation Assistance (Page 508, Item #40)
- Study on Use of Federal Funding for Employment and Education and Training Services for Low-Income Individuals (Page 508, Item #41)
- Service by Mail for Support Order Revisions (Page 514, Item #7)