

To: County Board Members
From: Carrie Springer
Re: Summary of final state budget

On July 5th Governor Evers signed the budget with 51 partial vetoes and it is now Act 19 of the 2023-2024 legislative session. As noted in my earlier email there were a few notable vetoes including removing the income tax cuts to the top two tax rates and the legislature's attempt to condense the four tax rates to three tax rates, changing the attempt to cut 188 positions from the UW System, removing the prohibition on Medicaid funds from being used on gender-affirming care, and striking a new reporting requirement on the Family Care program. You can find the entire veto message [here](#).

Earlier in the process the Joint Finance Committee (JFC) enacted their own type of veto on the governor's original budget proposal by striking 545 items from consideration. Once they pass that motion the JFC does not allow amendments to add them back in during the budget proceedings. The list of items removed included many items supported by the Dane County Legislative Agenda including: returning 17 year-olds back to the juvenile justice system, a full Medicaid expansion, universal background checks, requiring the DNR to issue emergency standards for PFAs, and allowing regional transit authorities.

Below is a summary of notable budget items including funding levels and additional information for some of the items important to counties. If you want more information about any of the items please let me know. There has been some talk of veto overrides, but the Assembly Republicans do not have enough votes to do it without having some Democrats cross over and so far there hasn't been any indication that will occur. It is also possible that they find some common ground on how to structure another income tax cut before they adjourn for the session because there is enough money left to still do that.

Topline budget numbers:

- Total appropriations for 2023-2025 is \$98.7 billion (this includes appropriations from all types of revenue and funds set aside for things like the newly created PFAs trust fund and the Local Government Fund.)
- Full time state employees is 72,122. The governor's budget originally included 73,733.
- Ending balance for 2023-2024 is \$4.25 billion and for 2024-2025 it is \$3.96 billion. The bill passed by the legislature had ending balances of \$2.18 billion for 2023-2024 and \$482 million for 2024-2025. NOTE: the large difference is the result of the governor vetoing part of the tax cut included in the legislature's final budget.
- Budget stabilization fund (Rainy Day Fund) remains at \$1.8 billion after the legislature didn't include the governor's \$500 million transfer into it.
- \$175 million income tax cut that lowers the first two income tax brackets for everyone. NOTE this is a dramatic reduction from the \$3.5 billion income tax cut included in the legislature's version of the budget. Under the bill passed by the legislature the four tax brackets would condense to three tax brackets and the top income tax rate would have

dropped to 6.5% from 7.5%, the second and third tax brackets would be combined into one taxed at 4.4% and the lowest bracket (income up to \$13,810) would have been reduced to 3.5% from 3.54%.

Notable items for counties include:

- Includes the first real increase in **Shared Revenue** for local governments in decades. The updated numbers for what Dane County will receive under the new formula for the first year is \$5,862,165 and next fiscal year will be \$5,998,292. This funds the Shared Revenue policy bill (AB 245) passed earlier and the updated numbers come from the LFB estimated of what the increase will be in the second fiscal year once the payments are tied to growth in the state sales tax collection.
- Provides \$5.9 million for 2023-2024 in state funding for **child support enforcement** programs and \$14.7 million for 2024-2025, a much-needed increase. Counties have put in more toward child support enforcement than the state since 2010 and administrative costs have increased. In 2021 Dane County received \$833,474 from the state toward our \$9,729,457 in child support enforcement costs. All counties combined spent \$22,956,957 on child support enforcement and the state kicked in \$10.4 million.
- Increases funding for **ADRCs** by \$2.5 million in 2023-2024 and \$5 million in 2024-2025 to keep up with the growing senior population, the first increase to the base funding for ADRCs in years.
- Eliminates the **personal property tax** and allocates \$173 million to compensate local governments for the lost revenue.
- Includes \$8.1 million for 2023-2024 and \$10.2 million for 2024-2025 to fund increased pay for **district attorneys and public defenders**. This is an \$8.76 per hour raise and is intended to help retain DAs and Public Defenders. Both offices have struggled to keep staff due to higher wages in the private sector. The budget also increases the private rate paid to attorneys when they are needed.
- Creates a \$125 million segregated trust fund for projects to address **PFAs**, an increase of \$25 million over the governor's budget proposal. NOTE: the budget only set aside the money into a newly created PFAs fund and did not outline how to spend it. There is a separate bill (SB 312) pending that would dictate how the money is allocated. A joint hearing with the Senate and Assembly committees was held in the middle of June, but the bill has not been advanced out of committee yet and more changes to the bill are expected. The authors have recently indicated that they hope to have the bill on the floor this fall.
- Allocates just under \$11 million for 2023-2024 and \$11.2 million for 2024-2025 for **county conservation staff**. This is a small decrease for county conservation staff due to a change in the distribution method for funds.
- Allocates an additional \$1,503,400 for 2023-2024 and \$1,901,400 for 2024-2025 for victim witness program costs. This is only enough funding to reimburse counties for 60% of their costs under the **county victim witness program**. The state is

supposed to fund 90% and the governor's budget did include the funding needed to hit the 90% reimbursement rate.

- Increases funding in both budget years to counties to **increase foster care rates** by 5% starting January 1, 2024. They included funding in both budget years for counties to provide the increased foster care payments.
- Provides \$330,200 to increase **veteran service grants to counties** by 25% annually. The governor's budget would have doubled the amount to these grants.
- Fully funds the **Income Maintenance Consortia** with a 2% increase. The legislature added \$250,000 each year to the governor's proposed \$750,000 yearly funding for local fraud prevention programs.
- Allocates \$100 million to the **Local Roads Improvement Program (LRIP)** supplemental grants program and funds the 4% yearly increase to the LRIP program proposed by the governor.
- Increases **General Transportation Aids for counties** by 2% in both budget years.
- Funds increasing the monthly **Kinship Care payments** from \$300 to \$375, but does not include the governor's proposal to expand the program to like-kin relationships. This expansion was supported by the Dane County Human Services Department and others because it would help them place more children without going to the foster care system.
- Does not include the governor's recommendation that counties between 200,000 and 750,000 are allowed to add another **deputy district attorney**.
- Does not include the governor's proposal to have the state pick up the nonfederal share of the **Medicaid Community Support Program** that is currently paid by counties. This would have saved counties over \$19 million in the first year of the budget and over \$21 million in the second year of the budget.
- Does not include the 2% **levy increase** for counties and municipalities.

Additional items by issue area

Health Care

- Increases the Medicaid reimbursement rate by \$149 million for service providers and \$236 million for hospitals over the biennium.
- Provides \$100,000 each year for mental health assistance to farming families.
- Does not include Medicaid expansion or extending Medicaid postpartum coverage for a year after giving birth. Both of these were included in the governor's budget.
- Funds a continuation of the 5% increase for home and community-based care providers that was initially funded with ARPA funds. The funds are being continued in order to help retain this work force.

Environment and Agriculture

- Includes funding for two grant programs for counties to help with water resource management. The Targeted Runoff Management Program will get \$6.5 million and the Soil and Water Resource Management Program will get \$7 million.
- Provides \$4 million for urban nonpoint source grants to local governments to help control pollution from urban sources and the municipal flood control program.
- Allocates \$1.8 million each year for the nitrogen optimization pilot program and the farmer rebates of \$5 per acre of cover crops planted to help with crop insurance costs.
- Creates a new \$125 million PFAs trust fund for mitigation and testing programs. The policy that will dictate how this is spent still needs to pass the Legislature. You can see a recent article on this [here](#).

Youth Justice

- Funds the Type 1 facility in Milwaukee County. The Department of Corrections is currently estimating it will be ready by 2026. Until the new Type 1 facilities are opened the state cannot close Lincoln Hills.
- Includes a \$750,000 payment to Racine County for their Secure Residential Care Center for Children and Youth.
- Does not include moving 17 year-olds back to the juvenile system. The governor's budget included this policy change and \$10 million to fund it.
- Provides funding to increase staff at Mendota Juvenile Treatment Center.
- Allocates funding for planning a WI National Guard Challenge Academy at Fort McCoy.

Public Safety

- Funds local law enforcement training grants through DOJ. Provides a \$2.3 million increase for this program.
- Funds a \$1 million expansion of the Treatment and Diversion (TAD) program to reduce recidivism.
- Invests \$2.6 million for cybersecurity upgrades to the court system.
- Allocates funding for four more circuit court branches. These are the last four of the 12 new circuit courts created in 2019.
- Does not include the funding provided by the governor to continue the Office of School Safety at the current levels.
- Provides \$2.2 million to expand the Opening Avenues to Reentry Success Program (OARS). This program provides intensive services and case management to mentally ill offenders.
- Deposits \$4 million into the JFC supplemental appropriations fund for community reentry centers. This funding is meant to be released after legislation outlining how it should be spent is passed in a separate bill (AB 183/SB 172). These bills are the result of the work of the Legislative Council Study Committee on Increasing Offender Employment

Opportunities, but neither bill has had a hearing yet. After a bill is passed the JFC would have to vote to release the funding.

Children and Families

- Allocates \$30 million for school-based mental health programs.
- Includes additional funding for child care providers, but not at the level included in the governor's budget. The Legislature's budget included a \$15 million revolving loan fund for child care providers and the governor partially vetoed it to remove the words "revolving loan" so the agency overseeing this program can issue grants to child care providers instead of loans.
- Provides \$53 million in 2023-2024 and \$71.2 million in 2024-2025 for the Wisconsin Shares child care subsidy program for low-income families.
- Uses \$30 million in Temporary Assistance for Needy Families (TANF) funds for the YoungStar child care rating and improvement program. It also includes \$1.4 million in TANF funds to get the child care licensing program online.
- Includes \$22 million to upgrade the child support IT system.
- Provides a \$500,000 increase to the Child Abuse and Neglect Prevention Board for grants to family resource centers. A number of Dane County community organization receive funding through these grants including RISE and the Harambee Family Resource Center.
- Does not include the \$20 million per year increase for domestic abuse services that was part of the governor's proposal.
- Increases funding for adult protective services by \$1 million each year.

Housing

- Allocates \$525 million to support workforce housing initiatives. This will be used in conjunction with the package of bills passed and signed last month that uses \$100 million for a Main Street Housing Rehabilitation Loan Fund, \$275 million for low-interest loans for affordable housing, \$50 million for WHEDA to do housing rehabilitation grants, and \$100 million for WHEDA to provide low-interest loans to convert commercial space to housing.
- Increases WHEDA's capital reserve fund to finance housing tax credits to \$1 billion.
- Does not include the \$6.3 million annually from the governor's proposal for DOA's homeless and housing grant program. This program funds the Housing Assistance Program (HAP) for local units of governments and non-profits.

Senior Issues

- Fully funds the SeniorCare prescription drug program. This program helps Wisconsin residents over 65 pay for prescription drugs and vaccines who do not qualify for Medicaid prescription drug coverage.

- Provides the funding to continue the Elder Abuse and Elder Justice Program and reporting hotline.
- Increases the funding for the Alzheimer's Family and Caregiver Support Program by \$250,000 each year.

Other

- Funds a newly created \$150 million Agriculture Road Improvement Program (ARIP) to help local governments pay for roads that might not get funded in other programs, but are vital to supporting the agriculture economy of the state.
- Increases the annual registration fee for electric vehicles from \$100 to \$175, which will provide an estimated \$3.3 million to the transportation fund.
- Includes \$590 million in property tax relief through the School Levy Tax Credit.
- Provides \$7 million for Youth Apprenticeships.
- Enumerates the UW-Madison building project to replace the Shell with a \$300 million indoor football practice field, but does not enumerate the new engineering building.
- Allocates \$10 million into the JFC appropriation fund to establish up to two crisis urgent care and observation centers for emergency detention cases. State funding for two centers like this has been out there before, but it requires them to be regional centers that coordinate ongoing care. Most counties are more inclined to try these within their own counties before committing to being a regional center.
- Also allocates \$2 million into the JFC appropriation fund for a telemedicine crisis response pilot program.
- Allocates \$300 million for innovation grants for local governments to consolidate services. This funding is part of the Share Revenue increase agreement passed earlier.
- Provides a 4% wage increase for state employees for 2023-2024 and a 2% increase for 2024-2025.
- Increases the minimum starting wage for correctional offices to \$33 an hour and provides raises for those with 25 years or more of service.
- Does not include the \$750 million in state funds for broadband expansion included in the governor's budget or the \$5.2 million for line extension grants.
- Does not include many of the provisions for the Elections Commissions included in the governor's budget such as allowing absentee ballots to start being counted on the Monday before Election Day and requiring local governments to be reimbursed for special election costs.
- Provides just over \$1 million for urban search and rescue task force training and equipment.
- Allocates \$45 million to replace the WISCOM system which helps local, state, and federal emergency responders communicate across jurisdictions.
- Increases the nonresident camping fees from \$35 to \$45 and provides \$1.5 million for electrifying campsites in state parks.
- Creates a program under the Building Commission to fund local projects and allocates \$50 million to it.