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Summary of Governor Evers' 2019-21 Executive Budget Impact on the City of Milwaukee

- Preliminary Analysis of the Governor's Recommendations -

LOCAL AID, PROPERTY, and INCOME TAX RELIEF

- **Shared Revenue**- Increases the funding for Shared Revenue by 2% annually starting in 2020. The program would see a \$20.3 million increase in state funding by FY 2021 over FY 2019. The City's share of the increase would be slightly over \$4 million annually.
- **Levy Limit Adjustment for Covered Service Fees** - Eliminates the levy limit negative adjustment for fees of covered municipal services.
- **County and Municipal Levy Limits** - Reinstates a 2% minimum growth factor for county and municipal levy limits starting in 2019, that could increase beyond that threshold based upon new construction as a percentage of equalized value. Based upon the City's 1.6% new growth rate the last couple years, a 2% floor would allow the City about \$1 million in additional levy authority.
- **Levy Limit Adjustment for Joint Emergency Dispatch Centers** - Provides an allowance for municipal governments to adjust levy limits for shared emergency dispatch centers. The Budget Office does not anticipate any new emergency dispatch centers in the immediate future.
- **Dark Store and Walgreen's Loophole** - Closes the loophole allowing assessed occupied commercial store properties to be valuated similarly to vacant or unoccupied property in the same real estate market segment. In the City, the loophole has resulted in the loss of \$130 million of assessable property value and an approximate \$2.5 million tax shift from big box to residential and other property tax paying users.
- **Earned Income Tax Credit Expansion** - Provides \$53 million over the biennium to increase the Earned Income Tax Credit as a percentage of the federal credit for single persons and working families with at least one or two children.
- **Income Tax Credit** - Creates a credit to provide a 10% cut in individual income taxes for most middle-class filers. Individuals with incomes below \$80,000 and married-joint filers with incomes below \$125,000 will receive a nonrefundable credit equal to 10% of their remaining net tax liability or \$100, whichever is greater.

- **Homestead Credit Reforms** - Increases the maximum eligible household income under the Homestead Credit to \$30,000 starting in FY20 and indexes the credit for inflationary increases moving forward.
- **Tax Incremental Finance Reforms** - Limits the percentage of tax incremental district project costs that may be allocated for developer cash grants to 20% of total project costs and creates a requirement for TID project plans to contain a “stress test” for alternative economic projections of the district’s finances.
- **Repeal of Private School Tuition Subtraction** - Repeals the subtraction from adjusted gross income for tuition paid by a parent to send their child to a private primary or secondary school.
- **First Dollar Credit** - Transfer the school levy tax credit and first dollar tax credit into general equalization aids beginning in FY 2020-21, to be paid as a delayed payment in July 2021.
- **General Equalization Aid** - Provide \$618,822,000 in state general aid across the biennium. Transfer the school levy tax credit and first dollar tax credit into general equalization aids beginning in fiscal year 2020-21, to be paid as a delayed payment in July 2021. Transfer high poverty aid into general equalization aid in FY 2020-21.
- **Emergency Preparedness** - Creates an exception to local levy limits for shared emergency services. This may yield a positive effect for the City.

EDUCATION AND LIBRARIES

- **Per Pupil Aid** - Guarantee a minimum amount of state aid of \$3,000 per pupil and incorporate a poverty factor of 0.2 FTE per economically disadvantaged student into the determination of property value per member.
- **Milwaukee Mathematics Partnership** - Provide \$10,000,000 GPR in FY 2020-21 to support a partnership between MPS and UW – Milwaukee to facilitate a mathematics teacher leader in each school building.
- **Student Mental Health** – Expands upon funds enacted in the 2017-19 biennium:
 - \$22 million GPR in each year to provide reimbursements for in-school pupil services
 - \$7 million GPR in each year to increase the number of grants to connect schools, students and community health agencies to increase student access to mental health services
 - \$2,580,000 GPR in each year to expand school district staff training in mental health strategies (such as trauma-sensitive schools, screening, brief interventions and referral to treatment, and youth mental health first)

- \$150,000 GPR in each year to establish a statewide data system to store survey youth risk behavior survey results.
- **Summer School Grant Program** - Provides \$3,600,000 GPR in each year for summer school grants in Green Bay, Kenosha, Madison, Milwaukee and Racine.
- **Milwaukee Parental Choice Program** – Teachers at parental choice schools will be required to hold a DPI-issued teaching license beginning July 1, 2022, with certain exceptions. The overall number of available seats in the Milwaukee, Racine and statewide parental choice programs would remain the same.
- **Special Needs Students** – Raises reimbursement rate for the Special Needs Scholarship Program from current rate of 25% to 60% achieved over two years, which will equal a \$64 million increase for MPS. No property tax impact.
- **UW System** – Freezes tuition for undergraduate Wisconsin residents at University of Wisconsin campuses and provides in-state tuition for undocumented Wisconsin residents; includes \$17.3 million GPR over the biennium for need-based grants. **Allow in- state tuition for undocumented students** who attended a WI high school for 3 years.
- **Charter Schools** - Precludes independent charter school authorizers from approving new schools from enactment of the budget through July 1, 2023, unless the school submitted an intent to participate to DPI by February 1, 2019. Independent charter schools with existing contracts may continue to add students and grades.
- **Newsline for the Blind** – Proposes to increase funding by \$78,000 in FY19 funding allowing MPL to maintain service levels.
- **Library Service Contracts** – Recommends increase in funding allowing MPL to maintain full funding levels.

PUBLIC SAFETY AND JUSTICE

- **Community Policing/Beat Patrol Grant** – Provides \$1 million GPR each fiscal year for total of \$2 million over biennium to help fund beat patrol officer overtime and expands eligibility to include community policing thereby may extend allowable expenses MPD may utilize. The City currently receives the statutorily designated maximum award of \$150,000; this cap is not referenced in the Governor’s proposal.
- **Office of Justice Assistance** - Maintains funding of \$175,000 for MPD’s Shot Spotter Program.
- **Military Affairs** - Removes state Office of Emergency Communications from under Dept. of Military Affairs.

CRIMINAL JUSTICE REFORM

- **Act 185** - Extends county deadline to June 30, 2019 for grant application and removes deadline to close Lincoln Hills.
- **Age of Prosecution** - Raises the age of adult jurisdiction in circuit and municipal court to 18 years of age effective January 1, 2021 and provides funding to reimburse counties for the increased costs associated with raising the age that a circuit court or municipal court exercises adult court jurisdiction from 17 to 18.
- **Decriminalize small amounts of marijuana**- Eliminates the penalty for possession, distribution or manufacture of 25 grams of marijuana or less. A person serving a sentence or on probation for the possession, distribution or manufacture of 25 grams of marijuana or less may request dismissal of the conviction. Provide the ability for individuals convicted under prior law to petition for the expungement of their conviction.
- **Non-violent Offender Pilot Program** - Provides \$261,000 GPR each fiscal year to continue the nonviolent offender pilot program. The proposal would extend the pilot program for two more years and provide an additional \$250,000 in each fiscal year to expand the pilot program to the City of Milwaukee.
- **OARS Program** - Expands the Opening Avenues to Reentry Success (OARS) program to support inmates living with ongoing mental illness who have a medium-to-high-risk of reoffending. The budget would expand the program by providing \$4,001,300 GPR and 1.0 FTE GPR position in each fiscal year. The additional funding would allow the OARS program to operate in all 72 counties and strengthen the program in southeastern Wisconsin.
- **Offender Re-entry Demonstration Project** - Provides \$575,000 TANF each fiscal year to replace one-time DOJ funding for the Offender Reentry Demonstration Project, which serves formerly incarcerated males who are noncustodial parents age 18 or older and are returning to designated Milwaukee neighborhoods.
- **District Attorneys** – Provides additional 19.6 FTE Assistant District Attorney positions in each fiscal year, provides 6.9 FTE to increase part-time positions in 14 counties and converts 7.5 FTE positions from PR to GPR for positions where grant funding had run out. Thirty-four counties would see increased staffing and three would retain staffing.
- **NextGen 911 Communications** - Transfers jurisdiction and staff administering NextGen 911 to WI DOT. Does not have a direct impact on the City, although city emergency communications personnel believe the program is better suited under the Dept. of Military Affairs.

TRANSPORTATION

- **Gas Tax** - Increases the current motor vehicle fuel tax rate from 30.9 cents per gallon to 38.9 cents per gallon beginning on October 1, 2019. The rate has remained unchanged since 2006 when it was increased from 29.9 cents to 30.9 cents. Restores the annual adjustment of the motor vehicle fuel tax rate based on the change in the consumer price index and exempts sales of motor vehicle fuel from the minimum markup requirement under the Unfair Sales Act.
- **State Highway Program--** Allocates \$310.0 million in additional funding to the state highway rehabilitation program.
- **General Transportation Aid** – Increases general transportation aids to counties and municipalities by 10%. Milwaukee receives \$25.9 million in GTA. The City should receive an approximate \$2.6 million increase under this proposal.
- **Local Road Improvement Program** - Proposes a statewide increase of \$1.9 million over the biennium. City typically receives \$1 million per year from the entitlement program, which requires a 50% city match. We do not usually apply for funding under the discretionary grant program but with the increased funding, DPW will need to review projects for eligibility.
- **Mass Transit Aids** – Proposes a \$22 million increase statewide over biennium. For mass transit systems having annual operating expenses of \$80,000,000 or more, the bill maintains the current limit of \$64,193,900 in calendar year 2019 and increases the limit to \$70,613,300 in calendar year 2020 and thereafter. Includes a \$3 million increase for Seniors and Individuals with Disabilities Specialized Transportation County Aids.
- **Transit Capital Assistance Grants** - Allocates \$10 million in second year of biennium.
- **Volkswagen Settlement** - Authorizes the expenditure of \$25 million in remaining funds from the Volkswagen emissions settlement on a 60/40 basis, split between grants for public transit vehicles and electric car charging stations. Reduces the percentage of the grant award total for public transit systems serving more than 200,000 residents from 75 percent to 20 percent.
- **Rail Investments** - Provides \$45 million of additional bonding authority for total of \$124 million.
- **Harbor Improvements and Freight Rail** - Increases Transportation Fund-supported General Obligation Bonding authority by \$39 million and \$30 million, respectively. The Port has received competitive grant funding from these programs in the past.
- **Zoo Interchange** - Authorizes the State to contract an additional \$65,000,000 in public debt in the form of general obligation bonds to fund the Zoo interchange project.

- **I-43 Enumeration** - Adds a project on I-43 between Silver Spring Drive and STH 60 in Milwaukee and Ozaukee counties, which has been approved by TPC, to the current list of statutorily enumerated projects approved for construction.
- **Lift Bridge Aid** – Maintains funding. The City is reimbursed for expenses related to maintenance of KK, Broadway, Wells and State Street lift bridges.
- **Condemnation Authority for Recreational Trails** - Eliminates the prohibition in current law on certain entities, such as DOT, DNR, and county or village boards, from using the power of condemnation to acquire land, or interests in land, for the purpose of establishing or extending bicycle lanes or certain pedestrian ways.
- **Driver's Cards** – Eliminates requirement for an applicant for a REAL ID noncompliant driver's license or identification card to provide documentary proof that the applicant is a U.S. citizen or is otherwise lawfully present in the United States.

ECONOMIC AND WORKFORCE DEVELOPMENT

- **Historical Rehabilitation Credit** - Prohibits WEDC from certifying persons to claim more than \$3,500,000 in tax credits for any project involving the rehabilitation of certified historic structures, regardless of the number of parcels on which the project is undertaken. Current law prohibits WEDC from certifying persons to claim more than \$3,500,000 in all such credits for all projects undertaken on the same parcel.
- **Tax-Exempt Bonds and Notes** - Increases the limit on the total amount of tax-exempt bonds and notes that can be issued by the Wisconsin Housing and Economic Development Authority from \$600 million to \$1 billion to meet additional demand for the state income and franchise tax credit program for qualified low-income housing developments.
- **“We Got This” Jobs/Mentorship** – Provides \$25,000 in TANF funds in each fiscal year to the “We Got This” program in the 53206 zip code of Milwaukee to support mentorship and work activities for male youths.
- **Summer Youth Job Program** – Retains GPR funding for the Summer Youth Jobs at \$422,400 in each fiscal year.
- **Transform Milwaukee Transitional Jobs Program** – Provides a continuation of funds to the Transform Milwaukee program and adds \$1 million GPR in FY 2021 to expand the program to four additional rural counties.
- **Boys and Girls Clubs of America** – Expands funding to the Boys and Girls Clubs by \$1.4 million in TANF funds each year for the program.

- **Homelessness Prevention Initiatives** - Increases funding for homelessness prevention programs by \$3.75 million for shelter subsidies, the Housing Assistance Program grant, enhanced case management, and skills enhancement training, consistent with the recommendations of the Interagency Council on Homelessness.
- **Enterprise Zone Jobs Credit Program** - Increases zone limits from 30 to 35 on the enterprise zone jobs credit program and establishes reauthorization guidelines for revoked or expired certifications by corporation. Reverses a “lame duck” law provision allowing the Joint Committee on Finance to designate any number of new enterprise zones upon a passive review process of that body.
- **Grants to Regional Economic Development Organizations** - Directs WEDC to grant at least \$1 million annually to regional economic development organizations to promote economic opportunity.
- **Minimum Wage** - Proposes raising the state minimum wage to \$8.25 per hour in 2020, \$9 by 2021, \$9.75 by 2022, and \$10.50 by 2023. Seeks creation of a task force to establish a plan to get to a \$15 minimum wage.
- **Prevailing Wage Law** - Restores the prevailing wage law for municipal public construction contracts exceeding \$48,000 for single trade projects and \$100,000 for multi-trade projects. According to DPW, the restoration of prevailing wages would result in higher bids for City work.
- **Family and Medical Leave** - Reduces FMLA requirement eligibility to employers of 25 employees from 50. Expands qualifying care to a grandparent, grandchild, or sibling who has a serious health condition.
- **Local Employment Regulations** - Repeals current law provisions prohibiting local governments from enacting or enforcing ordinances regulating wages, overtime pay, employee hours, and benefits.
- **Project Labor Agreements** - Repeals provisions of 2017 Wisconsin Act 3, which prohibited collective bargaining, project labor or community workforce agreements between local governments and labor organizations on public works projects.
- **Job Applicant Conviction History (Ban the Box)** – Establishes that employers requesting an applicant for employment to supply information regarding his or her conviction record prior to selection for an interview constitutes employment discrimination.
- **Drug Testing Unemployment Insurance Claimants** - Repeals drug testing programs for establishing eligibility for unemployment insurance claims.
- **Unemployment Insurance Changes** - Increases the maximum weekly benefit rate from \$370 to \$406, eliminates the week long waiting period, indexes the earnings wage eligibility threshold to CPI, and expands eligibility requirements for workers.

- **Unemployment Insurance Work Search Requirements** – Repeals current law around suitable work requirements and work search waivers, and allows DWD to establish both suitable work, and appropriate work search waiver alternatives via administrative rule requirements.

ENVIRONMENTAL AND NATURAL RESOURCES

- **Recycling Grants** – Maintains the recycling grant program with the same amount of funding from the previous biennium.
- **Safe Drinking Water Loan Program** - Authorizes \$3.55 million in General Fund supported general obligation bonding for the Safe Drinking Water Loan Program for the state match to the federal capitalization grant.
- **Clean Water Fund** - Provides additional general fund supported general obligation bonding authority of \$13,500,000 for the clean water fund program.
- **Forestry Program** - No change. The City qualifies for a maximum \$25,000 Urban Forestry grant.
- **Increased Bonding for Urban Storm Water and Flood Control** - Authorizes \$4 million in additional bonding authority (\$6.5 million total) to the urban nonpoint source and storm water grant program, and the municipal flood control program. Also adds an additional \$800,000 in targeted runoff management grants.
- **Contaminated Sediment Bonding** - Provides \$25 million in environmental fund-supported general obligation bonding authority for contaminated sediment removal for sites on Wisconsin's impaired waters list. The Milwaukee River estuary is one of two statewide sights targeted for this work.

HEALTH AND HUMAN SERVICES

- **Replacement of Lead Service Lines** - Provides \$40 million in bonding authority to provide forgivable loans through the Safe Drinking Water Loan Program. The loans can be used for up to 50 percent of the cost of replacement of a lead service line.
- **Lead Remediation Efforts** - Reduces the incidence of childhood lead poisoning in our state by: (1) increasing blood lead testing; (2) creating a health service initiative to provide funding to abate lead hazards in homes where Children's Health Insurance Program (CHIP) participants reside; (3) providing a grant for lead abatement in non-CHIP eligible homes; (4) providing 1.14 FTE positions to administer the health service initiative; (5) expanding Birth to 3 services to children that are lead poisoned and funding

these initiatives with \$24,996,000 in FY 2019-20 and \$27,158,700 in FY 2020-21; and (6) creating a grant program to increase the lead abatement workforce in Wisconsin.

- **Mental Health Services** - Requires DHS to award crisis program enhancement grants each fiscal biennium to counties or regions comprising multiple counties to establish or enhance crisis programs to serve individuals having crises in rural areas.
- **Sex Trafficking Services** – Provides \$3 million GPR to support services for sex trafficking victims. Uncertain how the funds will be allocated.
- **Foster Care** - Increases foster care and kinship care rates by 2% in calendar year 2020 and an additional 2% in calendar year 2021. Also includes funding to help teenagers who are in the foster care system be able to afford to take driver's education classes and potentially to help offset the increase in car insurance if they obtain their license.
- **Milwaukee Child Welfare Re-estimate** - Increases allocation by \$595,500 in 2019-20 and by \$583,000 in 2020-21.
- **Medicaid Administration and BadgerCare Plus** – Accepts the federal Affordable Care Act's provision for Medicaid expansion and repeals the federal waiver for childless adults.
- **BadgerCare Plus** - Changes the family income eligibility level to up to 133% of the federal poverty line for parents and caretaker relatives under BadgerCare Plus and for childless adults currently covered under BadgerCare Plus Core.
- **Doula Services** - Adds certified doula services to eligible pregnant women enrolled in the Medical Assistance program who reside in the counties of Brown, Dane, Milwaukee, Rock, or Sheboygan, or another county as determined by the State.
- **Insurance** - Requires certain health plans to guarantee access to coverage; prohibits plans from imposing preexisting condition exclusions; prohibits plans from setting premiums or cost-sharing amounts based on health status-related factors; prohibits plans from setting lifetime or annual limits on benefits; requires plans to cover certain essential health benefits; and requires coverage of certain preventive services.

ELECTIONS

- **Redistricting** - Directs the non-partisan Legislative Reference Bureau to redraw legislative and congressional redistricting maps and appropriates \$10,000 GPR biennially for that purpose.

- **Auto-Voter Registration** - Requires the Elections Commission to work with the Department of Transportation to facilitate automatic voter registration and implement the initial registration of all eligible voters as quickly as practicable.
- **Census Count Funding** - Provides funding of \$1 million in FY20 for census preparation and activities for the upcoming 2020 U.S. Census.

MISCELLANEOUS

- **State Office Building** - Constructs a new, approximately 200,000 GSF Milwaukee State Office Building (MSOB) and 680-stall parking structure or surface lot that will be located near the new building. This project will replace the existing 55- year old MSOB and related parking located at 819 North 6th Street. Proposed tenants of the new facility include the Departments of Administration, Children and Families, Health Services, Revenue, Workforce Development, and Public Instruction; the Governor's Milwaukee Office; and the Board on Aging & Long-Term Care.
- **E-cigarettes, Vaping Devices and Little Cigar Taxes** - Imposes on all e-cigarette and vapor products the existing tobacco products tax rate of 71% of the manufacturer's list price and taxes little cigars and brown cigarettes as regular cigarettes.
- **UWM Projects** – Supports construction of a new academic and research chemistry and bio-chemistry facility and construction of a one-court gymnasium located east of the Klotsche Center complex. Renovates select portions of the Student Union facility's architectural configuration, exterior envelope, and mechanical, electrical, and plumbing infrastructure.