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Summary of 2015-17 Wisconsin Act 55, the State Budget Impact on the City of Milwaukee

-Final Analysis after Governor's Vetoes-

LOCAL AID AND PROPERTY TAX RELIEF

- **Shared Revenue** –Milwaukee’s 2015 payment of \$217.5 million will remain constant. The budget makes no changes to the appropriation or formula for allocating shared revenue.
- **Expenditure Restraint Program** - Our projected annual payment for ERP remains at \$8.8 million, which could fluctuate slightly according to how many municipalities qualify for the payments. The appropriation for this program has remained the same since 2003 and that will continue.
- **Levy Limits** –Proposes to maintain the current structure of the property tax levy limits. A supermajority vote will still be required to use any unused carryover levy. The City’s annual allowable increase for net new construction has been hovering around 1.1% in recent years.
- **Other Municipal Payments** – We are projected to continue to receive a Municipal Services Payment of \$2.5 million for services provided to state-owned property. This amount is about 42% of the statutorily-defined entitlement for the program. The projected Public Utility Aid payments for FY16 and FY17 are projected to increase slightly from \$1.43 million to \$1.47 million over the biennium.
- **Property Tax Credits** – The Lottery and Gaming credit is reestimated by \$1.6 million in FY16, to \$162 million and -\$1.3 million, to \$161 million in FY17. First Dollar Credit is to remain at the same funding level in FY16 and FY17. The School Levy Credit increases by 12% in FY16 and remains the same in FY 17, equating to an additional \$106 million. For Milwaukee property taxpayers, this will reduce the citywide impact of the school levy by at least \$5 million starting in FY 16.
- **Property Tax Assessment** – Deletes the proposal to change the property tax assessment process from a municipality-based system to a county-based system.

EDUCATION AND LIBRARIES

- **Opportunities Schools and Partnership Program** – Creates a new program where “failing schools” in MPS will be transferred into a program under control by a new Commissioner selected by the Milwaukee County Executive, in consultation with appointees of the Mayor and Governor. The schools eligible for transfer are those deemed to have the lowest rating by the Department of Public Instruction. The program will operate independent of the school board and with parallel authority. Also requires the Common Council to lease the school buildings to the new program and, more broadly, to implement a new system to sell underutilized school buildings to education operators.
- **Chapter 220** – Extends the phase out date by one year and ends Chapter 220 intra- and inter-district transfer program, about 1,500 current students will be grandfathered in. Note this program provides transportation to students while open enrollment does not.
- **School Equalization Aids** – Provides an additional \$108 million in general school equalization aids in FY 2016-17, or a 1.4% increase. Uses the increase to drive down school district tax levies by freezing revenue limits. Fully restores the per pupil categorical aid cut that was included in the Governor’s proposal.
- **Public Library Funding** – Maintains funding for library programs at current levels, including the Public Library System Aid from the Universal Service Fund, Newsline for the Blind and BadgerLink.
- **UW System** – Extends the tuition freeze enacted in 2013 Wisconsin Act 20 for an additional two years. Reduces the proposed cut of system funding from \$250 million over the biennium to \$180 million over the biennium which will result in an annual reduction to UW-Milwaukee of \$18 million each year. Retains the statutory language establishing the Schools of Public Health and Freshwater Sciences, and the School of Allied Health Professional at UW-Milwaukee. Eliminates transfer of
- **School Choice Program** – Phases out statewide participation limits. Applies open enrollment funding model to districts statewide. Retains the 12-year phase out of Milwaukee’s local share of the voucher cost, thereby reducing it to 25.6% by the end of the biennium.
- **Charter School Oversight** – Removes language pertaining to the creation of a state board but retains the following: deletes provisions that restrict the location of independent charter schools based on the authorizer; deletes provisions that require approval of the Board of Regents for charter schools established by UW-Milwaukee; deletes the residency restrictions for pupils attending an independent charter school, so that pupils residing anywhere in the state could attend these schools; specifies that a contract with a school board or an authorizing entity of independent charter schools may provide for the establishment of more than one charter school, and that a charter

school governing board may enter into more than one contract with a school board or an authorizing entity of independent charter schools. Retains the city's chartering authority.

- **Teacher Licensure** – Establishes two alternative methods for teacher licensure, the experience-based licensure for technical education and license based on reciprocity. The former utilizes a points-system to determine eligibility and the latter is based on good-standing in the originating state and at least one year experience.
- **Common Core Standards** - Eliminates the requirement that school districts use the Common Core curriculum standards.

PUBLIC SAFETY AND JUSTICE

- **Juvenile Justice** - Modifies current law definitions to distinguish between community-based juvenile delinquency-related services and juvenile correctional services. The Department of Children and Families would be responsible for community-based juvenile delinquency-related services, while the Department of Corrections would retain authority over juvenile correctional services.
- **ShotSpotter Technology** – Maintains the annual \$175,000 for ShotSpotter Technology in MPD.
- **Department of Justice Grant Programs** – Retains the three current grant programs that include youth diversion, law enforcement officer, and child advocacy center grant programs. Reduced funding for SDC's Milwaukee youth diversion grant program by 22%, funding \$320,400 for 2015-2017, but retained the \$281,000 for SDC's AODA's initiative. MPD currently receives approximately \$140,000 from the law enforcement officer grant program and will continue to do so.
- **Crime Prevention Funding Board** – Allows rather than requires a county to create a board to manage a crime prevention grant program funded by an optional new \$20 surcharge on all felony and misdemeanor fines. At least 50% of the funding must be awarded to a crime prevention non-profit organization. The board is comprised of county and local criminal justice agencies.
- **Prosecutors** – Allots \$220,000 for two new full time Assistant Attorney General positions that will prosecute gun-violence related cases. The Attorney General indicated that those positions would be focusing their efforts in the City of Milwaukee.
- **Milwaukee County's Emergency Detention Program** – Clarifies the definition of a "mental health professional," allowing DHS to make that determination, and allows over the phone assessments. Language that requires 24 hours for an assessment for emergency detention in Milwaukee County was retained. The Milwaukee County emergency detention pilot program would be extended through July 1, 2017.

- **Pretrial Intoxicated Driver Program** – Management was transferred from DOT to DHS. However, the allocated annual funding of \$731,600 was eliminated. Instead this program will draw its funds from an \$8.6 million allocation for community programs for mental health and substance abuse services. As a result, funding for several programs related to mental health and substance abuse services are expected to be reduced. That will be impacted along with the above mentioned include Milwaukee County Substance Abuse Treatment, AODA residential treatment, Peer-Run Respite Center, and Treatment Alternative Programs.
- **Law Enforcement Officer Involved Deaths** – Provides \$329,000 annually for 4.0 fulltime positions to support 3.0 special agents and 1.0 program analyst position to support the workload related to officer-involved death and shooting investigations. Clarifies language that reports released to the public related to officer-involved death investigations are subject to the balancing test provided under open records law.

TRANSPORTATION AND INFRASTRUCTURE

- **Transportation Aids** – Funds a promised increase of 4% in general transportation aid and mass transit aid. Our 2014 GTA payment of \$23.6 million is projected to grow by \$950,000 in 2015. Our Connecting Highway Aid payment of \$1.8 million and our Lift Bridge Aid payment of \$816,483 are projected to remain stable.
- **Prohibited County Funding for the Streetcar** – Prohibits counties from incurring costs or forfeiting revenue related to the operation of fixed rail transit.
- **Bicycle and Pedestrian Facilities** – For new state highway projects, municipalities will be allowed to choose to authorize or reject bike and pedestrian facilities.
- **Community Sensitive Design** – Prohibits DOT from funding community sensitive design on highway projects. These funds are often used to offset adverse impacts of major construction projects such as the enhancement of S. 27th St. and the Hoan Bridge lighting. This prohibition would not prevent local governments from funding the cost if they choose to do so.
- **SE Wisconsin Highway Projects**- Deletes the enumeration of the I-94 East/West project. Provides continued funding for the Hoan Bridge project and the Zoo Interchange with the exception of the north leg. Delays the I-94 North/South project between Milwaukee and the Illinois border by one year.

ECONOMIC AND WORKFORCE DEVELOPMENT

- **Prevailing Wage** – Repeals all local government prevailing wage requirements.

- **Historic Rehabilitation Tax Credit** – Removes the Governor’s proposed \$10 million limit on annual awards.
- **Enterprise Zone Jobs Tax Credit** – Increases the lifetime cap from 20 zones to 30 zones.
- **Sports and Entertainment District** – This provision will be taken up as separate legislation.
- **Transform Milwaukee Jobs program** – Modifies the subsidy amounts available for Trial Employment Match Program (TEMP) jobs and enables DCF to negotiate the subsidies paid to employers of participants in the Transform Milwaukee jobs program and Transitional Jobs program. The subsidy amount would be negotiated between DCF and the employer and could not exceed the minimum wage. The subsidy would be paid for each hour actually worked by the participant up to 40 hours per week.
- **Transitional Jobs Expansion** - Provide additional funding of \$1 million in 2015-16 and \$2 million in 2016-17 for expansion of the transitional jobs program. Total TANF funding under the bill would be \$6 million in 2015-16 and \$7 million in 2016-17.
- **WEDC/WHEDA** – Deletes the merger of WEDC and WHEDA. Limits the amount of new loans that WEDC may originate to no more than \$10 million in 2015-16 and no more than \$5 million in 2016-17. Combines the existing Jobs Tax Credit and Economic Development Tax Credit
- **Fast Forward Grants** – Expands the eligibility of this \$12.8 million annual program for the training of unemployed and underemployed workers and of incumbent employees of businesses to enable organizations to use the grant for the hiring and training of apprentices. Requires DWD to annually confer with Dept. of Public Instruction and the Wisconsin Technical College System to identify industries and occupations within the state that face workforce shortages.
- **Statutory Minimum Wage Requirement** – JFC repealed reference to and provisions for a “living wage” including the provision allowing DWD to determine the living wage, and replace them with a “minimum wage”.

ENVIRONMENTAL AND NATURAL RESOURCES

- **Natural Resources Board** – Deleted the provision to change the board to an advisory council.
- **Urban Forestry Grants** – Deleted the provisions which limited urban forestry grants to counties, cities, villages, towns, and nonprofit organizations for up to 50% of the cost of removing, saving, and replacing trees in urban areas that have been damaged by disease, infestation, or catastrophic storm events allow grants to be used for removing,

saving and replacing trees that have been damaged by emergency events or insect infestations including Emerald Ash Borer.

- **Recycling**– Reduces local recycling aid grants by \$4 million in FY 16, which would reduce the City’s payment by approximately \$450,000. Restores the funding level to \$19 million in 2017. The bill would maintain the current \$1 million annually for the recycling consolidation grant program that provides additional recycling grant funds for certain eligible local governments.

HEALTH AND HUMAN SERVICES

- **Public Benefits Drug Testing** – Implements drug screening, testing, and treatment mechanisms to individuals receiving unemployment insurance or public assistance benefits in certain work-based programs at DCF, Workforce Development, and Health Services.
- **Domestic Violence** – Provides \$5 million to DCF for additional grants to shelters that help victims of domestic abuse and their families. And, provides \$421,300 in each year for additional GPS Offender Tracking for individuals convicted of serious child offenses and those who violate domestic abuse or harassment temporary restraining orders.
- **Milwaukee Child Welfare** – Creates a new Division of Milwaukee Child Welfare within DCF.
- **Heroin Policy** – Creates a voluntary opioid addiction pilot program for those convicted of an opiate related offense.
- **Medicaid** – Changes to Medicaid eligibility including imposing a 48 month MA enrollment limit on childless adults, requires DHS to seek a federal waiver to impose monthly premiums for risky behaviors for childless adults enrolled in Medicaid, and requires a health risk assessment and drug screening in order to receive benefits. Also, extends MA program coverage to residential-based substance abuse treatment services. Under current law, the MA program covers certain day treatment services for substance abuse, as well as certain hospital inpatient services and outpatient substance abuse counseling, but does not cover treatment provided in a residential (non-hospital) setting.
- **FoodShare Employment and Training (FSET) Drug Testing** – Deleted the provision to require DHS to request a waiver from the U.S. Department of Agriculture (USDA) to screen FoodShare employment and training (FSET) program participants for illegal use of controlled substances without a valid prescription.

MISCELLANEOUS

- **Department of Agriculture, Trade and Consumer Protection** – Consolidates food safety, recreational facility, and lodging and food protection activities.

- **Local Government Property Insurance Fund** – Restores the fund. Delay, by two years, the ending dates for policy renewal and filing claims under the fund. Change the date related to the provision for the distribution of any moneys remaining in the fund to apply the distribution to local governmental units that were insured under the fund on July 1, 2017, instead of July 1, 2015.
- **Property Tax Bill revisions** –Limits the revisions to property tax bills to only require it disclose debt service and fees from each taxing jurisdiction and their respective property tax bill impacts. The tax bill must inform taxpayers of the impacts of additional amounts levied.
- **Duty Disability Benefits** - Provides that the employee retirement systems of a first class city or county may only provide duty disability benefits for a mental injury if: (a) the mental injury resulted from a situation of greater dimensions than the day-to-day mental stresses and tensions and post-traumatic stress that all similarly situated employees must experience as part of the employment; and (b) the employer certifies that the mental injury is a duty-related injury. If the employee retirement system determines that an applicant is not eligible for duty disability benefits for a mental injury, the applicant may appeal the system's determination to the Department of Workforce Development.
- **Time of Sale Requirements** - Prohibits local governments from restricting the ability of a property owner to sell or otherwise transfer title to or refinance the property without complying with city codes. This provision eliminates the city's code compliance program.
- **High Deductible Health Insurance Requirement** – Requires the City of Milwaukee to offer a high deductible health insurance plan to public safety employees. The language requiring it to match the state design plan was vetoed.