



**WISCONSIN LEGISLATIVE COUNCIL  
REPORT TO THE LEGISLATURE**

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**SPECIAL COMMITTEE ON  
IMPROVING WISCONSIN'S  
FISCAL MANAGEMENT**

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REPORT TO THE LEGISLATURE**

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## **PART I**

### **KEY PROVISIONS OF COMMITTEE RECOMMENDATIONS**

#### **RECOMMENDATIONS INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL**

The Joint Legislative Council has introduced the following legislation in the 2003-04 Session of the Legislature based on the recommendations of the Special Committee on Improving Wisconsin's Fiscal Management:

#### **2003 ASSEMBLY BILL 177 AND 2003 SENATE BILL 64**

- Starting with the 2005-07 biennial budget, amends the current deadline for the Governor to deliver the biennial budget message to be, in general, on or before the second Tuesday in January of the odd-numbered year. If the Governor is newly elected and not an incumbent, the Governor must, in general, deliver his or her first budget message on or before the fourth Tuesday in January in the year following the Governor's election.
- Starting with the 2005-07 biennial budget, amends the deadline for the Building Commission to transmit to the Joint Committee on Finance (JFC) the portions of its recommended budget for the long-range state building program that require legislative approval by the first Tuesday in March of each odd-numbered year.
- Starting with the 2005-07 biennial budget, requires the Department of Administration (DOA) to report to the Legislature which agencies met the statutory deadline of September 15 of each even-numbered year for submitting their biennial budget requests to the DOA and the Legislative Fiscal Bureau (LFB), which were late, and for those that were late, the reason for the delay in their submission.

#### **2003 ASSEMBLY JOINT RESOLUTION 25 AND 2003 SENATE JOINT RESOLUTION 21**

- Directs the Legislative Reference Bureau (LRB) to identify items in DOA budget drafting requests that are either: (1) a primarily nonfiscal policy that has no or minimal state fiscal effect or, if it has a state fiscal effect, has policy implications that outweigh any potential fiscal effect; or (2) a private or local nature subject to s. 18, art. IV of the Wisconsin Constitution; and directs the LRB to submit a list of all such items that are included in an executive budget bill to the co-chairs of the JFC.
- Directs the co-chairs of the JFC to identify all items in a executive budget bill that, in their opinion, propose any of the types of policy identified above and to request the LRB to draft each of the policy items they identify as a separate bill for introduction by the designated legislative leaders at the request of the Governor.
- Prohibits the JFC from recommending passage of an executive budget bill that contains any of the policy items identified by the JFC co-chairs.

### **2003 ASSEMBLY RESOLUTION 9 (ASSEMBLY RULES)**

- Establishes that the Assembly shall not consider any Assembly amendment or Assembly substitute amendment to an executive budget bill that contains any of the following types of policy items:
  - ◆ A nonfiscal policy that has no or minimal state fiscal effect.
  - ◆ A private or local nature subject to s. 18, art. IV of the Wisconsin Constitution.

### **2003 SENATE RESOLUTION 5 (SENATE RULES)**

- Establishes that the Senate shall not consider any Senate amendment or Senate substitute amendment to an executive budget bill that contains any of the following types of policy items:
  - ◆ A nonfiscal policy that has no or minimal state fiscal effect.
  - ◆ A private or local nature subject to s. 18, art. IV of the Wisconsin Constitution.

### **2003 ASSEMBLY BILL 178 AND 2003 SENATE BILL 65**

- Starting July 1, 2005, transfers from the general fund to the budget stabilization fund each fiscal year an amount equal to the statutory reserve for the fiscal year until the budget stabilization fund reaches a balance of 5% of the estimated expenditures from the general fund during the fiscal year.
- Specifies the allowable uses of money in the budget stabilization fund.
- Formally directs the DOA to prepare annually a state financial statement based on generally accepted accounting principles (GAAP) and identify this statement as the comprehensive annual financial report (CAFR).
- Creates a GAAP deficit reduction fund to which a specified amount is transferred from the general fund each fiscal year that a transfer is not made to the budget stabilization fund after July 1, 2005 until the unreserved balance of the general fund in the CAFR for the previous year is not negative.
- Specifies the allowable use of money in the GAAP deficit reduction fund.
- Starting July 1, 2005, directs to the Governor, when the unreserved general fund balance in the most recent CAFR is a larger negative amount than the unreserved general fund balance reported in the CAFR for the previous year, to recommend legislation to eliminate this increase.
- Clarifies the current requirement that the Governor's biennial budget report estimate the effect of the Governor's biennial budget bill on the GAAP general fund balance.

- Directs the LFB to identify, where feasible, recommendations in specified versions of a biennial budget bill that may have a significant impact on the GAAP general fund balance.
- Starting nine months after publication, expands the fiscal estimate process to include an estimate of the effects of a bill, other than an executive budget bill, on the GAAP deficit.

**RECOMMENDATION NOT INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL**

The Special Committee on Improving Wisconsin's Fiscal Management recommended the following joint resolution amending the state constitution to the Joint Legislative Council, but the Joint Legislative Council did not introduce the joint resolution in the 2003-04 Session of the Legislature:

**LRB-1849/1 (AMENDMENT TO THE STATE CONSTITUTION)**

- Allows the Governor to reduce the dollar amount of an appropriation as shown in an appropriation bill, but prohibits the Governor from increasing it.
- Prohibits the Governor, when approving an appropriation bill in part, from approving any law that the Legislature did not authorize as part of the enrolled bill.



## **PART II**

### **COMMITTEE ACTIVITY**

#### **ASSIGNMENT**

The Joint Legislative Council established the Special Committee on Improving Wisconsin's Fiscal Management and appointed the co-chairs by a May 22, 2002 mail ballot. The Special Committee was directed to examine ways for Wisconsin to improve its ability to manage its finances using modern financial management and policy practices in the context of the budget process.

Membership of the Special Committee, appointed by a July 15, 2002 mail ballot, consisted of four Senators, six Representatives, and seven public members. A list of committee members is included as *Appendix 3* to this report.

#### **SUMMARY OF MEETINGS**

The Special Committee held five meetings in Madison on the following dates:

August 29, 2002

November 21, 2002

September 19, 2002

December 18, 2002

October 24, 2002

August 29, 2002. The Special Committee heard testimony on the state's biennial budget process from Bob Lang, Director, LFB; Steve Miller, Chief, LRB; and Dave Schmiedicke, State Budget Director, DOA. In addition, Frank Hoadley, Capital Finance Officer, DOA, provided testimony on the effect of Wisconsin's fiscal management on its bond ratings.

September 19, 2002. The Special Committee heard testimony on other states' budget process from Ronald Snell, National Conference of State Legislatures, and on Wisconsin's fiscal management and bond ratings from Kathleen Holt, Moody's Investors Service. Committee members discussed the state's current fiscal management problems and potential proposals for addressing them.

October 24, 2002. The Special Committee began the meeting with background briefings on basic principles of sound fiscal management and judicial reluctance to enforce nonconstitutional rules and statutes against the Legislature. The committee then discussed various options for proposals.

November 21, 2002. The Special Committee reviewed options and provided instructions for preparing proposals on limiting policy in the budget, limiting the Governor's partial veto authority, funding the state budget stabilization ("rainy day") fund, and specifying its uses, capping the budget deficit as reported under GAAP, and linking the budget stabilization fund to funding for reducing the GAAP budget deficit.

December 18, 2002. The Special Committee approved a schedule for timely development of the state's biennial budget, rules for limiting policy items in budget bills, a constitutional amendment to limit the Governor's partial veto authority, and statutory changes to state fiscal management including provisions relating to the budget stabilization fund and a GAAP deficit reduction fund. The committee also approved amendments to the Assembly and Senate rules for limiting policy items in budget bills that would apply these rules to any committee of conference report on an executive budget bill. The committee did not incorporate these amendments into the proposed rules but instead decided to forward them separately to the Joint Legislative Council.

In addition, the committee approved two letters to the Senate Majority Leader-Elect and Speaker-Elect and to the Governor-Elect relating to a schedule for the development of the biennial budget and policy in the budget. The committee also approved a letter from the committee co-chairs to the co-chairs of the Joint Committee on Audit requesting informational hearings on the GAAP budget deficit after issuance of the state's CAFR.

### **PART III**

## **RECOMMENDATIONS INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL**

This part of the report provides background information on, and a description of, the proposals recommended by the Special Committee on Improving Wisconsin's Fiscal Management for introduction in the 2003-04 Session of the Legislature and subsequently introduced by the Joint Legislative Council.

[**Note:** Each of the bills and joint resolutions have been introduced in both houses. For clarity, this report refers to them in singular form, e.g. "the bill."]

### **2003 ASSEMBLY BILL 177 AND 2003 SENATE BILL 64, REGARDING THE SCHEDULE FOR DEVELOPING THE STATE BIENNIAL BUDGET**

#### **Background**

A number of speakers before the committee and committee members indicated that a problem with the current budget process in Wisconsin is that the biennial budget bill is often enacted after the start of the first fiscal year to which it applies. Current law has deadlines for some of the steps in the budget process, but, as reported to the committee, these steps are often not adhered to.

At the request of the committee, LFB Director Bob Lang prepared a timetable that, if followed, would lead to the enactment of the biennial budget on a timely basis. Part of this timetable included changing two statutory deadlines, one is the deadline for the Governor to deliver his or her budget message, and the other is the deadline for the Building Commission to submit its long-range state building program to the JFC. The committee subsequently endorsed the timetable, including these statutory changes, and included them in its recommendations. [The complete timetable is presented below in the letter in Item 1. in "Part V--Other Committee Recommendations."]

The committee also was concerned over reports that some executive agencies submit their biennial budget requests after the statutorily specified deadline of September 15 of each even-numbered year. In response, the committee decided to recommend a reporting mechanism to provide information to the Legislature on which agencies are complying with this submittal requirement and which are late.

#### **Description**

##### **Governor's Budget Message**

Current law requires the Governor to deliver the budget message, along with the biennial state budget report and executive budget bill or bills, on or before the last Tuesday in January of the odd-numbered year, unless the Governor requests a later date and the Legislature approves the later date by joint resolution.

The bill establishes the following deadlines for the Governor's budget message, based on whether the Governor is newly elected and whether January 1 in an odd-numbered year falls on a Tuesday:

- In general, the Governor must deliver the budget message on or before the 2nd Tuesday in January of the odd-numbered year.
- If January 1 in an odd-numbered year falls on a Tuesday, then the budget message must be delivered on or before the 3rd Tuesday in January of the odd-numbered year.
- If a Governor is newly elected and not an incumbent, the Governor must deliver his or her first budget message on or before the 4th Tuesday in January in the year following the Governor's election.
- If January 1 in the year following the election of a newly elected, nonincumbent Governor falls on a Tuesday, the deadline for the budget message is the 5th Tuesday in January in the year following that election.

The bill also repeals the provision in current law that authorizes the Governor to request, and the Legislature to approve by joint resolution, a date later than the statutory deadline for the delivery of the Governor's budget message.

### **Capital Budget**

Under current law, the Building Commission must transmit the portions of its recommended budget for the long-range state building program that require legislative approval to the JFC by the first Tuesday in April of each odd-numbered year, unless the Building Commission requests a later date and that later date is approved by JFC. The bill changes this submittal deadline to the first Tuesday in March of each odd-numbered year.

### **Report on Agency Budget Request Submittals**

Under current law, all state agencies other than the Legislature and the courts, are required to submit their biennial budget requests to the DOA and the LFB no later than September 15 of each even-numbered year. The bill requires the DOA to report to the Legislature by October 1 of each even-numbered year which agencies met the September 15 deadline and which were late, and for those that were late, the reason for the delay in their submission.

### **Delayed Effective Date**

The bill, if enacted, takes effect on July 1, 2004. Thus, the new deadlines and reporting requirement under the bill first apply to the associated activities for the 2005-07 biennial budget.

**2003 ASSEMBLY JOINT RESOLUTION 25, 2003 SENATE JOINT RESOLUTION 21, 2003 ASSEMBLY RESOLUTION 9, AND 2003 SENATE RESOLUTION 5, REGARDING POLICY ITEMS IN BUDGET BILLS**

**Background**

During the course of the committee's deliberations, many committee members and speakers expressed the concern that there is too much policy in the state budget. One of the primary concerns voiced by committee members and speakers over the effect of too much policy in the budget related to the "transparency" of the budget. Other problems attributed to excessive amounts of policy in the budget that were voiced by committee members or speakers, include that this practice:

- Compromises the state constitutional provision on private and local laws;
- Weakens the Legislature by undermining the standing committee process providing limited or nonexistence floor debate on many of the policy items;
- Reduces public scrutiny and analysis of policy items placed in the budget after public hearings on the budget are held by the JFC;
- Blurs, misrepresents, or misconstrues voting records given the "all-exclusive" nature of budget bills and the resulting adoption of items lacking sufficient support to be adopted on their own merits;
- Subjects policy items to the Governor's partial veto authority which would not occur if they were adopted separately in bills that did not contain an appropriation;
- Contributes to the lack of legislative involvement and scrutiny in the preparation of the budget; and
- Avoids the debating of these items on their own merits in free-standing bills.

**Descriptions**

The four proposals, 2003 Assembly Joint Resolution 25, 2003 Senate Joint Resolution 21, 2003 Assembly Resolution 9, and 2003 Senate Resolution 5, all create either joint rules or an Assembly or Senate rule that relate to treatment of policy items in an executive budget bill. As used in these rules, an "executive budget bill" includes the executive budget bill introduced under s. 16.47 (1m), Stats., and any subsequent executive budget adjustment bill.

**2003 Assembly Joint Resolution 25 and 2003 Senate Joint Resolution 21**

This joint resolution creates two joint rules that relate to policy items in an executive budget bill, or in drafting instructions for an executive budget bill submitted by the DOA to the LRB, that propose any of the following types of policy (referred to as "affected policy items" in the remainder of this report):

- A primarily nonfiscal policy that either has no or minimal state fiscal effect or, if it has a state fiscal effect, has policy implications that outweigh any potential fiscal effect.
- A private or local measure subject to s. 18, art. IV of the Wisconsin Constitution.

As used in these joint rules, an “item” in an executive budget bill is one or more provisions that relate to a single subject. “Item” is a term used by the LFB in describing budget provisions. The description of an item that is primarily nonfiscal policy is based on the LFB’s main criteria for identifying nonfiscal policy items in the budget. These criteria were identified in a September 13, 2002 memorandum to the Special Committee from Bob Lang, Director, LFB.

The joint resolution does the following:

- Requires the LRB to identify affected policy items in DOA budget drafting requests and notify the DOA of this identification; and
- Requires the LRB to report to the co-chairs of the JFC the affected policy items in the introduced executive budget bill.
- Directs the co-chairs of the JFC to identify affected policy items in an introduced executive budget bill and request the LRB to draft the items as a separate bill for introduction by the specified legislative leaders.
- Establishes that, once the co-chairs identify the affected policy items in an executive budget bill, the JFC may not recommend the passage of the bill if the bill contains any of these items.

### **2003 Assembly Resolution 9**

This Assembly Rule creates an Assembly rule which establishes that the Assembly shall not consider any Assembly amendment or Assembly substitute amendment to an executive budget bill that contains any of the following types of policy items:

- A nonfiscal policy that has no or minimal state fiscal effect.
- A private or local nature subject to s. 18, art. IV of the Wisconsin Constitution.

### **2003 Senate Resolution 5**

This Senate Resolution is identical to 2003 Assembly Resolution 9 except that it creates a Senate rule rather than an Assembly rule that precludes Senate consideration of any Senate amendment or Senate substitute amendment to an executive budget bill that contains any of the following:

- A nonfiscal policy that has no or minimal state fiscal effect.
- A private or local nature subject to s. 18, art. IV of the Wisconsin Constitution.

**2003 ASSEMBLY BILL 178 AND 2003 SENATE BILL 65, REGARDING THE STATE'S BUDGET STABILIZATION FUND AND USE OF GAAP**

**Background**

**The State's Budget Stabilization Fund**

Forty-eight states, including Wisconsin, presently have a budget stabilization fund (or "rainy day fund") as one of their tools of state financial management. These funds serve a variety of purposes that revolve around the concept that money is set aside during a state's economic "good times" to be used when the state's economy worsens. In addition, money accumulated in the fund become assets of the state under GAAP and, as such, would help address the problem that the state has a budget deficit based upon GAAP financial reporting. In addition, accumulation of money in the fund would make additional money available for addressing the state's cash flow concerns, thus addressing the problem that the state has a narrow cash position at the end of the last fiscal year.

During the committee's deliberations, a number of committee members and speakers indicated that the state lacks a meaningful budget stabilization fund because of inadequate funding of this fund. As of June 30, 2002, the balance in the fund was \$201. If the fund had been funded at the level specified in the statutes, as described below, then its balance would have been about \$572 million on that date.

The current state budget stabilization fund was created by 1985 Wisconsin Act 120. The statutes governing the fund, most recently amended by 2001 Wisconsin Act 16, are summarized below.

Current law establishes that the budget stabilization fund is a separate nonlapsible trust fund that consists of money transferred to the fund from the general fund. 2001 Wisconsin Act 16 repealed the requirement that money in the budget stabilization fund may only be used in a period of below-normal economic activity when actual state revenues are lower than estimated revenues.

Money is presently automatically transferred from the general fund to the budget stabilization fund when the conditions in a statutorily specified formula are met. Under these provisions, annually, the Secretary of the DOA must calculate the difference between the amount of taxes that were projected to be deposited in the general fund during the fiscal year, as specified in the general fund summary published in the biennial budget act applicable to the fiscal year, and the amount of taxes that were actually deposited in the general fund during that fiscal year. In general, if this difference is positive (that is, actual tax revenues exceeded projected tax revenues), then the Secretary must annually transfer from the general fund to the budget stabilization fund 50% of this difference.

The statutes specify two exceptions to this automatic transfer. First, if the balance of the budget stabilization fund at the end of the fiscal year is at least 5% of the estimated expenditures from the general fund during the fiscal year, as reported in the general fund summary included in the biennial budget act, then the Secretary may not make this transfer. Second, if the amount of the transfer would cause the general fund balance at the end of the fiscal year to be less than the

required general fund balance including statutorily required reserves for that fiscal year, then the Secretary must reduce the amount transferred to the budget stabilization fund by the amount that would cause the general fund balance to be equal to the required minimum general fund balance with the statutorily required reserves for that fiscal year.

With respect to withdrawals from the budget stabilization fund, current law specifies that a transfer from the budget stabilization fund to the general fund may only be made by an explicit appropriation of a specified amount of funds. Current law also establishes a process that could lead to the Governor recommending that money be transferred from the budget stabilization fund to the general fund. This process involves the following steps:

When previously authorized expenditures exceed revenues in the current or forthcoming fiscal year by more than 1/2 of 1% of the estimated general purpose revenue appropriations for that year.

### **The State's Use of GAAP for Determining the General Fund Balance**

The committee identified a number of recommendations relating to the state's budget in response to concerns raised in testimony that the budget deficit as reported using GAAP is significantly greater than using the state's budgetary basis of accounting. GAAP-based financial statements more accurately depict the state's financial condition by emphasizing an accrual accounting approach that includes not just current assets, but also capital assets and long-term liabilities such as liabilities associated with buildings and infrastructure. As a result, GAAP-based financial statements can expose a budget deficit otherwise obscured by the budgetary basis of accounting required by state law, which is focused on the two-year biennial budget.

Whereas the net general fund balance as calculated using the state's budgetary basis of accounting was reported as a surplus of \$74.6 million as of June 30, 2002, the general fund balance as calculated under GAAP for that date, as reported in the State of Wisconsin CAFR, was a deficit of -\$1,484.3 million. Wisconsin's CAFR is prepared in compliance with GAAP standards and used by bond rating companies that rely on GAAP financial statements to make comparisons between states in determining state bond ratings.

As part of the CAFR, the state Legislative Audit Bureau performs an examination of the state's general purpose financial statements, in compliance with s. 13.94 (1) (c), Stats. This examination is made in accordance with GAAP, and the Legislative Audit Bureau's report is contained in the financial section of the CAFR. The CAFR gives the general fund balance as reported in accordance with GAAP for the end of a fiscal year.

### **Description**

The bill does the following to the budget stabilization fund:

- Transfers from the general fund to the budget stabilization fund each fiscal year an amount equal to the statutory reserve for the fiscal year until the budget stabilization fund reaches a balance of 5% of the estimated expenditures from the general fund during the fiscal year.

- Specifies that money in the budget stabilization fund is reserved for a transfer from the fund to the general fund to provide state revenue stability during periods of below-normal economic activity when actual general fund revenues are 98% or less or less of the estimated general fund revenues published in the biennial budget act.

The bill supports the state's use of GAAP for determining the general fund balance in the following ways.

First, the bill formally directs the DOA to prepare a state financial statement based on GAAP and identify this statement as the CAFR. In practice, the DOA already prepares the CAFR, which gives the general fund balance as reported in accordance with GAAP for the fiscal year ending June 30, and includes the Legislative Audit Bureau's report on the state's general purpose financial statements, in compliance with s. 13.94 (1) (c), Stats. Governor Scott McCallum issued the CAFR for the fiscal year ending June 30, 2002 in December 2002.

Second, the bill directs the Governor to respond to any worsening in the GAAP general fund deficit by recommending legislation, when the unreserved general fund balance in the most recent CAFR is a larger negative amount than the unreserved general fund balance reported in the CAFR for the previous year, that will eliminate this increase.

Third, the bill creates a GAAP deficit reduction fund to be used as a means of increasing the unreserved balance of the GAAP general fund. The bill specifies amounts to be transferred from the general fund to the GAAP deficit reduction fund each fiscal year that a transfer is not made to the budget stabilization fund, until the unreserved balance of the GAAP general fund in the CAFR for the previous year is no longer in deficit.

Fourth, the bill expands the use of fiscal estimates to include an estimate of the effect of the bill, other than an executive budget bill, on the GAAP general fund.

Fifth, the bill directs the LFB to identify, where feasible, recommendations in specified versions of a biennial budget bill that may have a significant impact on the GAAP general fund balance. Given the limited time that the LFB has to prepare these reports, the bill does not require the LFB to estimate the amount of these impacts.

Finally, the bill clarifies the statutory requirement created in 2001 Wisconsin Act 16 that the biennial state budget report in the Governor's budget message contain a report of the state's budgetary surplus or deficit according to GAAP, and the estimated impact on that surplus or deficit of the recommendations in the biennial budget bill or bills. [s. 16.46 (9), Stats.] The current version of s. 16.46 (9), Stats., reads as follows:

16.46 (9) A comparison of the state's budgetary surplus or deficit according to generally accepted accounting principles, as reported in any audited financial report prepared by the department for the most recent fiscal year, and the estimated change in the surplus or deficit based on recommendations in the biennial budget bill or bills. For the purpose of this calculation, the secretary shall increase or decrease the surplus or deficit by the amount designated as "Gross Balances" that appears in the 2<sup>nd</sup> year of the

biennium in the summary in s. 20.005 (1), as published in the biennial budget bill or bills.

Although the second sentence states that the Secretary shall “increase or decrease the surplus or deficit” by the amount designated as “Gross Balances” in the general fund summary in the biennial budget act, it appears that the statutory reserve requirement of s. 20.003 (4) ensures that the “Gross Balances” is always a positive number. Therefore, increasing the GAAP general fund balance by the “Gross Balances” amount would not provide meaningful information on the impact of the biennial budget bill or bills on the GAAP general fund balance.

In general, the bill takes effect on the day after publication. The expansion of the fiscal estimate process in the bill takes effect nine months after publication. The transfer by the bill of moneys in the general fund to the budget stabilization fund and the GAAP deficit reduction fund and the duty of the Governor to recommend legislation to address any worsening of the GAAP deficit take effect on July 1, 2005.

## **PART IV**

### **OTHER COMMITTEE RECOMMENDATIONS NOT INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL**

#### **LRB-1849/1, RELATING TO THE VETO PROCEDURE FOR APPROPRIATION BILLS (FIRST CONSIDERATION)**

The committee's study of the effects of nonfiscal policy legislation in the budget bill led it to examine the partial veto authority granted to the Governor by Wisconsin's Constitution. The partial veto authority is one side of what can be thought of as a seesaw, with the other side being the scope of the budget bill, including the amount of nonfiscal policy legislation in it.

#### **Background**

##### **Current Law**

The Governor's partial veto authority over appropriation bills is found in Wis. Const. art. V, s. 10 (1) (b): "Appropriation bills may be approved in whole or in part by the governor, and the part approved shall become law." The Wisconsin Supreme Court has held that the appropriation bill text remaining after a partial veto must constitute a complete, entire, and workable law and must be "germane" to the subject of the partially vetoed appropriation bill. An April 1990 constitutional amendment created Wis. Const. art. V, s. 10 (1) (c), which limits the Governor's partial veto authority as follows: "In approving an appropriation bill in part, the governor may not create a new word by rejecting individual letters in the words of the enrolled bill."

As a result of Wisconsin Supreme Court jurisprudence and the April 1990 partial veto amendment, the following appear to be the four key restrictions that currently apply to the exercise of the Governor's partial veto in Wisconsin:

- Only appropriation bills are subject to the partial veto.
- After the partial veto, the appropriation bill text remaining must constitute a complete, entire, and workable law.
- The resulting law must be germane to the subject of the partially vetoed appropriation bill.
- Single letter vetoes in words are prohibited.

##### **Historical Relationship of the Partial Veto Authority to the Budget Bill**

Originally, Wisconsin state budgets were introduced as individual bills for each department, and state budgets were enacted as a series of agency appropriation bills that could be individually vetoed by the Governor. The Wisconsin Legislature began adopting omnibus appropriation bills (bills that contain appropriation items and substantive legislation for multiple

programs and initiatives) in the 1911 Legislative Session. In 1929, the Legislature enacted legislation requiring the Governor to submit a single budget bill, as part of a budget reform initiative to achieve increased efficiency and economy in state government.

As a result, the Governor was forced to go “all or nothing” in considering whether to veto bills that mixed an increasing number of budget and policy items together. The perception grew that it was difficult for the Governor to exercise the veto pen on such bills, and thus the budget reform legislation had placed the executive at a disadvantage vis-à-vis the Legislature. In 1930, Wisconsin voters responded by amending Wisconsin’s Constitution to give the Governor partial veto authority over appropriation bills.

The scope of the Governor’s “partial veto authority” has been an issue since it was granted, and has been interpreted by the Wisconsin Supreme Court in several cases that have generally taken a permissive interpretation of the authority. One of the earlier Wisconsin Supreme Court cases in this area elaborated on the purpose of the 1930 Constitutional amendment as follows:

Its purpose was to prevent, if possible, the adoption of omnibus appropriation bills, logrolling, the practice of jumbling together in one act inconsistent subjects in order to force a passage by uniting minorities with different interests when the particular provisions could not pass on their separate merits, with riders of objectionable legislation attached to general appropriation bills in order to force the governor to veto the entire bill and thus stop the wheels of government or approve the obnoxious act. [*Martin v. Zimmerman*, 233 Wis. 442, 447-48 (1940).]

By 1988, however, in *State ex rel. Wisconsin Senate v. Thompson*, 144 Wis. 2d 429 (1988), the Supreme Court majority discounted the anti-logrolling rationale cited above in *Martin* for the partial veto authority, since no Wisconsin statute or constitutional provision had yet prohibited the adoption of omnibus budget bills. Instead, the Wisconsin Senate majority concluded that the purpose of the partial veto authority was to facilitate governors’ exercise of their quasi-legislative power, and voted 4-3 to uphold partial vetoes executed by Governor Tommy Thompson before signing the budget bill. Some of his vetoes consisted of individual letters and parts of words to the point where ungrammatical or incomprehensible text was created. In addition, Governor Thompson had executed such “creative” vetoes as partially vetoing instructions to “repeal and recreate” a statute to simply “repeal” the statute. According to the majority:

[T]he governor may, in the exercise of his partial veto authority over appropriation bills, veto individual words, letters and digits, and also may reduce appropriations by striking digits, as long as what remains after veto is a *complete, entire, and workable law*. [Id. at 437; emphasis added.]

The *Wisconsin Senate* majority reasoned that this “complete, workable law” requirement, together with the limitation that “the consequences of any partial veto must be a law that is

germane to the topic or subject matter of the vetoed provisions,” provided a test permitting the Governor to determine in advance the validity of a particular partial veto without significantly restricting the Governor’s quasi-legislative power. This quasi-legislative power did not threaten constitutional separation of powers requirements, the *Wisconsin Senate* majority reasoned, because the Legislature could override the Governor’s veto and could also avoid subjecting substantive legislation to the Governor’s veto by submitting it as a separate nonappropriations bill, instead of as a part of an omnibus appropriations package. The majority declined to discuss, however, the subject of what preferred public policy should be in this regard.

A dissenting opinion by Justice Bablitch, joined by Justice Abrahamson and Justice Steinmetz, disagreed with the majority on separation of powers grounds and on precedential grounds. On separation of powers grounds, the dissent argued that allowing a Governor to enact new, germane legislation conferred gubernatorial legislative power that exceeded that of the Legislature. In particular, the dissent argued that, whereas enactment of legislation requires passage by both houses of the Legislature and signature by the Governor, a partial veto that creates legislation allows the Governor to legislate independently, with the only check on the Governor being the threat of an override. On precedential grounds, the dissent argued that the majority had abandoned the purpose of the amendment--prevention of logrolling--that earlier courts had consistently identified and relied on.

#### **Description**

The joint resolution allows the Governor to reduce the dollar amount of an appropriation as shown in an appropriation bill, but prohibits the Governor from increasing it. In addition, the joint resolution prohibits the Governor, when approving an appropriation bill in part, from approving any law that the Legislature did not authorize as part of the enrolled bill.



**PART V**

**OTHER COMMITTEE RECOMMENDATIONS**

In addition to the legislation described in the preceding parts, the Special Committee on Improving Wisconsin's Fiscal Management sent three letters addressing various issues related to its work. These letters are reproduced below.

**Item 1** - Letter dated December 20, 2002 to Senator Mary Panzer, Senate Majority Leader-Elect, and Representative John Gard, Speaker-Elect, regarding a schedule for the development of the biennial budget and policy in the budget.

Senator Mary Panzer, Senate Majority  
Leader-Elect  
Room 211 South, State Capitol  
Madison, WI 53701

Representative John Gard, Speaker-Elect  
Room 211 East, State Capitol  
Madison, WI 53701

Dear Senator Panzer and Representative Gard:

Last summer, the Joint Legislative Council created the Special Committee on Improving Wisconsin's Fiscal Management and directed it to examine ways for Wisconsin to improve its ability to manage its finances using modern financial management and policy practices in the context of the budget process. Two of the major problems with Wisconsin's current budget process addressed by the Special Committee are that our state budget has been consistently enacted considerably after the beginning of the first fiscal year to which it applies and that the state budget contains too much policy.

These problems have many consequences. Tardy state budgets complicate the implementation of state programs, impede or preclude budgeting by local units of government, and undermine public confidence in the Legislature. Excessive policy in the budget threatens to weaken the legislative branch by undermining the standing committee process, reduces public scrutiny and analysis of policy items added to the budget late in the budget process, and obfuscates legislators' voting records given the "all-exclusive" nature of budget bills.

At its December 18, 2002 meeting, the Special Committee voted to recommend this letter and the attachments to it to address these two problems. The recommendations are implemented primarily through modification of the 2003-04 biennial session schedule and the creation of two joint rules, an Assembly rule and a Senate rule.

**Recommended Schedule for the Development of the Biennial Budget**

The Special Committee recommends the attached schedules for the development of the future biennial budgets. These schedules are based on the recommendations of Robert Lang, Director, Legislative Fiscal Bureau, who prepared a model schedule for the 2003-05 Biennial Budget in response to a request from a committee member.

The recommended schedules for biennial budgets after the 2003-05 fiscal biennium vary depending on whether an incumbent governor or, a newly elected governor proposes the executive budget bill. The schedule for a newly elected, nonincumbent governor allows up to an additional two weeks to prepare and deliver the executive budget.

Given the current extraordinary fiscal condition of the state and the fact that Governor-Elect Doyle is not an incumbent Governor, the Special Committee recommends that the Legislature provide an additional two weeks for Governor-Elect Doyle to prepare his executive budget and set the date under s. 16.45, Stats., for the delivery of his budget message to be Tuesday, February 11, 2003. This delay would push back by up to two weeks each of the activities in the development of the next biennial budget that occur after the Governor's budget message, as reflected in the last column in the enclosed table. If the Legislature and the Governor adhere to the recommended schedule for the development of the 2003-05 Biennial Budget, then the Legislature should complete its work on this budget by July 3, 2003 and the Governor should approve the bill with any partial vetoes by July 28, 2003.

To ensure a timely review by the governor of an enrolled budget bill, the Special Committee also recommends that JCLO modify the session schedule so that the governor generally has 21 days to review an enrolled budget bill, irrespective of when the Legislature passes the bill. This 21-day period is incorporated into the three recommended schedules in the enclosed table and is composed of a 15-day informal review period and the six-day formal review period authorized under the State Constitution.

For the 2003-04 Biennial Session schedule, the Special Committee recommends that JCLO incorporate into the session schedule language such as that presented below relating to the presentation of an enrolled executive budget bill to the governor. For subsequent biennial sessions, the Special Committee recommends that, to be consistent with the recommended schedules, JCLO substitute for the fixed date in this language (July 22, 2003) either June 24 of the odd-numbered year or, if the governor is a newly elected, nonincumbent governor, July 8 of the odd-numbered year.

Proposed 2003-04 Biennial Session Schedule Language on  
Presentation of an Enrolled Executive Budget Bill to the Governor

*Budget bill to governor.* After an executive budget bill introduced under section 16.47 (1) of the statutes has been passed by both houses in regular, extraordinary, or special session, the chief clerk of the house in which it originated shall present the enrolled bill to the governor for approval on the later of:

1. July 22, 2003, or
2. Fifteen days after the enrolled bill is signed by the appropriate officer or officers certifying to its passage.

In addition, implementation of the schedules for the post 2003-05 biennial budgets will require amendments to current law. The Special Committee has recommended a draft proposal, WLC: 0045/4, which contains the amendments noted in the third and fourth columns in the

enclosed table. These amendments relate to the dates for the transmittal of the Building Commission's recommended capital budget to the Joint Committee on Finance and the delivery of the Governor's budget message and a report on the timeliness of the submittal of agency budget requests. The Special Committee will be forwarding this draft to the Joint Legislative Council with a recommendation that the Joint Legislative Council introduce the bill into the 2003-04 Legislature.

### **Recommendations on Policy in the Budget**

The attached Joint Resolution, WLC: 0079/2, Assembly Resolution, WLC: 0101/1, and Senate Resolution, WLC: 0102/1, relate to policy in the budget. Joint Rule 51m, created by WLC: 0079/2, directs the Legislative Reference Bureau (LRB) to identify specified types of policy items in drafting requests from the Department of Administration (DOA) for the executive budget bill and to notify DOA of this identification. The affected types of policy items are those that propose either of the following:

- A primarily nonfiscal policy that either has no or minimal state fiscal effect or, if it has a state fiscal effect, has policy implications that outweigh any potential fiscal effect.
- A private or local measure subject to the constitutional requirement that the measure be considered in a single subject bill.

Once an executive budget bill is introduced, the LRB must then report to the co-chairs of the Joint Committee on Finance (JFC) a list of the items in the introduced bill that contain these types of policy.

Joint Rule 28, created by WLC: 0079/2, directs the co-chairs of the JFC to identify the same types of policy items in an introduced executive budget bill and to request the LRB to draft the items as a separate bill for introduction by the specified leaders. Once the co-chairs have identified these items, the JFC may not recommend the passage of the bill if the bill contains any of these items.

To deal with legislative consideration of an executive budget bill after the JFC review, the Special Committee also recommends the creation of Assembly Rule 55m and Senate Rule 52m, as set forth in WLC: 101/1 and WLC: 0102/1, respectively. These companion rules establish that neither of the houses may consider an amendment or substitute amendment introduced in that house to an executive budget bill that contains either a nonfiscal policy that has no or minimal state fiscal effect or a private or local measure subject to the constitutional requirement that the measure be considered in a single subject bill.

The Special Committee also considered alternative ways to ensure broader participation by the Legislature in the development of the JFC's budget recommendations. Part of the committee's discussion focused on procedures to involve legislators who are not on JFC in reviewing important issues that are not separated from the executive budget bill.

To that end, the Special Committee endorsed the creation of working groups as part of the JFC review of an executive budget bill. These working groups would include both JFC and non-JFC members and be empowered to review and make recommendations to JFC on a range of broad issues.

The Special Committee asks you and the other members of JCLO to endorse the above recommendations and work to ensure their timely implementation in your respective house in the upcoming and subsequent sessions. Implementation of these recommendations will also require that the session schedule that JCLO prepares for each Legislature reflects the appropriate dates and related changes.

Thank you for your consideration of these important changes to the state's budget process.

Sincerely,

---

Senator Robert Jauch, Co-Chair  
Special Committee on Improving  
Wisconsin's Fiscal Management

---

Representative Donald Friske, Co-Chair  
Special Committee on Improving  
Wisconsin's Fiscal Management

cc: Designated Members of the Joint Committee on Legislative Organization  
Senator Fred A. Risser, Co-Chair, Joint Legislative Council  
Representative Kitty Rhoades, Co-Chair, Joint Legislative Council  
Senator Alan Lasee, Co-Chair Designee, Joint Legislative Council  
Representative Steve Wieckert, Co-Chair Designee, Joint Legislative Council  
Senator Alberta Darling, Co-Chair Designee, Joint Committee on Finance  
Representative Dean Kaufert, Co-Chair Designee, Joint Committee on Finance  
Don Schneider, Senate Chief Clerk  
Patrick Fuller, Assistant Assembly Chief Clerk  
Steve Miller, Chief, Legislative Reference Bureau  
Robert W. Lang, Director, Legislative Fiscal Bureau

Enclosures

*Special Committee on Improving Wisconsin's Fiscal Management*

**RECOMMENDED SCHEDULE FOR THE DEVELOPMENT  
OF THE BIENNIAL BUDGET**

December 20, 2002

		<b>Recommended Schedule<sup>1</sup></b>		
<b>Activity</b>	<b>Period of Time Allocated to the Activity</b>	<b>Post 2003-05 Biennial Budget With Incumbent Governor</b>	<b>Post 2003-05 Biennial Budget With Newly Elected, Nonincumbent Governor</b>	<b>2003-05 Biennial Budget</b>
Issuance of budget instructions by the Department of Administration		July 1 of each even-numbered year	July 1 of each even-numbered year	
Submittal of agency budget requests		September 15 of each even-numbered year	September 15 of each even-numbered year	
Compilation of agency budget requests and tax revenue estimates		November 20 of each even-numbered year	November 20 of each even-numbered year	

Activity	Period of Time Allocated to the Activity	Recommended Schedule <sup>1</sup>		
		Post 2003-05 Biennial Budget With Incumbent Governor	Post 2003-05 Biennial Budget With Newly Elected, Nonincumbent Governor	2003-05 Biennial Budget
Budget message by the Governor and introduction by the Joint Committee on Finance (JFC)		Second Tuesday in January of each odd-numbered year (third Tuesday if January 1 is on a Tuesday) <sup>2</sup> [Week 2]	Fourth Tuesday in January of each odd-numbered year (fifth Tuesday if January 1 is on a Tuesday) <sup>2</sup> [Week 4]	February 11, 2003 (second Tuesday in February 2003)  [Week 6]
Distribution of the summary of budget provisions by the Legislative Fiscal Bureau		Four weeks following budget introduction [Week 6]	Four weeks following budget introduction [Week 8]	Four weeks following budget introduction [Week 10]
JFC budget briefings	8 days	Weeks 6 and 7	Weeks 8 and 9	Weeks 10 and 11
JFC public hearings	2 1/2 weeks	Weeks 7 to 9	Weeks 9 to 11	Weeks 11 to 13
Capital budget submitted to JFC		First Tuesday in March of each odd-numbered year <sup>2</sup>	First Tuesday in March of each odd-numbered year <sup>2</sup>	April 1, 2003; first Tuesday in April 2003 (current law)
JFC executive sessions on the budget	5 weeks	Weeks 11 to 16 <sup>3</sup>	Weeks 13 to 18 <sup>3</sup>	Weeks 15 to 20
Consideration by the first house	2 weeks	Weeks 17 and 18	Weeks 19 and 20	Weeks 21 and 22

Activity	Period of Time Allocated to the Activity	Recommended Schedule <sup>1</sup>		
		Post 2003-05 Biennial Budget With Incumbent Governor	Post 2003-05 Biennial Budget With Newly Elected, Nonincumbent Governor	2003-05 Biennial Budget
Consideration by the second house	2 weeks	Weeks 19 and 20	Weeks 21 and 22	Weeks 23 and 24
Committee of conference	5 days	Week 21	Week 23	Weeks 25
Adoption by the Legislature	2 days	Week 22	Week 24	Week 26
Enrolled bill informally made available to the Governor		Week 23	Week 25	Week 27
Enactment of the bill (Governor's approval in whole or in part)		Week 26	Week 28	Week 30

Notes:

1. The week in the year is based on the weeks in 2003, with week 1 being the week containing the date of inauguration.
2. These dates require a change in current law, as set forth in the draft proposal, WLC: 0045/3, recommended by the Special Committee.
3. Based on past practices of the Legislature, the period for this activity will need to accommodate religious holidays, i.e., Easter and Passover.

**Item 2** - Letter dated December 20, 2002 to Governor-Elect James E. Doyle regarding a schedule for the development of the biennial budget and policy in the budget.

Governor-Elect James E. Doyle  
149 East Wilson Street  
Madison, WI 53702

Dear Governor-Elect Doyle:

Last summer, the Joint Legislative Council created the Special Committee on Improving Wisconsin's Fiscal Management and directed it to examine ways for Wisconsin to improve its ability to manage its finances using modern financial management and policy practices in the context of the budget process. The Special Committee concluded its work earlier this week, and we are writing to inform you of the committee's recommendations to Senator Mary Panzer and Representative John Gard, relating to two issues that may affect your formal role in the biennial budget process: (1) the schedule for the development of the biennial budget; and (2) exclusion of policy items from an executive budget bill before introduction. These recommendations would be implemented through changes in the rules of the Legislature.

The Special Committee is recommending a schedule with various deadlines to ensure that the state's biennial budget is enacted in a timely manner, but recognized that the 2003-05 fiscal biennium schedule should take into account the current fiscal condition of the state and the fact that you are not an incumbent Governor. Therefore, the Special Committee has recommended allowing you an additional two weeks to prepare the executive budget beyond the deadline it is recommending for incumbent governors beginning with the 2005-07 fiscal biennium. The Special Committee has recommended setting the date of Tuesday, February 11, 2003 for delivery of your budget message under s. 16.45, Stats.

In addition, the Special Committee is recommending that the Joint Committee on Legislative Organization modify the session schedule so that the Governor generally has 21 days to review an enrolled budget bill, irrespective of when the Legislature passes the bill.

With respect to exclusion of policy items from an executive budget bill before introduction, the Special Committee has recommended that the Legislature create a joint rule requiring the Legislative Reference Bureau (LRB) to identify items in any Department of Administration (DOA) drafting request for an executive budget bill that, in its opinion, propose:

- A primarily nonfiscal policy that either has no or minimal state fiscal effect or, if it has a state fiscal effect, has policy implications that outweigh any potential fiscal effect; or
- A private or local measure subject to section 18 of article IV of the constitution.

The joint rule would require the LRB to notify the DOA of the identification. If the DOA still requests the item to be drafted for inclusion in an executive budget bill, the LRB would include the item in a list of such items it would be required to maintain for submission to the Co-Chairs of the Joint Committee on Finance upon introduction of the executive budget bill.

We believe that implementation of these recommendations would represent a significant positive step towards improving Wisconsin's fiscal management. Please feel free to contact either of us if you have any questions regarding these recommendations. We appreciate your support as the Legislature works with you to address this important goal.

Sincerely,

---

Senator Robert Jauch, Co-Chair  
Special Committee on Improving  
Wisconsin's Fiscal Management

---

Representative Donald Friske, Co-Chair  
Special Committee on Improving  
Wisconsin's Fiscal Management

cc: Senator Mary Panzer  
Representative John Gard  
Senator Fred A. Risser  
Representative Kitty Rhoades  
Senator Alan Lasee  
Representative Steve Wieckert  
Senator Alberta Darling  
Representative Dean Kaufert  
Marc Marotta, DOA Secretary-Designee  
David Riemer, Budget Office Director-Designee, DOA

**Item 3** - Letter dated January 30, 2003 to Senator Carol A. Roessler and Representative Suzanne Jeskewitz, Co-Chairs, Joint Committee on Audit, regarding an informational hearing on the DOA's Comprehensive Annual Financial Report for fiscal year 2001-02.

Senator Carol A. Roessler, Co-Chair  
Joint Committee on Audit  
Room 8 South, State Capitol  
Madison, WI 53701

Representative Suzanne Jeskewitz, Co-Chair  
Joint Committee on Audit  
Room 314 North, State Capitol  
Madison, WI 53701

Dear Senator Roessler and Representative Jeskewitz:

Last summer, the Joint Legislative Council created the Special Committee on Improving Wisconsin's Fiscal Management and directed it to examine ways for Wisconsin to improve its ability to manage its finances using modern financial management and policy practices in the context of the budget process. One of the needs identified by the Special Committee is that of greater legislative understanding of state financial statements prepared in accordance with generally accepted accounting principles (GAAP). Financial statements based on GAAP more accurately depict the state's financial condition by emphasizing an accrual accounting approach under which revenues are recorded when they are earned, rather than when they are collected, and liabilities are recorded when they are incurred, rather than when they are paid out.

At its December 18, 2002 meeting, the Special Committee voted to recommend this letter, requesting the Joint Committee on Audit to hold one or more informational hearings on the Department of Administration's State of Wisconsin Comprehensive Annual Financial Report (CAFR) for fiscal year 2001-02, which is prepared in accordance with GAAP. As part of the CAFR, the state Legislative Audit Bureau (LAB) performs an examination of the state's general purpose financial statements, in compliance with s. 13.94 (1) (c), Stats. This examination is made in accordance with GAAP, and the LAB's report is contained in the financial section of the CAFR. As of June 30, 2002, the general fund balance as reported in the CAFR was a deficit of -\$1,484.3 million, whereas the general fund balance as calculated using the state's budgetary basis of accounting on this date was a surplus of \$74.6 million.

We understand that the Joint Committee on Audit is planning to hold public hearings in March on the CAFR. We recommend that these hearings address the key reasons for the fund balance deficit as reported under GAAP, and believe that this would go a long way towards contributing to legislative and public understanding of our state budget situation. The Special Committee asks you to support this recommendation, and thanks you for your consideration of this important step towards improving Wisconsin's fiscal management.

Sincerely,

---

Senator Robert Jauch, Co-Chair  
Special Committee on Improving  
Wisconsin's Fiscal Management

---

Representative Donald Friske, Co-Chair  
Special Committee on Improving  
Wisconsin's Fiscal Management

cc: Janice Mueller, State Auditor, LAB  
Jacob Klam, Deputy State Auditor, LAB

**Committee and Joint Legislative Council Votes**

This Appendix identifies the votes by the Special Committee on Improving Wisconsin's Fiscal Management and the Joint Legislative Council on the proposals that were approved by the Special Committee for recommendation to the Joint Legislative Council for introduction in the 2003-04 Session of the Legislature:

**SPECIAL COMMITTEE VOTES**

At its December 18, 2002 meeting, the Special Committee voted as follows on its recommendations:

- WLC: 0045/3, relating to deadlines for the transmittal of the Building Commission's long-range state building program recommendations, the delivery of the Governor's biennial budget message, and a report on the timeliness of the submittal of agency budget requests, was recommended, as amended, for introduction by a voice vote. [The recommended proposal was subsequently drafted as LRB-1490/2.]
- WLC: 0052/2, relating to the veto procedure for appropriations bills (first consideration), was recommended, as amended, for introduction by a voice vote. [The recommended proposal was subsequently drafted as LRB-1849/1.]
- WLC: 0077/1, relating to the budget stabilization fund, the general fund deficit based on generally accepted accounting principles, and making an appropriation, was recommended, as amended, for introduction by a voice vote. [The recommended proposal was subsequently drafted as WLC: 0077/2.]
- WLC: 0079/1, relating to exclusion or removal of specified types of policy from an executive budget bill and standing committee review of the removed policy, was recommended, as amended, by a voice vote. The Special Committee also adopted on a voice vote a separate amendment to the Assembly and Senate rules created by WLC: 0079/1 that applies these rules to any committee of conference report on an executive budget bill. [The recommended proposal was subsequently split into three proposals, LRB-1492/1, LRB-1493/2, and LRB-1494/2. The separate amendment was subsequently split into WLC: 0131/1 and WLC: 0132/1.]

**JOINT LEGISLATIVE COUNCIL VOTES**

At its February 19, 2003 meeting, the Joint Legislative Council voted as follows on the recommendations of the Special Committee:

- Introduction by the Joint Legislative Council of LRB-1490/2 and WLC: 0077/2 passed by a vote of Ayes, 17 (Reps. Wieckert, Coggs, Foti, Freese, Gard, Kaufert,

Kreuser, Lehman, Schneider, Townsend, and Travis; and Sens. Lasee, Darling, Erpenbach, Harsdorf, Lazich, and Welch); Noes, 0; and Absent, 5 (Sens. Decker, Ellis, George, Panzer, and Risser).

- Introduction by the Joint Legislative Council of LRB-1492/1, LRB-1493/2, and LRB-1494/2 passed by a vote of Ayes, 14 (Reps. Wieckert, Coggs, Foti, Gard, Kaufert, Kreuser, Lehman, Schneider, Townsend, and Travis; and Sens. Darling, Erpenbach, Harsdorf, and Lazich); Noes, 3 (Rep. Freese; and Sens. Lasee and Welch); and Absent, 5 (Sens. Decker, Ellis, George, Panzer, and Risser). The Joint Legislative Council took no action on the amendments WLC: 0131/1 and WLC: 0132/1.
- Introduction of LRB-1849/1 failed by a vote of Ayes, 11 (Reps. Wieckert, Freese, Gard, Schneider, Townsend, and Travis; and Sens. Lasee, Erpenbach, Harsdorf, Lazich, and Welch); Noes, 6 (Reps. Coggs, Foti, Kaufert, Kreuser, and Lehman; and Sen. Darling); and Absent, 5 (Sens. Decker, Ellis, George, Panzer, and Risser).

The proposals that the Joint Legislative Council voted to introduce were subsequently introduced under the following numbers:

- LRB-1490/2, as 2003 Assembly Bill 177 and 2003 Senate Bill 64.
- WLC: 0077/2, as 2003 Assembly Bill 178 and 2003 Senate Bill 65.
- LRB-1492/1, as 2003 Assembly Joint Resolution 25 and 2003 Senate Joint Resolution 21.
- LRB-1493/2 as 2003 Assembly Resolution 9.
- LRB-1494/2, as 2003 Senate Resolution 5.

**APPENDIX 2**

**JOINT LEGISLATIVE COUNCIL**  
s. 13.81, Stats.

**CO-CHAIR**

**ALAN LASEE**  
*Senate President*  
2259 Lasee Road  
De Pere, WI 54115

**CO-CHAIR**

**STEVE WIECKERT**  
*Representative*  
1702 S. Irma Street  
Appleton, WI 54915

**SENATORS**

**ALBERTA DARLING**  
1325 West Dean Road  
River Hills, WI 53217

**GARY R. GEORGE**  
1100 West Wells Street, #1711  
Milwaukee, WI 53233

**MARY E. PANZER**  
*Majority Leader*  
635 Tamarack Drive West  
West Bend, WI 53095

**RUSSELL DECKER**  
6803 Lora Lee Lane  
Schofield, WI 54476

**SHEILA HARSDORF**  
N6627 County Road E  
River Falls, WI 54022

**FRED A. RISSER**  
5008 Risser Road  
Madison, WI 53705

**MICHAEL G. ELLIS**  
1752 County Road GG  
Neenah, WI 54956

**MARY LAZICH**  
4405 S. 129th St.  
New Berlin, WI 53151

**ROBERT WELCH**  
*President Pro Tempore*  
P.O. Box 523  
Redgranite, WI 54970

**JON ERPENBACH**  
*Minority Leader*  
2385 Branch St.  
Middleton, WI 53562

**REPRESENTATIVES**

**G. SPENCER COGGS**  
3732 North 40th Street  
Milwaukee, WI 53216

**DEAN KAUFERT**  
1360 Alpine Lane  
Neenah, WI 54956

**MARLIN D. SCHNEIDER**  
3820 Southbrook Lane  
Wisconsin Rapids, WI 54494

**STEVEN M. FOTI**  
*Majority Leader*  
351 Lisbon Road  
Oconomowoc, WI 53066

**JIM KREUSER**  
*Minority Leader*  
3505 14th Place  
Kenosha, WI 53144

**JOHN TOWNSEND**  
297 Roosevelt Street  
Fond du Lac, WI 54935

**STEPHEN J. FREESE**  
*Speaker Pro Tempore*  
310 East North Street  
Dodgeville, WI 53533

**MICHAEL LEHMAN**  
1317 Honeysuckle Road  
Hartford, WI 53027

**DAVID TRAVIS**  
5440 Willow Road  
Waunakee, WI 53597

**JOHN GARD**  
*Speaker*  
481 Aubin Street  
P.O. Box 119  
Peshtigo, WI 54157

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the cochairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees.



**IMPROVING WISCONSIN'S FISCAL MANAGEMENT**

Representative Terese Berceau  
4181 Cherokee Drive  
Madison, WI 53711

Senator Alberta Darling  
1325 West Dean Road  
River Hills, WI 53217

Representative Gregory B. Huber  
406 South 9th Avenue  
Wausau, WI 54401

Representative Dean R. Kaufert  
1360 Alpine Lane  
Neenah, WI 54956

Senator Judith Robson  
2411 E. Ridge Road  
Beloit, WI 53511

Jeannette Bell, Mayor  
City of West Allis  
West Allis City Hall  
7525 West Greenfield Avenue  
West Allis, WI 53214

Dale Cattanach  
5 Rye Circle  
Madison, WI 53717

Donald Kettl  
Observatory Hill Office Bldg.  
1225 Observatory Hill Dr., Rm. 109  
Madison, WI 53706

Brian Rude  
Dairyland Power Cooperative  
P.O. Box 817  
La Crosse, WI 54602-0817

Representative Spencer Black  
5742 Elder Place  
Madison, WI 53705

Representative Donald R. Friske, **Co-Chair**  
N2998 County Highway K  
Merrill, WI 54452

Senator Robert Jauch, **Co-Chair**  
5271 S. Maple Dr.  
Poplar, WI 54864

Senator Mary E. Panzer  
635 Tamarack Dr. W.  
West Bend, WI 53095

Representative Jeff A. Stone  
7424 West Forest Home Avenue  
Greenfield, WI 53220

Todd Berry  
Wisconsin Taxpayers Alliance  
335 West Wilson St.  
Madison, WI 53703-3694

David Helbach  
Director, Corporate Public Affairs  
Alliant Energy Corporation  
P.O. Box 77007  
Madison, WI 53707-1007

Jim Letourneau, President  
Foley United  
393 Troy St.  
River Falls, WI 54022

STUDY ASSIGNMENT: The Committee is directed to examine ways for Wisconsin to improve its ability to manage its finances using modern financial management and policy practices in the context of the budget process. Established and Co-Chairs appointed by a May 22, 2002 mail ballot; members appointed by a July 15, 2002 mail ballot.

17 MEMBERS: 4 Senators; 6 Representatives and 7 Public Members.

LEGISLATIVE COUNCIL STAFF: John Stolzenberg, Chief of Research Services, Mary Offerdahl, Staff Attorney, and Kelly Mautz, Support Staff.



*Committee Materials List*

**December 18, 2002 Meeting**

[WLC: 0045/3](#), relating to deadlines for the transmittal of the building commission's long-range state building program recommendations and the delivery of the governor's biennial budget message [and a report on the timeliness of the submittal of agency budget requests]

[WLC: 0052/2](#), a constitutional amendment, relating to the veto procedure for appropriation bills (first consideration)

[WLC: 0096/1](#), an amendment to WLC: 0052/2

[WLC: 0097/1](#), an amendment to WLC: 0052/2

[WLC: 0077/1](#), relating to the budget stabilization fund, the general fund deficit based on generally accepted accounting principles, and making an appropriation

[WLC: 0079/1](#), relating to exclusion or removal of specified types of policy from an executive budget bill and standing committee review of the removed policy

[WLC: 0094/1](#), an amendment to WLC: 0079/1

[WLC: 0098/1](#), an amendment to WLC: 0079/1

[Draft letter](#) to the co-chairs of the Joint Committee on Legislative Organization, relating to a recommended schedule for the development of the biennial budget (12-11-02)

[Draft letter](#) to the co-chairs of the Joint Committee on Legislative Organization, relating to the Legislature's participation in the budget process (12-18-02)

[Draft letter](#) to the co-chairs of the Joint Committee on Audit (12-18-02)

[Final letter](#) to Governor-Elect Doyle (12-20-02)

[Final letter](#) to the co-chairs of the Joint Committee on Legislative Organization, relating to the Legislature's participation in the budget process (12-20-02)

[Final letter](#) to the co-chairs of the Joint Committee on Audit (01-30-03)

**November 21, 2002 Meeting**

[Memo No. 13](#), **Options on the State Budget Stabilization Fund** (10-20-02)

[Memo No. 14](#), **Options for Balancing the Budget as Reported in Accordance With Generally Accepted Accounting Principles (GAAP)** (11-20-02)

[WLC: 0045/1](#), relating to submission of agency and capital budget requests and the date for the delivery of the governor's biennial budget message

[WLC: 0047/1](#), relating to withholding of legislator pay and reimbursement of certain expenses

[WLC: 0048/1](#), relating to the effective period of appropriations

[WLC: 0049/1](#), an amendment to the session schedule, relating to the governor's review period

[WLC: 0052/1](#), relating to partial veto

[Memo No. 12](#), **Proposals for Limiting or Reviewing Policy in the Budget** (11-13-02)

[Draft letter](#) to the **Co-Chairs of the Joint Committee on Legislative Organization**, relating to a recommended schedule for the development of the biennial budget (11-12-02)

[Memorandum](#) from **David Schmiedicke**, State Budget Director, Department of Administration (11-4-02)

## **October 24, 2002 Meeting**

[Memo No. 2](#), **Background Information on Biennial Budget Bills** (8-22-02; revised 10-11-02)

[Memo No. 5](#), **Problems and Proposals Raised at the First Two Committee Meetings** (10-15-02)

[Memo No. 6](#), **Basic Principles of Sound Fiscal Management** (10-16-02)

[Memo No. 7](#), **Options on Adopting the Budget on Time** (10-18-02)

[Memo No. 8](#), **Options on Changing the State's Fiscal Year to Correspond to the Federal Fiscal Year** (10-18-02)

[Memo No. 9](#), **Options for Amending the Language of State Constitutional Provisions Relating to the Governor's Partial Veto Authority Over Appropriation Bills** (10-18-02)

[Memo No. 10](#), **Options for Authorizing the Legislature to Initiate the Budget Bill** (10-18-02)

[Memorandum](#) from **Bob Lang**, Director, Legislative Fiscal Bureau, relating to biennial budget timetable (10-17-02)

[Memo No. 11](#), **Options on Removing Policy From the Budget** (10-23-02)

[Handout](#), **Four Limitations on the Ability of Legislators to Bind the Legislature** (10-24-02)

## **September 19, 2002 Meeting**

[Memo No. 4](#), **Issues and Proposals Raised at First Committee Meeting** (9-13-02)

[Report](#), **Review of Legislative Operations in the Wisconsin Legislature**, National Conference of State Legislatures (5-94)

[Memorandum](#) from **Bob Lang**, Director, Legislative Fiscal Bureau, relating to **response to questions regarding non-fiscal policy budget items** (9-13-02)

[Testimony](#), **Ronald Snell**, Director of Economic, Fiscal and Human Resources Division, National Conference of State Legislatures, Denver

[Testimony](#), **Kathleen Holt**, Vice President, Moody's Investors Service, New York

## August 29, 2002 Meeting

[Memo No. 1](#), **Recent Changes in the Biennial Budget Process** (8-22-02)

[Memo No. 2](#), **Background Information on Biennial Budget Bills** (8-22-02)

[Memo No. 3](#), **Background Information on Wisconsin's Bond Rating History** (8-22-02)

[Memorandum](#) from **Bob Lang**, Director, Legislative Fiscal Bureau, to Members, Wisconsin Legislature, **General Fund Budget Under 2001 Act 109** (8-13-02)

[Memorandum](#) from **David Schmiedicke**, State Budget Director, Department of Administration, to Agency Heads, **2003-05 Budget Instructions** (8-8-02)

[Legislative Fiscal Bureau Informational Paper #66](#), **State Budget Process** (1-01)

[Legislative Reference Bureau Wisconsin Brief 01-6](#), **Executive Budget Bills Enacted by the Wisconsin Legislature, 1931-1999** (1-01)

[Testimony](#), **Robert Lang**, Director, Legislative Fiscal Bureau

[Testimony](#), **Stephen Miller**, Chief, Legislative Reference Bureau

[Testimony](#), **David Schmiedicke**, State Budget Director, Department of Administration

[Testimony](#), **Frank Hoadley**, Capital Finance Officer, Department of Administration