



STATE OF WISCONSIN

Senate Journal

Ninety–Sixth Regular Session

10:18 A.M.

TUESDAY, February 18, 2003

The Senate met.

The Senate was called to order by Senator Alan Lasee.

The Chair, with unanimous consent, asked that the proper entries be made in the journal.

INTRODUCTION AND REFERENCE OF RESOLUTIONS AND JOINT RESOLUTIONS

Read and referred:

Senate Joint Resolution 18

Relating to: declaring May 14 Hmong–Lao Appreciation Day.

By Senators Welch, George, Zien, Brown, Decker, Cowles, Kanavas, M. Meyer, Hansen and Carpenter; cosponsored by Representatives Huebsch, McCormick, Krawczyk, Hundertmark, Kreibich, J. Wood, Musser, Plale, Vrakas, Petrowski, Albers, Ladwig, Bies, Cullen, Schooff, Krug, Travis, Balow, Plouff, Huber and Turner.

To committee on **Senate Organization**.

INTRODUCTION, FIRST READING AND REFERENCE OF BILLS

Read first time and referred:

Senate Bill 37

Relating to: enforcement of motor vehicle safety belt violations and providing a penalty.

By Senators Brown, Risser and George; cosponsored by Representatives Ainsworth, Hebl, Bies, Freese, Hines, McCormick, Pope–Roberts, Stone and Townsend.

To committee on **Judiciary, Corrections and Privacy**.

Senate Bill 38

Relating to: eliminating recovery for persons injured while involved in a felony.

By Senators Welch, S. Fitzgerald, Zien, Cowles, Reynolds, Stepp, Roessler, Kanavas and Lazich; cosponsored by Representatives Hundertmark, F. Lasee, Suder, Krawczyk, Musser, Olsen, Plouff, Jeskewitz, Ainsworth, Seratti, Hines, Nass, Hahn, Gielow, Vrakas, Friske, Freese, Albers, Stone, Ott, Ladwig, Gunderson, McCormick, Bies, Kreibich, Kaufert, LeMahieu, Lassa, Van Roy, Plale, Petrowski and J. Fitzgerald.

To committee on **Judiciary, Corrections and Privacy**.

Senate Bill 39

Relating to: disclosure of credit reports and providing a penalty.

By Senators Erpenbach, Robson, Carpenter and Chvala; cosponsored by Representatives Schneider, Ziegelbauer,

Musser, A. Williams, Berceau, Travis, Plouff, Albers, Shilling, Boyle, Morris, Colon, J. Lehman, Huber and Balow.

To committee on **Judiciary, Corrections and Privacy**.

Senate Bill 40

Relating to: designating and marking a portion of USH 14 as the Ronald Reagan Highway.

By Senators Welch, S. Fitzgerald, Kanavas, Stepp, Schultz and Cowles; cosponsored by Representatives Suder, Hines, Ward, Huebsch, McCormick, Gunderson, Krawczyk, Van Roy, Vukmir, Bies, Jeskewitz, Vrakas, Petrowski, Gielow and Ladwig.

To committee on **Transportation and Information Infrastructure**.

REPORT OF COMMITTEES

The committee on **Senate Organization** reports and recommends:

Senate Resolution 3

Relating to: the senate rules.

Introduction.

Ayes, 5 – Senators Panzer, A. Lasee, Zien, Erpenbach and Hansen.

Noes, 0 – None.

To committee on **Senate Organization**.

Mary Panzer
Chairperson

The committee on **Agriculture, Financial Institutions and Insurance** reports and recommends:

ADAMSKI, PAUL C., of Stevens Point, as a member of the Savings Bank Review Board, to serve for the term ending May 1, 2005.

Confirmation.

Ayes, 5 – Senators Schultz, Brown, Kedzie, Robson and Hansen.

Noes, 0 – None.

JOHNSON, DR. JAMES R., of Waukesha, as a member of the Veterinary Examining Board, to serve for the term ending July 1, 2005.

Confirmation.

Ayes, 5 – Senators Schultz, Brown, Kedzie, Robson and Hansen.

Noes, 0 – None.

MCGREGOR, ELAINE H., of Waukesha, as a member of the Veterinary Examining Board, to serve for the term ending July 1, 2004.

Confirmation.

Ayes, 5 – Senators Schultz, Brown, Kedzie, Robson and Hansen.

Noes, 0 – None.

NILSESTUEN, ROD, of DeForest, as Secretary of the Department of Agriculture, Trade and Consumer Protection, to serve for the term ending at the pleasure of the Governor.

Confirmation.

Ayes, 5 – Senators Schultz, Brown, Kedzie, Robson and Hansen.

Noes, 0 – None.

Dale Schultz
Chairperson

The committee on **Health, Children, Families, Aging and Long Term Care** reports and recommends:

Senate Bill 7

Relating to: including dentists and dental hygienists as health care professionals for the purpose of forming service corporations.

Passage.

Ayes, 9 – Senators Roessler, Kanavas, Brown, Welch, Schultz, Robson, Chvala, Jauch and Carpenter.

Noes, 0 – None.

Carol Roessler
Chairperson

The committee on **Homeland Security, Veterans and Military Affairs and Government Reform** reports and recommends:

Senate Bill 15

Relating to: creation of a Joint Survey Committee on State Mandates and required funding of state mandates.

Adoption of Senate Substitute Amendment 1.

Ayes, 5 – Senators Brown, Zien, S. Fitzgerald, Wirch and Breske.

Noes, 0 – None.

Passage as amended.

Ayes, 5 – Senators Brown, Zien, S. Fitzgerald, Wirch and Breske.

Noes, 0 – None.

Ronald Brown
Chairperson

The committee on **Senate Organization** reports and recommends:

Assembly Joint Resolution 12

Relating to: declaring February African–American History and Cultural Heritage Month.

Concurrence.

Ayes, 5 – Senators Panzer, A. Lasee, Zien, Erpenbach and Hansen.

Noes, 0 – None.

Assembly Joint Resolution 13

Relating to: declaring February 2003 American Heart Month in Wisconsin.

Concurrence.

Ayes, 5 – Senators Panzer, A. Lasee, Zien, Erpenbach and Hansen.

Noes, 0 – None.

Senate Joint Resolution 14

Relating to: the 28th year of military occupation of Cyprus.

Adoption.

Ayes, 5 – Senators Panzer, A. Lasee, Zien, Erpenbach and Hansen.

Noes, 0 – None.

Senate Joint Resolution 17

Relating to: the life of Dr. Laurel Blair Salton Clark.

Adoption.

Ayes, 5 – Senators Panzer, A. Lasee, Zien, Erpenbach and Hansen.

Noes, 0 – None.

Senate Joint Resolution 18

Relating to: declaring May 14 Hmong–Lao Appreciation Day.

Adoption.

Ayes, 5 – Senators Panzer, A. Lasee, Zien, Erpenbach and Hansen.

Noes, 0 – None.

Senate Resolution 3

Relating to: the senate rules.

Adoption.

Ayes, 5 – Senators Panzer, A. Lasee, Zien, Erpenbach and Hansen.

Noes, 0 – None.

Mary Panzer
Chairperson

The joint survey committee on **Tax Exemptions** reports and recommends:

Senate Bill 6

Relating to: creating a sales tax and use tax exemption for the sale of game birds.

No recommendation pursuant to s. 227.19 (6)(b), Wisconsin Statutes.

Michael Ellis
Senate Chairperson

PETITIONS AND COMMUNICATIONS

State of Wisconsin

February 17, 2003

The Honorable, The Senate:

Pursuant to section 14.90 (1), I am appointing Senator Sheila Harsdorf as a member of the Midwestern Higher Education Commission to fill a Wisconsin vacancy.

Sincerely,

ALAN J. LASEE
Senate President

State of Wisconsin

February 18, 2003

The Honorable, The Senate:

Pursuant to Senate Rule 20(2)(a) and (b) I have appointed Senator Moore to the Joint Committee on Finance and removed Senator Meyer.

With regard to members of the minority party, appointments are made based on the nominations of that caucus.

Sincerely,

MARY E. PANZER
Chair, Committee on Senate Organization

**State of Wisconsin
Office of the Secretary of State**

To the Honorable, the Senate:

<u>Bill, Joint Resolution or Resolution Number</u>	<u>Act Number or Enrolled Number</u>	<u>Publication Date</u>
2003 Senate Joint Resolution 4	Enrolled Joint Resolution 4	N/A
2003 Senate Joint Resolution 5	Enrolled Joint Resolution 5	N/A
2003 Senate Joint Resolution 11	Enrolled Joint Resolution 6	N/A
2003 Senate Joint Resolution 13	Enrolled Joint Resolution 7	N/A

Sincerely,
DOUGLAS LA FOLLETTE
Secretary of State

**State of Wisconsin
Legislative Audit Bureau**

February 12, 2003

The Honorable, The Legislature:

We have completed a financial audit of WHA Radio, as requested by the University of Wisconsin-Extension to fulfill the audit requirements of the Corporation for Public Broadcasting. The Corporation requires audited financial statements of public broadcasting entities to determine future funding levels.

WHA Radio is licensed to the Board of Regents of the University of Wisconsin System and is operated by the University of Wisconsin-Extension. WHA Radio received \$8.8 million in revenues during fiscal year 2001-02, including state support, member contributions, funding from the Corporation for Public Broadcasting, and various other grants.

Our audit report contains the financial statements and related notes for fiscal years 2001-02 and 2000-01. We were able to issue an unqualified independent auditor's report on these statements. A new financial reporting model was implemented for fiscal year 2001-02 that changed the presentation of the financial statements. An important feature of the new model is Management's Discussion and Analysis, which is prepared by management of WHA Radio and provides an overview of the financial statements and an analysis of financial results.

We appreciate the courtesy and cooperation extended to us by University of Wisconsin-Extension staff during the audit.

Sincerely,
JANICE MUELLER
State Auditor

**State of Wisconsin
Legislative Audit Bureau**

February 12, 2003

The Honorable, The Legislature:

We have completed a financial audit of WHA Television, as requested by the University of Wisconsin-Extension to fulfill the audit requirements of the Corporation for Public Broadcasting. The Corporation requires audited financial statements of public broadcasting entities to determine future funding levels.

WHA Television is licensed to the Board of Regents of the University of Wisconsin System and is operated by the University of Wisconsin-Extension. WHA Television received \$16.2 million in revenues during fiscal year 2001-02, including

state support, member contributions, funding from the Corporation for Public Broadcasting, and various other grants. Our audit report contains the financial statements and related notes for the period July 1, 2001 through June 30, 2002. We were able to issue an unqualified independent auditor's report on these statements. A new financial reporting model was implemented for fiscal year 2001-02 that changed the presentation of the financial statements. An important feature of the new model is Management's Discussion and Analysis, which is prepared by management of WHA Television and provides an overview of the financial statements and an analysis of financial results.

We appreciate the courtesy and cooperation extended to us by University of Wisconsin-Extension staff during the audit.

Sincerely,
JANICE MUELLER
State Auditor

**State of Wisconsin
Ethics Board**

February 18, 2003

The following lobbyists have been authorized to act on behalf of the organizations set opposite their names.

For more detailed information about these lobbyists and organizations and a complete list of organizations and people authorized to lobby the 2001 session of the legislature, visit the Ethics Board's web site at <http://ethics.state.wi.us>

- Bergersen, Gunnar **Lake States Lumber Association**
- Blumenfeld, Michael **Wisconsin Educational Media Association**
- Bogovich, Richard **Wisconsin's Environmental Decade Inc**
- Bowen, Sarah **Wisconsin Psychological Association**
- Bright, Michael **Great Dane Pub & Brewery Co.**
- Bright, Michael **Salomon Smith Barney Inc.**
- Carey, Ray **Johnson Controls Inc**
- Christianson, Peter C **American Insurance Association**
- Essie, Patrick **Association of State Prosecutors**
- Green, Thomas **Salomon Smith Barney Inc.**
- Handzel Jr, Henry **Wisconsin Paper Council**
- Hauser, R F (Dick) **Wisconsin Cattlemen's Association**
- Heins, Stephen A. **Orion Energy Systems**
- Hoven, Timothy **Orion Energy Systems**
- Kammer, Peter **GlaxoSmithKline Inc**
- Kammer, Peter **Wisconsin Liquid Waste Carriers Association**
- Kammer, Peter **Wisconsin Water Well Association Inc**
- Kljajic, R Ray **Salomon Smith Barney Inc.**
- Looze, Marcus **Wisconsin's Environmental Decade Inc**
- Majeskie, Dennis **Wyeth-Ayerst Laboratories, a Division of American Home Products**
- Mc Coshen, William J **Hoffman York**
- Moore, Thomas E **Wyeth-Ayerst Laboratories, a Division of American Home Products**
- Petak, George **Hoffman York**
- Petersen, Eric J **United States Cellular Corporation**
- Potts, Michael **Orion Energy Systems**
- Reihl, Mark **Wisconsin State Council of Carpenters**
- Rogowski, Michael **University of Phoenix**
- Rollins, Luke **Great Dane Pub & Brewery Co.**

Rollins, Luke **Salomon Smith Barney Inc.**
 Scheer, Derek **Wisconsin's Environmental Decade Inc**
 Schimming, Brian **Forest County Potawatomi Community**
 Schmidt, Claire **Wisconsin's Environmental Decade Inc**
 Schreier, David **Aventis Pharmaceuticals**
 Schulz, Lee **Independence First Inc**
 Springer, Thomas J **University of Phoenix**
 Springer, Thomas J **Wisconsin School Food Service Association**
 Winters, Amy **Gold'n Plump**
 Wood, Stephen **Salomon Smith Barney Inc.**

Also available from the Wisconsin Ethics Board are reports identifying the amount and value of time state agencies have spent to affect legislative action and reports of expenditures for lobbying activities filed by organizations that employ lobbyists.

Sincerely,

R. ROTH JUDD
 Director

REFERRALS AND RECEIPT OF COMMITTEE REPORTS CONCERNING PROPOSED ADMINISTRATIVE RULES

The committee on **Agriculture, Financial Institutions and Insurance** reports and recommends:

Senate Clearinghouse Rule 02-054

Relating to animal diseases, animal imports and livestock markets.

No action taken.

Senate Clearinghouse Rule 02-116

Relating to the agriculture development zone program.

No action taken.

Dale Schultz
 Chairperson

The committee on **Higher Education and Tourism** reports and recommends:

Senate Clearinghouse Rule 02-135

Relating to the regulation of for-profit postsecondary schools; out-of-state, nonprofit colleges and universities; and in-state, nonprofit institutions incorporated after 1991.

No action taken.

Sheila Harsdorf
 Chairperson

Senator A. Lasee, with unanimous consent, asked that the Senate recess until 6:45 P.M..

10:19 A.M.

RECESS

6:45 P.M.

The Senate reconvened.

Senator A. Lasee in the chair.

Senator Lasee, with unanimous consent, appointed Senators Darling and Decker to act as escorts to his Excellency the Governor.

Senator Panzer, with unanimous consent, asked that the Senate recess for the purpose of convening in a joint convention

to receive the Governor's budget message and adjourn until 9:00 A.M. Thursday, February 20 upon the rising of the joint convention.

6:56 P.M.

RECESS

IN ASSEMBLY CHAMBER IN JOINT CONVENTION

The President of the Senate in the Chair.

The committee to await upon the Governor appeared with his excellency the Governor, who delivered his budget message as follows:

BUDGET ADDRESS

Mr. Speaker, Mr. President, Mr. Speaker Pro-Tempore, Lieutenant Governor Lawton, Constitutional officers, members of the Cabinet, distinguished members of the Legislature and fellow citizens of Wisconsin:

Tonight we embark on a difficult journey together. The course will be demanding. The hardship will be real. But the destination is unmistakable: a brighter tomorrow for Wisconsin. Our state will be a better place for the choices we make. Fiscal responsibility will be restored. Our economy will be revived. And faith in government will be renewed.

Let me state this clearly ... For too long, state government has spent too much and led too little. And it stops tonight. For the first time in 22 years, Wisconsin will live within its means. Our budget will be balanced — not just on paper, but in practice. And I am proud to announce that despite a fiscal crisis of historic proportions, we have balanced this budget without raising taxes.

Just as important, we have done it without destroying what's most precious to us.

We all know how we arrived at this point. For years, state government has spent more than it could afford. The state bureaucracy has ballooned. At the height of the economic boom of the 1990s, Madison went on a spending binge but barely put a dime aside for a rainy day.

When the economy faltered, state government had a choice — to look our problems in the eye or look the other way — and it chose the easy road of the temporary fix. Tragic mistakes like selling the tobacco settlement made the problem worse while merely pushing the tough decisions off to another day.

Now that day has arrived. We are \$454 million in the hole this year and we face a \$3.2 billion shortfall over the next two.

And make no mistake: The choices are tough indeed — among the toughest any of us will ever have to make. This budget eliminates 2,900 state jobs. It reduces funding for the University system by \$250 million. It slashes one in every 10 dollars in state operating costs.

As we proceed, let's never forget this: On the other end of these cuts are real people who will feel real pain. We'll do what we have to do. But we should do it with respect and understanding towards those who bear the burden.

And let's remember this too: Budgets are about choices.

We have to choose between less spending and more taxes — and my budget chooses less spending.

We have to choose between unfairly burdening a few or all sharing a measure of pain — and my budget says we're all in this together.

We have to choose between slashing thoughtlessly and setting priorities, — and my budget protects what matters most.

No matter how you believe we should balance the budget, you must choose. If you disagree with a cut I've proposed, suggest an alternative — not an abstract idea or a political one liner, but equal dollars in a particular program you believe is less important. It's my job to present a balanced budget, and it's your job to pass one.

Because this crisis demands immediate action, I have agreed with Speaker Gard and Majority Leader Panzer to base this budget on the revenue estimates of the Legislative Fiscal Bureau. In years past, governors have appeared at this podium armed with their own budget numbers, and legislators have replied with theirs, and we have wasted days and weeks and months arguing about whose were more accurate. I want this to be a debate about priorities, not projections. So let's use your numbers.

And I want it to be a debate about the budget, not extraneous side issues. We've done our best to stick to the work at hand and eliminate unrelated matters. I challenge you to do the same.

This budget is comprehensive, but it is not perfect. I've asked you for an open mind, and I promise that your suggestions will get the same hearing. You deserve no less.

As I have developed the budget blueprint, I have established five priorities:

1. Not to raise taxes — because Wisconsin taxpayers already pay their fair share.
2. To distribute budget cuts fairly — because we're all in this together.
3. To protect education, health care, key local services and the environment — because no matter how deep this crisis is, we have to protect what's most important.
4. To reduce spending and make government more efficient — because if we're going to ask the people of Wisconsin to accept less, we have to do more with less.
5. To do it once and do it right — because we need to get on with Wisconsin's future, not return again and again to the problems of the past.

This budget meets all of these goals. But it hasn't been easy.

Under this plan, state government will eliminate the shortfall and run a surplus in both 2004 and 2005. We will do so by cutting deeply into current spending, setting priorities for the money we have, and fighting for every federal dollar that's owed to us. Specifically:

- We have four months left in the budget I inherited from the prior administration. We can't postpone the hard decisions and I have recommended reducing this current year's deficit by \$161 million. We need immediate action, and I've proposed it. Now it's time for the Legislature to pass it.

This \$161 million represents a beginning, not the end. We're reviewing every state building project — cutting back on out-of-state travel for state workers — reducing the bureaucracy — scrutinizing every open position to see whether it really needs to be filled — stopping the purchase of new state cars — and more.

Our effort has been massive:

- We have cut nearly \$1.5 billion in state spending — Wisconsin's first two-year spending cut in 30 years. Let me say that again — Wisconsin's first two-year spending cut in 30 years. Never before has a budget so thoroughly reformed and reduced state government.

We have cut as no administration has ever cut before. We have eliminated jobs. We have slashed overhead. We have abolished agencies. And we have done much more. The depth of these cuts matches the depth of this crisis.

- We transferred \$500 million from the transportation fund to schools and shared revenue — protecting education and essential services like police officers and firefighters.
- We transferred \$200 million from the Patients Compensation Fund to more urgent health care priorities.
- We'll save a total of \$408 million by going after all the federal Medicaid funds that are owed to us.
- We're confident that we'll successfully negotiate historic agreements that will result in a minimum of \$237 million in additional Tribal Gaming Revenues. All the people of Wisconsin should join me in acknowledging the important effort the tribes of Wisconsin are making toward helping the state in this difficult time.
- And because I believe in leading by example, I've cut the Governor's office budget by 19 percent — and returned my pay raise. And I've asked my cabinet secretaries to follow my lead and give back any pay increases above what their predecessors received.

Those measures, combined with \$275 million in other actions, will eliminate our \$3.2 billion shortfall and actually create a surplus of \$40 million at the end of 2005.

We'll add to our reserve too — not as much as I'd like, but a considerable improvement over not having one at all.

Just as important, my budget solves this problem once and solves it right. For more than 20 years, we've started every state budget with spending promises that increase faster than revenue. Accountants call it a "structural deficit." I call it irresponsible ... and it stops tonight.

At the end of this budget, we'll be spending less than what we take in, not more. The next time we write a budget, it will be on a clean slate.

Despite these historic reductions, some people will say this budget doesn't cut enough. If they have suggestions for where to cut more, I'm ready to listen. But a year ago, if state government had done a fraction of what I'm proposing tonight, we wouldn't be in nearly the mess we're in. My cuts are steep, they are serious, and let's not kid ourselves: They vastly exceed anything state government has been willing to consider in recent years.

Before I talk about spending items in this budget, let's discuss where the money will come from.

This budget does not raise taxes. It does not raise income taxes, sales taxes or corporate taxes. It leaves exemptions in place. And we allocate nearly a billion dollars for property tax relief.

Fees are increased only if they have not been raised recently, they do not currently cover the costs of the program they are supposed to finance, and the increases are modest.

This budget, like all, relies on some one-time revenue sources. Because one-time sources helped create the current mess, we used them sparingly.

But unlike in years past, this limited use of one-time revenues won't endanger our future. We are using them as part of a long-term plan that results in long-term balance, not a one-time fix that just delays hard decisions. We've used several hundred million dollars in one-time revenues to pay off the budget deficit we inherited this year. Most of the other one-time revenues are used in the first year of this budget to get

us through the worst of the problem. We begin to phase them out in the second year. And by the end of this budget, we will have cut state spending enough that we won't have to rely on these revenues any more.

Now, let's look at some specific spending areas.

I begin tonight where our first priority should be.

This time of extraordinary financial distress demands that we cut nearly everywhere in our budget. But just as urgently, every bit as passionately, I believe there is one area which calls for more investment.

That is why we searched hard, and searched deep, and made room in this budget for a \$100 million increase for our schools.

Some will ask how I can justify spending more on schools when so many other programs are being cut. To them I reply: Education is my top priority because it points the way out of this crisis. Education is the key to our economic future. And no matter your party or point of view, we should all be able to agree on this: Our kids shouldn't have to pay for Madison's mistakes with their futures.

On top of this additional spending on schools, low-spending districts — 98 in all — will be allowed to spend more on education, and therefore receive more aid.

The budget leaves existing revenue caps in place. Within those limits, school districts should be able to decide what they spend based on what their kids and their communities need. That's something on which everyone should be able to agree. If you believe Madison doesn't always know best, then let our communities decide.

And speaking of giving school districts the freedom to make their own choices, it's time to repeal the QEO. The QEO isn't working. It's making it harder to attract and retain the best teachers for our kids at a time when record numbers of educators are leaving the profession. And it's wrong to single teachers out and treat them differently from other public employees.

I'm going to fight for every penny we've proposed for our schools. But we must also confront a hard reality: State government can no longer afford to finance two-thirds of funding for public schools. The money just isn't there. So I call on school districts to join state government in taking a close look at every penny — preserving what's most important, but also clamping down on what's not. The money needs to go to classrooms and kids, not the bureaucracy.

Next, my budget protects shared revenue.

Shared revenue will be fully funded next year — even though doing so required us to find \$600 million in each year of the budget — a total of \$1.2 billion — to replace the one-time use of the tobacco settlement. In Fiscal Year 2005, we'll spend at least \$931 million on shared revenue — amounting to a total cut of less than 4 percent over the course of the budget.

Year in and year out, local governments depend on shared revenue to fund essential services like police and fire protection. When I talk to people about they want out of government, they tell me they want us to protect the services that matter most in their lives, and that's what shared revenue does.

Yet local governments have been derided as Wisconsin's big spenders. Well, I've spent the last six weeks searching high and low for the big spenders. I've found them, and they're right here in Madison. State government is the big spender in Wisconsin, not communities around our state.

If we don't restore shared revenue — if we leave in place what the Legislature did last session — local services like police and fire protection will be devastated and our citizens will be socked with the biggest property tax increase in the history of our state.

That's not acceptable to me, and it shouldn't be acceptable to you either — but that is exactly what will happen if the Legislature tries to solve this crisis on the back of shared revenue.

There are four things a governor can do to keep property taxes low. The first is restoring shared revenue. We did. The second is providing adequate funding for education. We did that as well. The third is leaving revenue caps in place. We did that too. The fourth is providing property tax relief by fully funding the levy credit. We've allocated \$938 million to do just that.

But we also need help from school boards and local officials. In the past, Madison has called on them to do more with less without doing any of the heavy lifting ourselves.

Tonight, we are leading by example, and I ask school boards and local officials to join together with us — because Wisconsin's families can't afford more property taxes any more than they can handle more income or sales taxes.

Over the last few weeks, I've talked with school leaders and local officials across Wisconsin. They're committed to holding the line on property taxes — and we're committed to doing all we can to help.

The budget also reduces funding for the university system by \$250 million. These choices were especially difficult for me. I know how important our universities are to individual opportunity and economic development alike. But everyone must share in the sacrifice needed to clean up the budget mess — and the university system can't be an exception.

The budget limits tuition increases to \$250 a semester at most campuses and to \$350 in Madison and Milwaukee. I hope the university and the Board of Regents won't increase tuition even that much, but under no circumstances may they go higher.

For a working family, \$250 or \$350 is a lot of money. But we still have the second-lowest tuition of any Big Ten school. And the only state behind us — Iowa — has already announced tuition increases of 19 percent.

Still, no matter how dire the budget crisis may be, we must not close the gates of opportunity to working families. That's why this budget boosts financial aid by 56 percent — the biggest increase in Wisconsin history.

Wisconsin's budget crisis is intertwined with America's health care crisis. Health care costs are soaring, the number of people who need help is climbing, and we need national leadership to help solve the problem.

Across the nation, states are responding to this crisis by taking health care coverage away from people who desperately need the help. Wisconsin won't do that. My goal in this budget has been to do all we can to preserve health care benefits for the people who depend on them.

The budget protects Senior Care, Medical Assistance and Badger Care so that working families and kids can continue to see a doctor. It expands the Community Options Program so more seniors will be able to stay in their homes. And it provides for buying pools to make prescription drugs and health insurance for small businesses and farm families more affordable.

Preserving these programs required especially hard decisions. One of them was significantly downsizing the Northern Wisconsin Center for the Developmentally Disabled. Its residents will still be served, either through other state centers or in their communities. Nonetheless, it's going to be a very difficult transition for these families.

To finance Medical Assistance during these difficult times, we've reallocated \$200 million from the Patients Compensation Fund. This Fund was established to keep health care affordable, so it makes sense to use a portion of it for that purpose. The Fund will still have a \$400 million balance — far more than enough to pay any claims.

This budget also assumes Wisconsin will fight for every dollar we're owed in federal Medicaid money. In the last two years, Wisconsin received almost \$1 billion in revenue from this source. In this budget, we're only counting on about half that amount — even less than Governor McCallum assumed in his budget proposal.

Even so, the skeptics are already saying we can't recover what we're owed. Washington is taking its usual position of saying they won't pay. Democrats and Republicans are in this together, and we all need to make sure Wisconsin's taxpayers get their fair share under the law.

This budget also cuts \$378 million from the state's administrative and overhead costs.

For the first time in decades, we're reducing the state work force. The budget eliminates 2,900 positions — through attrition to the extent possible, but through layoffs to the extent necessary.

Politically, it's easy to blame our problems on those who draw their paychecks for serving our state. It's also dead wrong. They are dedicated, decent public servants who love their state and care for its people. These are the men and women who watch over troubled kids, protect our seniors, care for our sick, keep our communities safe and more. The fact that we now employ more people than we can afford does not diminish the service they provide.

The budget includes sweeping measures to consolidate state government and make it more efficient.

Two cabinet agencies, the Department of Electronic Government and the Department of Employee Relations, are eliminated. To make government more efficient, the budget moves the consumer protection office from the Department of Agriculture to the Department of Justice and the Higher Education Aid Board is moved to the UW system.

Six existing boards — including the Tobacco Control Board and the Adolescent Pregnancy Prevention Board — are eliminated, not because their work is unimportant but because it is already being performed by other agencies. In today's fiscal climate, we can't afford to have two people doing the same job — no matter how important that job is.

We've also slowed increases in spending for corrections — and I'm proud to say this budget includes no increase in corrections in 2005.

That's going to take a lot of sacrifice. We don't have the money to open most new facilities. Here in Madison — where we have 500 corrections employees but not a single inmate — we'll eliminate almost 200 positions.

Despite these cuts, I want the people of Wisconsin to know this: As a District Attorney and Attorney General, I've devoted my career to protecting public safety. No matter how deep the budget crisis may be, we're going to keep our communities safe.

And we'll invest in preventing crime in addition to punishing it. This budget includes more money for investing in programs that give kids alternatives to crime. We can't do as much as we'd like to, but we're going to do everything possible.

Tonight I also propose that we invest almost \$2 billion each year in transportation. Despite the fiscal crisis, this is almost as much as we have spent in the last two years. This budget proposes that level because I recognize the importance of transportation to economic development and quality of life.

In this budget we're allocating \$244 million to begin the work of reconstructing the Marquette interchange. The cost is high, but we can't plug a two-year budget hole by sacrificing the safety and quality of a road people will be driving for decades to come. By financing the cost of this project, we can help to

preserve funding for other transportation priorities while also making more room for education and local services.

We haven't settled on a final design for the Marquette interchange, but I make two guarantees: The interchange will be safe, and it will be cost-effective.

People in Milwaukee tell me their priority is getting this work done quickly so construction doesn't clog the roads for years to come. By waiting a year to begin work, we can prevent an extended disruption and still complete the interchange in only four years.

This budget also makes .08 the maximum blood alcohol level for driving. We should have done it 12 years ago. It would have saved lives then, it will save lives now — and if we don't do it, we'll lose millions of federal transportation dollars.

We need to set priorities in the Department of Workforce Development too.

With the deteriorating economy, the number of W-2 recipients is growing. But unfortunately, like in many areas of state government, we must deal with a deficit we inherited in this program where spending is outpacing revenues by almost \$100 million. We must reform this system so it works better for those who depend on our aid and for our taxpayers.

We spend too much on administration, and too little gets to the people who actually need help. This is especially true in places where the W-2 program has few recipients. We simply must make the system work better.

As part of our efforts to improve the W-2 system, this budget also introduces the idea of replacing cash welfare benefits with transitional wage-paying jobs and recipients will be able to claim the state and federal Earned Income Tax Credits — which could mean as much as \$4,000 a year in additional income.

And the budget allows mothers to stay home with newborns for six months rather than three. We will ensure that families can be together during this crucial time — and, we will save the state \$4 million we would have otherwise spent on child care.

Agriculture is the backbone of Wisconsin's economy, and it occupies an important place in this budget too. Agriculture generates around \$40 billion a year for our economy. It accounts for one out of five jobs in Wisconsin.

To strengthen this vital sector, my budget protects our investment in the Agricultural Development and Diversification program. This program helps farmers strengthen their existing operations while exploring new products to improve the bottom line.

Our economy, our communities, and our health depend on the quality of our environment.

I've included \$3 million for an aggressive effort against Chronic Wasting Disease in our state's whitetail deer herd to protect our citizens, our hunting traditions, our wildlife and our livestock.

Even in tough times, we must carefully conserve our natural resources for our children and grandchildren. My budget protects the Knowles-Nelson Stewardship Fund so that we can preserve critical natural areas — forests and quiet shorelines. Our tourism economy depends on these special places. And so does every Wisconsin family that loves to hike, hunt, camp or fish.

Our water is our most precious natural resource — that's why this budget makes significant investment in safeguarding groundwater from petroleum contamination and preventing runoff from fouling our streams, rivers, and lakes.

Last, we're going to put aside what we can for a rainy day. When times were good, we didn't save anything — and that's one reason we're in this fix. Like most families, we can't save as much when times are tough. But we're going to do what we can.

And we're going to do it responsibly. This budget allocates revenues that are less certain — like those from the sale of unneeded state assets — to the reserve fund. It would be irresponsible to bank on those revenues for immediate spending needs. But it would be just as irresponsible to spend every penny we have without putting anything aside.

This is a rainy day, but there may very well be more storms ahead. We must be prepared for more shortfalls if the economy gets worse. Restructuring our bond payments should be a last resort, not our first option. If we restructure these payments to avoid spending cuts, we'll have no protection in the case of a downturn. That mistake was already made once. Let's not make it again.

I have presented you tonight a budget that makes difficult choices.

But the cuts we have proposed are fair. The hardship is evenly shared. And it will not be in vain: We are going to do this once and do it right. If we accept these cuts, if we endure this sacrifice, the budget crisis will be over — without old tricks, and without new taxes, and without destroying what we cherish most.

Essential services, the university system and other key priorities will sustain cuts, but they will remain fundamentally sound. By finding creative ways to do more with less, by setting careful priorities, we've also managed to avoid the worst choices other states have made.

Other states are cutting aid to schools. We're expanding it.

Other states are taking health care benefits away. We're protecting ours.

Other states are releasing prisoners early. We won't.

Other states are deferring contributions to pension funds. Ours remains sound.

Other states — 24 so far — are proposing to raise taxes. We absolutely, positively will not raise ours.

This budget is a portrait of a state determined to embrace its future — by solving problems — and pursuing possibilities too. Confronted with a problem this tough, other people might duck and cover. Here in Wisconsin, we're going to stand and deliver. I don't expect us to agree on everything, nor do I think my proposal is perfect. I'm open to your suggestions. But above all, I urge this: There is no time for bickering. There is no time for yesterday's politics. We're all in this together, and we need to act now and get this budget done on time. The longer we draw this out, the more we stall, the tougher the decisions become.

Some will say this budget is controversial. I suppose parts of it are. But the honest, can-do spirit it reflects is straight from the heart of Wisconsin. No one should sell our people short. They understand what we're up against. They're prepared to sacrifice. They're ready to join us — if we're willing to lead.

Now, let's get to work.

On Wisconsin.

ADJOURNMENT

7:45 P.M.

CHIEF CLERK'S REPORT

The Chief Clerk records:

Senate Joint Resolution 4

Senate Joint Resolution 5

Senate Joint Resolution 11

Senate Joint Resolution 13

Deposited in the office of the Secretary of State on February 13, 2003.

AMENDMENTS OFFERED

Senate substitute amendment 1 to **Senate Bill 15** offered by Senator Brown.