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## Capitol Connection

By Senator Joe Leibham

### Fund Transfers in the State Budget

Today's column is part three in a series of updates I have provided on the sources of revenue Governor Jim Doyle's proposes to use in his 2009-11 state budget. The focus of today's update will be on "lapses" or transfers contained in the budget proposal. Each of the segregated funds listed below is funded by a specific tax that is supposed to be collected to pay for a specific program or service. Under his plan, the Governor proposes to transfer dollars out of the funds and use them to balance his general fund budget.

The following is a partial list of some of the major proposed transfers:

**E-911 Fund** — This fund received revenue from surcharges on all mobile phones from December 2005 to November 2008. This revenue was distributed to local units of government so that emergency service centers can answer calls made from cell phones. The fund has a \$20 million surplus which is currently scheduled to be distributed to individuals who paid the cell phone surcharge. The Governor's proposed budget specifically prohibits the distribution of this surplus and instead transfers the \$20 million balance to the general fund.



**Segregated Agricultural Funds** — The proposed budget transfers \$2.5 million from the agrichemical management fund and the agricultural chemical cleanup program fund to the general fund. These funds receive revenue from several feed, fertilizer and pesticide licenses and tonnage fees which are used to support groundwater management programs, prevention of agricultural chemical pollution, the Wisconsin grazing lands conservation initiative grant program, and the cleanup of fertilizers, feed and non-household pesticides.

**Medical Assistance Fund** — Recently a budget repair bill was passed that created a 1% gross revenue tax on hospitals so that the state could receive matching funding from the federal government for the Medical Assistance Trust Fund. Under Governor Doyle's proposed budget \$302 million that is collected from this new hospital tax would be transferred to the general fund.

**Nursing Homes** — Currently our state taxes nursing homes \$75 for each certified bed in their facilities. As I reported in a past update, Governor Doyle proposes to double this nursing home bed tax. The revenue from this fee increase also generates matching

federal funds, just like the hospital tax. While the Governor claims the federal revenue gained from this fee would go towards increased nursing home funding, his proposed budget transfers \$31.2 million from this fee to the general fund.

**Housing Assistance** — Require the Wisconsin Housing and Economic Development Authority (WHEDA) to pay \$500,000 to the general fund. WHEDA helps veterans and low-income Wisconsin residents obtain home loans and provides information to individuals in need of affordable housing.

**UW-System** — Governor Doyle's budget transfers \$48.8 million dollars from the UW-System to fund medical assistance related programs. Additionally, the proposed budget transfers \$25 million from the UW-System's auxiliary enterprises fund, which gets revenue from student housing, parking, bookstores, student health services, student unions, and intercollegiate athletics to an entirely different government agency. In addition to these two transfers, \$49 million is transferred from the UW-System's general operation budget to the general fund.

**Transportation Fund** — Governor Doyle's budget transfers \$77.6 million from the transportation fund to the general fund and directly spends an additional \$62 million from the transportation fund on other general fund related expenses.

**Unencumbered Appropriation Balances** — The proposed budget contains a provision that directs \$160 million dollars to be transferred from unencumbered balances of appropriations to the general fund. \$77.4 million of this transfer comes from the transportation fund, while the additional \$82.6 million will come from other unspent appropriations. Under this broad provision Governor Doyle will be able to transfer money from segregated funds such as the wildlife stamp account, the low-income energy assistance account, private donations given to veterans' nursing home facilities, and private donations given to the UW-System, to the general fund.

These transfers have been proposed and endorsed by Governor Doyle and are now being considered by the Legislature. The response I am receiving on these budget columns is fantastic. Please continue to share your input with me.

As always, it has been a pleasure communicating with you. Please remember to communicate with me and share your input by calling 888-295-8750, writing to me at P.O. Box 7882, Madison, WI 53707-7882, or by e-mailing me at [Sen.Luibham@legis.wi.gov](mailto:Sen.Luibham@legis.wi.gov). You can also log on to the 9th Senate District on-line office at [www.leibhamsenate.com](http://www.leibhamsenate.com).

It is an honor representing the residents of the 9th District in the State Senate.