



STATE OF WISCONSIN

Assembly Journal

Ninety–Third Regular Session

WEDNESDAY, June 3, 1998

The Chief Clerk makes the following entries under the above date:

ADMINISTRATIVE RULES

Assembly Clearinghouse Rule 98–032

Relating to the adjustment of the minimum estimated project costs for the application of the requirement to obtain a determination of prevailing wage rates for workers employed on state or local public works projects and the repeal of obsolete rules.

Submitted by Department of Workforce Development.

Report received from Agency, May 22, 1998.

To committee on **Labor and Employment**.

Referred on June 2, 1998.

REFERRAL OF AGENCY REPORTS

State of Wisconsin
Department of Revenue
Madison

April 9, 1998

To the Honorable, the Legislature:

I am submitting the quarterly report of the Wisconsin Lottery for the quarter ending March 31, 1998. As required by s. [565.37\(3\)](#), Wis. Stats., the attached materials contain Wisconsin Lottery year to date sales and financial information.

If you have any questions or comments regarding this report, please feel free to contact me at (608) 266–6466.

Sincerely,
CATE ZEUSKE
Secretary of Revenue

Referred to committee on **State Affairs**.

State of Wisconsin
Department of Health and Family Services
Madison

May 20, 1998

To the Honorable, the Assembly:

Wisconsin Statutes (s. [49.45\(2\)\(a\)](#)) require the Department to submit an annual report to the Joint Committee on Finance

on the participation rates of children in the Early and Periodic Screening Diagnosis and Treatment Program. In Wisconsin, we have named this program “HealthCheck”.

The report’s purpose is to identify significant activities of Wisconsin Medicaid’s HealthCheck program and, particularly, to report on the percent of children who received comprehensive health care screens through HealthCheck.

Wisconsin’s actual screening ratio increased from 48% in 1996 to 54% in 1997. We believe the principal reason for the increasing screening ratio is the Medicaid managed care initiative. The Medicaid HMO contract requires an increasing HealthCheck screening ratio as one performance requirement. The screening ratio standard requirement increased from 40% in 1991 to 80% in 1996 and 1997.

Since children in HMOs are more likely to receive a HealthCheck screening than children in the fee-for-service system, we are expecting next year’s HealthCheck screening ratio to continue to improve due to the recent HMO expansion. The numbers for the federal fiscal year (FFY) 1997 HMO screening exams are based on the number of screening exams reported by the HMOs for the first three quarters of FFY 1997; an estimate of screening exams is used for the fourth quarter. The fourth quarter is an estimate because HMOs are now submitting HealthCheck data semi-annually instead of quarterly. Fee-for-service numbers are counts of actual billed services.

I am pleased to send you the completed report for 1997.

Sincerely,
JOE LEEAN
Secretary

Referred to joint committee on **Finance**.

AGENCY REPORTS

State of Wisconsin
Department of Corrections
Madison

April 22, 1998

To the Honorable, the Legislature:

Attached is the third quarter report on Prison Industries for the fiscal year ending June 30, 1998, as required by Section [303.019](#) of the Wisconsin Statutes. This report includes the year-to-date cash balance of each industry. This report reflects private sector joint venture balances separately from the remainder of Prison Industries.

Traditional Prison Industries

Traditional Industries receipts for the period July 1, 1997 through March 31, 1998 were \$13,867,208. Cash expenditures for the same time period were \$14,364,739. Through the 3rd quarter of this fiscal year, expenditures exceeded revenues by \$497,531.

Traditional Industries are projecting an \$800,000 profit on a cash basis for the fiscal year. On an accrual basis, a \$600,000 profit is projected for the period ending June 30, 1998. With this profit Traditional Industries will become debt free for the first time in 20 years.

Private Sector Ventures

Private Sector Venture receipts for the period July 1, 1997 through March 31, 1998 were \$1,528,732. Cash expenditures for the same time period were \$1,788,138. Through the 3rd quarter of this fiscal year, expenditures exceeded revenues by \$259,406. This is partially offset by receivables of \$133,283, capital equipment (depreciated) of \$48,971, and work in process inventory of \$18,701, for a total of \$200,955.

From July 1, 1997 through March 31, 1998, inmates employed by the private sector ventures contributed \$507,156 towards state, federal and social security taxes, room and board, crime victim restitution and child support.

In the first quarter report, the Department of Corrections identified program changes to the Private Sector Program to reduce the cash deficit. Attached is a progress report on the remaining items. The Department is confident that these and other changes identified in our ongoing assessment of this program will result in the program breaking even and recovering its one-time start-up costs by June 30, 2000. Although the Department is projecting a \$190,000 overdraft this fiscal year, it should be noted that the Department is starting to see the impact of these program changes which result in a 3rd quarter cash profit of \$213,780.

In viewing the cash deficit, it should also be noted that these numbers do not reflect the financial benefits realized by the State in the form of room and board payments, state and federal taxes, crime victim restitution and child support payments. For the FY-97, this amount was in excess of \$320,000. For FY-98, the Department estimates collections will be approximately \$600,000.

The Department would be happy to respond to any questions you may have on this matter.

Sincerely,
MICHAEL J. SULLIVAN
Secretary, Department of Corrections

MARK D. BUGHER
Secretary, DOA

State of Wisconsin
Department of Natural Resources
Madison

May 21, 1997

To the Honorable, the Legislature:

The Department of Natural Resources, under s. 227.24(2), Stats., is requesting the Joint Committee for Review of Administrative Rules to extend Natural Resources Board Emergency Order No. AM-29-97(E) for 60 days. This emergency order pertaining to emission limitations for motor vehicles took effect on January 1, 1998 and is to expire on May 31, 1998.

The extension of the emergency rule is needed so that the enforcement of these emission limitations can continue in the current less restrictive limitations. The rule was modified because recent technical informative indicates that many older vehicles cannot reasonably maintain a level of emissions which would comply with the final cutpoints in the current permanent rule. The new permanent rule will be adopted by the Natural Resources Board at its May meeting.

A copy of the emergency order is attached. If you have any questions, please contact Tom Steidl, Bureau of Legal Services at 266-0235.

Sincerely,
GEORGE E. MEYER
Secretary, DNR

State of Wisconsin
Legislative Audit Bureau
Madison

May 28, 1998

To the Honorable, the Legislature:

We have completed our annual financial audit of the Division of Gaming within the Department of Administration, as required by s. 13.94(1)(eg), Wis. Stats. We have issued an unqualified opinion on the Division's financial statement for the Racing, Indian Gaming, and Charitable Gaming programs for the years ended June 30, 1997 and 1996.

The Racing program's pari-mutuel tax revenue has decreased significantly in recent years. Between fiscal year (FY) 1994-95 and FY 1996-97, pari-mutuel tax revenue declined by approximately 45 percent, from \$4.7 million to \$2.6 million, and the Division projects pari-mutuel tax revenue will decline to \$2.3 million in FY 1997-98. Charitable Gaming program revenue has remained relatively stable at \$976,129 in FY 1994-95, \$952,781 in FY 1995-96, and \$975,627 in FY 1996-97. During our audit period, the Division's primary revenue from the Indian Gaming program was the \$350,000 received annually from the 11 tribes as reimbursement for the State's regulatory costs.

Despite the reduction in pari-mutuel tax revenue, we found that Racing program revenues paid for some administrative expenditures that should have been charged to the Indian Gaming and Charitable Gaming programs in FY 1996-97. Specifically, the salary and fringe benefit expenditures for the Division's administrative staff were charged entirely to the

Racing program, even though the duties and responsibilities of the staff encompass all three programs. Had these employe-related costs been allocated according to work effort, we estimate that an additional \$164,500 in racing proceeds would have been available for transfer to other programs. By statute, transferred funds are first to be used for programs to aid local fairs and for educational programs related to livestock, both of which are administered by the Department of Agriculture, Trade and Consumer Protection. Any excess funds are then to be transferred to the General Fund.

In future sessions, the Legislature will determine how to appropriate additional funds the State will receive as a result

of Indian gaming compact negotiations. However, the Legislature will first need assurances that all gaming regulatory costs are fully recovered and charged to the correct programs. Therefore, we have included a recommendation for the Department of Administration to develop an equitable process to allocate administrative costs to all its gaming programs.

We appreciate the courtesy and cooperation extended to us by the Department of Administration's Division of Gaming. The Division's response is the appendix.

Sincerely,
JANICE MUELLER
State Auditor