

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

*Joint Committee on
Finance
(JC-Fi)*

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤

➤ Clearinghouse Rules ... CRule

➤

➤ Committee Hearings ... CH

➤

➤ Committee Reports ... CR

➤

➤ Executive Sessions ... ES

➤

➤ Hearing Records ... HR

➤

➤ Miscellaneous ... Misc

➤ 97hr_JC-Fi_Misc_Dec. 1998_pt10

➤ Record of Comm. Proceedings ... RCP

➤

Dec 13.10 info

WORKFORCE DEVELOPMENT

Transfer of GPR Public Assistance Funding

Motion:

Move to transfer \$15,000,000 GPR from the Department of Workforce Development's appropriation for Wisconsin Works and other public assistance benefits and administration [20.445(3)(dz)] to the Joint Committee on Finance's program supplements appropriation [20.865(4)(a)] in 1998-99. Authorize DWD to replace the transferred GPR funds with federal TANF revenues.

Note:

This motion would transfer \$15,000,000 GPR from DWD's appropriation for W-2 and other public assistance benefits and administration to the Committee's program supplements appropriation. DWD would be authorized to replace the transferred GPR with federal temporary assistance to needy families (TANF) revenues. The Committee could use the transferred GPR funds to supplement other programs during 1998-99, or the funds could remain in the Committee's appropriation and lapse to the general fund at the end of the current fiscal year.

Transferring \$15,000,000 of GPR funding from DWD would reduce the amount of state expenditures that can be counted toward the maintenance of effort (MOE) requirement under the federal TANF program, which is described below.

Under federal law, a state must spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year (FFY) 1994 expenditures for the former AFDC and JOBS programs, AFDC-emergency assistance, AFDC-related child care and at-risk child care. It is estimated that the state's MOE requirement for FFY 1998 is \$168.8 million, based on 75% of historic state expenditures.

Based on the most recent information available, it is currently estimated that GPR funding appropriated to DWD for the W-2 program may exceed the amount needed to meet the MOE requirement by approximately \$20 million in 1998-99. However, this estimate is based on several assumptions. It is possible that changes in required modifications to cost allocation assumptions,

federal requirements regarding the earned income tax credit and homestead tax credit, and lower than anticipated allowable child support collections could reduce this figure significantly.

Federal law includes substantial penalties if a state fails to meet its TANF maintenance of effort requirement. First, the state's basic TANF grant will be reduced by the amount by which qualified state expenditures in the previous year are less than the MOE requirement. Further, if the TANF grant is reduced in a fiscal year under this provision, the state must expend additional state revenues in the following year equal to the amount of the reduction. In addition, if a state receives a welfare-to-work (WtW) formula grant and fails to meet the TANF maintenance of effort, the amount of the TANF block grant will be reduced in the following year by an amount equal to the WtW grant (approximately \$12.9 million in Wisconsin).

Finally, it should be noted that, because this motion would place the \$15 million in the Committee's appropriation, these funds could be transferred back to DWD if subsequent information indicates that they will be needed for the MOE requirement.

CORRECTIONS

Out-of-State Prison Contracts
Contract Approval and Funding and Increased Travel Costs
[Substitute to Alternatives A1 and B1]

Motion:

Move the following:

A. Contract Approval. Authorize the utilization of: (a) an additional 357 beds at CCA's Sayre, Oklahoma, facility, increasing the total number of authorized beds at the facility to 1,057; (b) an additional 100 beds at the federal facility in Duluth, Minnesota, increasing the total number of authorized beds at the facility to 400; and (c) an additional 20 beds at the federal facility in Oxford, Wisconsin, increasing the total number of authorized beds at the facility to 50.

B. Contract Funding and Increased Travel Costs. Transfer: (a) \$1,969,796 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's contracts appropriation (s. 20.410(1)(ab)); and (b) \$150,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's general program operations appropriation (s. 20.410(1)(a)) to support the costs of the additional contract beds, travel by program staff to contract facilities for monitoring purposes and inmate transportation. Funding would come from the following reserved amounts in the Committee's appropriation: (a) \$782,296 GPR for contract beds; (b) \$345,700 GPR for food service at the Racine Youthful Offender Correctional Facility; and (c) \$991,800 GPR for the expansion of the St. John's Correctional Center.

Note:

This motion approves the Department of Corrections' request for contract approval and funding, as modified in its December 1, 1998, letter to the Co-chairs. In the letter, the Department requested a modification to the s. 13.10 request for out-of-state contract prison beds as follows: (a) reduce the number of contracted beds from an additional 539 beds to 477 beds; and (b) reduce the amount transferred from the reserved amount in the Committee's appropriation for food service at RYOFC from \$645,700 GPR to \$345,700 GPR. The Department's request would leave \$300,000 GPR in the Committee's reserved appropriation for food service at RYOFC. In the Department's

letter, it indicated that the current food service provider was unable to continue to provide food for the facility under the current contract. As a result, additional funding for food service may be necessary in 1998-99 to support the costs of another contract.

CORRECTIONS

Out-of-State Prison Contracts – Agenda Item III
Departmental Modifications to Existing Contracts
[Substitute to Alternative C2]

Motion:

Move to approve the Department's request for authority to modify the number of authorized inmates at currently approved sites, without certification of by the Co-chairs of the Joint Committee on Finance, as long as the number of out-of-state beds does not exceed the total number approved by the Committee, but require that the authority may only be used in the case of an emergency. Require that if Corrections uses its authority to modify the site-specific limits because of an emergency, it must notify the Committee of those changes within five working days.

Note:

This motion would approve alternative C2 from the December 2, 1998, Fiscal Bureau paper on out-of-state prison contracts (Agenda Item III), with the restriction that Corrections could only modify the site-specific prison contract limits in the case of an emergency. If the limits were modified, Corrections would be required to notify the Committee within five working days.

WORKFORCE DEVELOPMENT

Transfer of GPR Public Assistance Funding

Motion:

Move to transfer \$15,000,000 GPR from the Department of Workforce Development's appropriation for Wisconsin Works and other public assistance benefits and administration [20.445(3)(dz)] to the Joint Committee on Finance's program supplements appropriation [20.865(4)(a)] in 1998-99. Authorize DWD to replace the transferred GPR funds with federal TANF revenues.

Note:

This motion would transfer \$15,000,000 GPR from DWD's appropriation for W-2 and other public assistance benefits and administration to the Committee's program supplements appropriation. DWD would be authorized to replace the transferred GPR with federal temporary assistance to needy families (TANF) revenues. The Committee could use the transferred GPR funds to supplement other programs during 1998-99, or the funds could remain in the Committee's appropriation and lapse to the general fund at the end of the current fiscal year.

Transferring \$15,000,000 of GPR funding from DWD would reduce the amount of state expenditures that can be counted toward the maintenance of effort (MOE) requirement under the federal TANF program, which is described below.

Under federal law, a state must spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year (FFY) 1994 expenditures for the former AFDC and JOBS programs, AFDC-emergency assistance, AFDC-related child care and at-risk child care. It is estimated that the state's MOE requirement for FFY 1998 is \$168.8 million, based on 75% of historic state expenditures.

Based on the most recent information available, it is currently estimated that GPR funding appropriated to DWD for the W-2 program may exceed the amount needed to meet the MOE requirement by approximately \$20 million in 1998-99. However, this estimate is based on several assumptions. It is possible that changes in required modifications to cost allocation assumptions,

federal requirements regarding the earned income tax credit and homestead tax credit, and lower than anticipated allowable child support collections could reduce this figure significantly.

Federal law includes substantial penalties if a state fails to meet its TANF maintenance of effort requirement. First, the state's basic TANF grant will be reduced by the amount by which qualified state expenditures in the previous year are less than the MOE requirement. Further, if the TANF grant is reduced in a fiscal year under this provision, the state must expend additional state revenues in the following year equal to the amount of the reduction. In addition, if a state receives a welfare-to-work (WtW) formula grant and fails to meet the TANF maintenance of effort, the amount of the TANF block grant will be reduced in the following year by an amount equal to the WtW grant (approximately \$12.9 million in Wisconsin).

Finally, it should be noted that, because this motion would place the \$15 million in the Committee's appropriation, these funds could be transferred back to DWD if subsequent information indicates that they will be needed for the MOE requirement.

CORRECTIONS

Out-of-State Prison Contracts—Agenda Item III
Increased Contract Monitor Travel Costs
[Modification to Alternative B1]

Motion:

Move to specify that \$13,000 GPR requested by the Department of Corrections in appropriation s. 20.410(1)(a) for inmate return trips and transportation to West Virginia instead be used to increase the number of monitoring trips to prison contract locations.

Note:

This motion would direct that \$13,000 GPR of the amount that Corrections requests be transferred to its general program operations appropriation (s. 20.410(1)(a)) be used for an increased number of monitoring trips to prison contract locations. Based on revised figures, it was indicated that the Department had over-estimated the costs of inmate return trips and transportation to West Virginia by \$13,000. This motion would approve the Department's request (Alternative B1) without reducing the request to account for the revised figures, but would require that the \$13,000 be used to increase the number of monitoring trips to prison contract locations.

CORRECTIONS

Out-of-State Prison Contracts
Contract Approval and Funding and Increased Travel Costs
[Substitute to Alternatives A1 and B1]

Motion:

Move the following:

A. Contract Approval. Authorize the utilization of: (a) an additional 357 beds at CCA's Sayre, Oklahoma, facility, increasing the total number of authorized beds at the facility to 1,057; (b) an additional 100 beds at the federal facility in Duluth, Minnesota, increasing the total number of authorized beds at the facility to 400; and (c) an additional 20 beds at the federal facility in Oxford, Wisconsin, increasing the total number of authorized beds at the facility to 50.

B. Contract Funding and Increased Travel Costs. Transfer: (a) \$1,969,796 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's contracts appropriation (s. 20.410(1)(ab)); and (b) \$150,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's general program operations appropriation (s. 20.410(1)(a)) to support the costs of the additional contract beds, travel by program staff to contract facilities for monitoring purposes and inmate transportation. Funding would come from the following reserved amounts in the Committee's appropriation: (a) \$782,296 GPR for contract beds; (b) \$345,700 GPR for food service at the Racine Youthful Offender Correctional Facility; and (c) \$991,800 GPR for the expansion of the St. John's Correctional Center.

Note:

This motion approves the Department of Corrections' request for contract approval and funding, as modified in its December 1, 1998, letter to the Co-chairs. In the letter, the Department requested a modification to the s. 13.10 request for out-of-state contract prison beds as follows: (a) reduce the number of contracted beds from an additional 539 beds to 477 beds; and (b) reduce the amount transferred from the reserved amount in the Committee's appropriation for food service at RYOFC from \$645,700 GPR to \$345,700 GPR. The Department's request would leave \$300,000 GPR in the Committee's reserved appropriation for food service at RYOFC. In the Department's

letter, it indicated that the current food service provider was unable to continue to provide food for the facility under the current contract. As a result, additional funding for food service may be necessary in 1998-99 to support the costs of another contract.

TRANSPORTATION

Scenic Highways Program

Motion:

Move to require DOT to include a proposal for the creation of a state scenic byways program in the Department's 1999-01 budget request for the highway program.

Note:

Under federal law, a state must have a scenic byways program in order to be eligible for federal grants under the federal scenic byways program, or have highways designated as federal scenic byways.

Under TEA-21, the new federal transportation act, the receipt by a state of federal discretionary grants is not offset by a corresponding reduction in its regular federal highway aid, which had previously been the case. Consequently, there is now a greater incentive to seek discretionary grants. This motion would require DOT to submit a proposal for creating a state scenic byways program as part of the Department's 1999-01 budget request. If the program is created, the state would be eligible for this category of federal discretionary grants.

2-13-1

TRANSPORTATION

Major Highway Development Revenue Bonding

Motion:

Move to reduce the 1998-99 major highway development revenue bond appropriation by \$30,000,000 SEG-S and to approve a modified plan for the allocation of federal aid as shown in the following table:

Appropriation	Change to Base
Federal Highway Funds	
Rail Passenger Service	\$341,300
Local Bridge Improvement	1,526,600
Local Transportation Facility Improvement	16,290,400
Transportation Enhancements	1,906,800
Railroad Crossing Improvement	916,000
Surface Transportation Grants	0
Congestion Mitigation/Air Quality Improvement	5,281,400
Major Highway Development	41,209,300
State Highway Rehabilitation	56,264,200
Highway Maintenance	0
Highway Administration and Planning	1,829,400
Departmental Management and Operations	1,526,600
Motor Vehicle Emission Inspection and Maintenance	<u>0</u>
SUBTOTAL	\$127,092,000
Other Federal Funds	
Public Transit Aids	\$7,600,000
Elderly and Disabled Capital Grants	300,000
Departmental Management and Operations	<u>3,447,300</u>
SUBTOTAL	\$11,347,300
TOTAL FEDERAL FUNDS	\$138,439,300
Local Match Funds	
Local Bridge Improvement	\$381,700
Congestion Mitigation/Air Quality Improvement	1,320,400
Transportation Enhancements	476,700
Transit and Demand Management Aids	110,000
Elderly and Disabled Aids	<u>75,000</u>
TOTAL LOCAL MATCH FUNDS	\$2,363,800

Note:

This motion would reduce the 1998-99 major highway development revenue bond appropriation by \$30,000,000, from \$110,535,300 to \$80,535,300. To replace the bonding funds in the program, the motion, adopted as a substitute allocation plan, would reduce the amounts provided by DOT's plan to every appropriation, except passenger rail service, by 23.7%, and instead allocate those funds to the major highway development program. (The passenger rail service appropriation, which funds the federal share of the state's contract with Amtrak to run the Hiawatha train route, would not be affected because the change in DOT's plan only reflects a change in the federal matching percentage from 80% to 90%.) The net effect on the major highway development program would be an increase of \$11,209,300 above the base, instead of an increase of \$14,685,000, since the 23.7% reduction in above base funds would also apply to this program. The following table shows the net effect on the programs funded with federal highway funds. Programs funded with nonhighway federal funds would receive the same increases as under DOT's plan, and thus are not shown. Local match appropriations would be changed to reflect the changes in the federal funds, but are not shown in the following table. The changes to the base and the plan reflect revenue bond funds as well as federal funds:

Appropriation	Program Total*	Change Under DOT Plan	Motion	
			Change to Base	Change to Plan
Rail Passenger Service	\$3,412,500	\$341,300	\$341,300	\$0
Local Bridge Improvement	32,752,400	2,000,000	1,526,600	-473,400
Local Transportation Facility Improvement	50,038,000	21,341,700	16,290,400	-5,051,300
Transportation Enhancements	\$3,750,000	\$2,498,000	\$1,906,800	-\$591,200
Railroad Crossing Improvement	2,299,300	1,200,000	916,000	-284,000
Surface Transportation Grants	2,720,000	0	0	0
Congestion Mitigation/Air Quality Improvement	\$5,579,500	\$6,919,000	\$5,281,400	-\$1,637,600
Major Highway Development	192,683,500	14,685,000	11,209,300	-3,475,700
State Highway Rehabilitation	455,122,900	73,710,300	56,264,200	-17,446,100
Highway Maintenance	\$146,931,200	\$0	\$0	\$0
Highway Administration and Planning	21,514,200	2,396,700	1,829,400	-567,300
Departmental Management and Operations	51,126,200	2,000,000	1,526,600	-473,400
Motor Vehicle Emission Inspection and Maintenance	<u>\$9,934,300</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	\$977,864,000	\$127,092,000	\$97,092,000	-\$30,000,000

* Includes federal, state and revenue bond funds.

[Change to Plan: -\$30,000,000 SEG-S and -\$675,500 SEG-L]
 [Change to Base: -\$30,000,000 SEG-S, \$127,092,000 FED (highway), \$11,347,300
 FED (non-highway) and \$2,363,800 SEG-L]

TRANSPORTATION

Sixth Street Bridge in Milwaukee

*not in
main motion*

Motion:

Move to transfer \$9,750,000 SEG from the state highway rehabilitation program to the accelerated local bridge improvement assistance program for costs related to replacing the Sixth Street Bridge in Milwaukee.

Note:

The Sixth Street Bridge project is an approved bridge under the local high-cost bridge program. Act 27 provided funding for the construction of two other approved bridges, plus additional funding for the design of the Sixth Street Bridge.

Under the program, the state pays 75% of the cost of approved bridges, while the city and the county in which the bridge is located split the remaining cost. The Sixth Street Bridge could be replaced for about \$39 million, although the design currently favored by Milwaukee would cost about \$8 million more because it includes features that are not functionally essential. This motion would provide one-third of the state's share of the \$39 million cost (the basic design bridge). If this funding remains part of the base through the 1999-2001 biennium, then the full portion of the state's share would be paid by the end of that biennium.

Under the plan, total state and federal funding for the state highway rehabilitation program would increase by \$73,710,300, from \$455,122,900 to \$528,833,200. This motion would reduce the size of the increase by \$9,750,000, for a net increase of \$63,960,300 and a resulting total program size of \$519,083,200.

[Change to Plan: \$0]

WORKFORCE DEVELOPMENT
HEALTH AND FAMILY SERVICES

Transfer of GPR Public Assistance Funding

Motion:

Move to transfer \$15,000,000 GPR from the Department of Workforce Development's appropriation for Wisconsin Works and other public assistance benefits and administration [20.445(3)(dz)] in 1998-99 as follows: (a) \$5,100,000 to the Department of Health and Family Services' appropriation for community aids [20.435(7)(b)] to be distributed to counties in calendar year 1999; and (b) \$9,900,000 to the Joint Committee on Finance's program supplements appropriation [20.865(4)(a)]. Authorize DWD to replace the transferred GPR funds with federal TANF revenues.

Note:

This motion would transfer \$5.1 million GPR from DWD's appropriation for W-2 and other public assistance programs to DHFS's community aids appropriation and \$9.9 million to the Committee's program supplements appropriation in 1998-99. DWD would be authorized to replace the transferred GPR with federal temporary assistance to needy families (TANF) revenues.

Transfer to Community Aids. Currently, under s. 46.40 (2), DHFS can distribute no more than \$284,948,500 in 1998-99 for the basic county allocation under community aids. It is currently estimated that the actual amount distributed for the basic county allocation in 1998-99 will total \$279,847,600 or approximately \$5.1 million less than the amount included under s. 46.40 (2). Primarily, the difference between the current estimate and the statutory amount reflects a reduction in the federal social services block grant (\$7.6 million in federal fiscal year 1998-99) included in the most recent federal budget session. These funding reductions were not anticipated when the Legislature was considering the 1997-99 biennial budget and were therefore not reflected in the funding provided for community aids or the statutory allocation. This federal reduction first affects community aids contracts for calendar year 1999.

Transfer to Joint Finance Appropriation. The Committee could use the \$9.9 million to supplement other programs during 1998-99, or the funds could remain in the Committee's appropriation and lapse to the general fund at the end of the current fiscal year.

TANF Maintenance of Effort Requirement. Transferring \$15,000,000 of GPR funding from DWD would reduce the amount of state expenditures that can be counted toward the maintenance of effort (MOE) requirement under the federal TANF program, which is described below.

Under federal law, a state must spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year (FFY) 1994 expenditures for the former AFDC and JOBS programs, AFDC-emergency assistance, AFDC-related child care and at-risk child care. It is estimated that the state's MOE requirement for FFY 1998 is \$168.8 million, based on 75% of historic state expenditures.

Based on the most recent information available, it is currently estimated that GPR funding appropriated to DWD for the W-2 program may exceed the amount needed to meet the MOE requirement by approximately \$20 million in 1998-99. However, this estimate is based on several assumptions. It is possible that changes in required modifications to cost allocation assumptions, federal requirements regarding the earned income tax credit and homestead tax credit, and lower than anticipated allowable child support collections could reduce this figure significantly.

Federal law includes substantial penalties if a state fails to meet its TANF maintenance of effort requirement. First, the state's basic TANF grant will be reduced by the amount by which qualified state expenditures in the previous year are less than the MOE requirement. Further, if the TANF grant is reduced in a fiscal year under this provision, the state must expend additional state revenues in the following year equal to the amount of the reduction. In addition, if a state receives a welfare-to-work (WtW) formula grant and fails to meet the TANF maintenance of effort, the amount of the TANF block grant will be reduced in the following year by an amount equal to the WtW grant (approximately \$12.9 million in Wisconsin).

Finally, it should be noted that, because this motion would place \$9.9 million in the Committee's appropriation, these funds could be transferred back to DWD if subsequent information indicates that they will be needed for the MOE requirement.

ROBERT L. COWLES

Wisconsin State Senator • 2nd Senate District

TO: Members Joint Committee on Finance

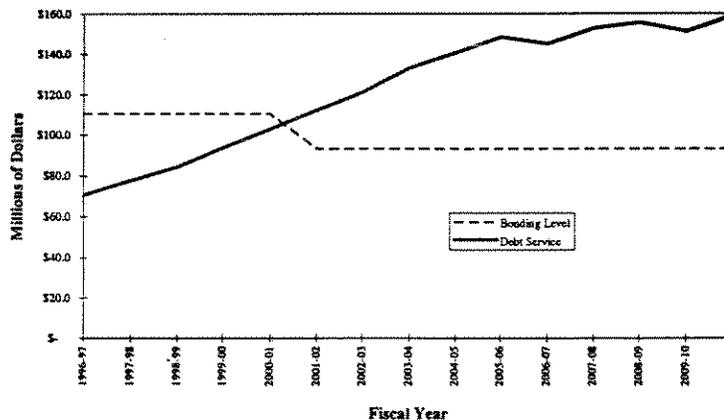
FROM: Senator Robert Cowles

RE: Annual Transportation Revenue Bond Authorization & Debt Service

In considering the \$127.1 million federal transportation dollars today we have the opportunity to reduce revenue bonds derived from the existing vehicle registration fee. If we do not do something about our bonding today we will face a registration fee increase in 2001 and an increase of 26.2% by 2005-06.

The existing debt service will exceed the amount bonded by 2001. In their 1996 audit of DOT the Legislative Audit Bureau states: that some may argue, that at this point the state will no longer realize a benefit by relying on bonding for transportation projects because, in effect, the proceeds of bonds will be used only to pay off earlier bonds. See graph below.

Comparison of Bond Proceeds to Bond Debt Payments



The Audit Bureau goes on to point out that at the same time, the amount required for debt service will continue to grow, further reducing the amount of Transportation Fund revenues available for current project funding.

The motion I plan on offering to the Committee today would utilize \$30 million of the federal funds to replace revenue bond proceeds in the major highway development program as suggested on page 4 of the 13.10 Fiscal Bureau Paper.

I worked with Fiscal Bureau to create a motion that will relieve the need for a registration fee increase until 2007-08. Finally, such action will provide us flexibility in the future by reducing debt service payments by \$129 million and result in over \$ ½ billion less in bonding through 2007-08.

I hope you can support my motion before the Committee today.

WORKFORCE DEVELOPMENT
HEALTH AND FAMILY SERVICES

Transfer of GPR Public Assistance Funding

Motion:

Move to modify motion # 5295 to instead transfer \$15,000,000 GPR from the Department of Workforce Development's appropriation for Wisconsin Works and other public assistance benefits and administration [20.445(3)(dz)] in 1998-99 as follows: (a) \$5,100,000 to the Department of Health and Family Services' appropriation for community aids [20.435(7)(b)] to be distributed to counties in calendar year 1999; and (b) \$9,900,000 to the Joint Committee on Finance's program supplements appropriation [20.865(4)(a)]. Authorize DWD to replace the transferred GPR funds with federal TANF revenues.

Note:

This motion would modify motion #5295 to transfer \$5.1 million GPR from DWD's appropriation for W-2 and other public assistance programs to DHFS's community aids appropriation and \$9.9 million to the Committee's program supplements appropriation in 1998-99. DWD would be authorized to replace the transferred GPR with federal temporary assistance to needy families (TANF) revenues.

Transfer to Community Aids. Currently, under s. 46.40 (2), DHFS can distribute no more than \$284,948,500 in 1998-99 for the basic county allocation under community aids. It is currently estimated that the actual amount distributed for the basic county allocation in 1998-99 will total \$279,847,600 or approximately \$5.1 million less than the amount included under s. 46.40 (2). Primarily, the difference between the current estimate and the statutory amount reflects a reduction in the federal social services block grant (\$7.6 million in federal fiscal year 1998-99) included in the most recent federal budget session. These funding reductions were not anticipated when the Legislature was considering the 1997-99 biennial budget and were therefore not reflected in the funding provided for community aids or the statutory allocation. This federal reduction first affects community aids contracts for calendar year 1999.

Transfer to Joint Finance Appropriation. The Committee could use the \$9.9 million to supplement other programs during 1998-99, or the funds could remain in the Committee's appropriation and lapse to the general fund at the end of the current fiscal year.

TANF Maintenance of Effort Requirement. Transferring \$15,000,000 of GPR funding from DWD would reduce the amount of state expenditures that can be counted toward the maintenance of effort (MOE) requirement under the federal TANF program, which is described below.

Under federal law, a state must spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year (FFY) 1994 expenditures for the former AFDC and JOBS programs, AFDC-emergency assistance, AFDC-related child care and at-risk child care. It is estimated that the state's MOE requirement for FFY 1998 is \$168.8 million, based on 75% of historic state expenditures.

Based on the most recent information available, it is currently estimated that GPR funding appropriated to DWD for the W-2 program may exceed the amount needed to meet the MOE requirement by approximately \$20 million in 1998-99. However, this estimate is based on several assumptions. It is possible that changes in required modifications to cost allocation assumptions, federal requirements regarding the earned income tax credit and homestead tax credit, and lower than anticipated allowable child support collections could reduce this figure significantly.

Federal law includes substantial penalties if a state fails to meet its TANF maintenance of effort requirement. First, the state's basic TANF grant will be reduced by the amount by which qualified state expenditures in the previous year are less than the MOE requirement. Further, if the TANF grant is reduced in a fiscal year under this provision, the state must expend additional state revenues in the following year equal to the amount of the reduction. In addition, if a state receives a welfare-to-work (WtW) formula grant and fails to meet the TANF maintenance of effort, the amount of the TANF block grant will be reduced in the following year by an amount equal to the WtW grant (approximately \$12.9 million in Wisconsin).

Finally, it should be noted that, because this motion would place \$9.9 million in the Committee's appropriation, these funds could be transferred back to DWD if subsequent information indicates that they will be needed for the MOE requirement.

TRANSPORTATION

Modifications to DOT Federal Plan

Motion:

Move to increase 1998-99 appropriations as follows: (a) \$375,000 FED for transportation enhancement activities; (b) \$558,000 FED for congestion mitigation and air quality improvement; and (c) \$184,900 FED for railroad crossing improvement.

Require DOT to increase the 1998-99 state highway rehabilitation FED appropriation by an amount equal to the amount by which the state's federal 1998 federal highway aid exceeds \$403,417,900.

Note:

This motion would provide 10% increases for three DOT programs, based on 1998 federal aid that the state receives above \$402.3 million, which is the amount that DOT's plan allocated. Any remaining increase would be used to increase funding for the state highway rehabilitation program. Although the final amount of 1998 aid has not been determined, the Federal Highway Administration has estimated that the state will receive \$404.8 million in 1998. Consequently, this motion would provide an estimated \$1.4 million for the highway rehabilitation program.

The transportation enhancements program is a grant program that funds local programs that fall into certain federal categories, including bike and pedestrian trails, acquisition of scenic easements, and rehabilitation and operation of historic transportation buildings, structures or facilities. The congestion mitigation and air quality improvement program is a grant program that funds projects designed to reduce air pollution through the promotion of alternative fuels and alternatives to single occupancy vehicle travel. The railroad crossing improvement appropriation is used to fund the installation of railroad crossing signals and gates.

[Change to Plan: \$1,117,900 FED]

TRANSPORTATION

Major Highway Development Revenue Bonding

Motion:

Move to reduce the 1998-99 major highway development revenue bond appropriation by \$10,000,000 SEG-S.

Note:

The major highway development program is funded with three appropriations: a federal funds appropriation, a state transportation fund appropriation and an appropriation of revenue bond proceeds. In 1998-99, total funding for the program is \$192,579,100, with \$110,535,300, or 57%, of that amount coming from revenue bonds. Debt service on these bonds is paid for from vehicle registration revenue.

This motion would reduce revenue bonding in 1998-99 by \$10,000,000. As mentioned under alternative A.3. of the Fiscal Bureau paper, the Committee will have the opportunity to increase federal funding for the program in December using federal fiscal year 1999 aid so that the program does not experience a net loss of funding.

[Change to Plan: -\$10,000,000 SEG-S]

TRANSPORTATION

6th Street Bridge in Milwaukee

Motion:

Move to require DOT to facilitate the design and other preparatory work on the 6th Street Bridge in Milwaukee so that the major contracts for the project can be let by November, 1999.

Note:

The 6th Street Bridge project is an approved bridge under the local high-cost bridge program. Act 27 provided funding for the construction of two other approved bridges, plus additional funding for the design of the 6th Street Bridge.

This motion would require DOT to facilitate the design and other preparatory work on that bridge so that the project can be let by November, 1999. The design of the bridge is the responsibility of the City of Milwaukee, but DOT has a role in the oversight of the project since federal funds are involved.

WTBA Position on Budget Sequencing

WTBA's #1 PRIORITY for the 1999 Biennial Budget is to use the new federal funding provided in TEA-21 to permanently increase base STH Rehabilitation Program funding by the largest possible amount, without raising state fees.

To accomplish this, careful sequencing of steps is critical, to ensure that this outcome actually happens.

1. **WisDOT should submit the required FY 99 Plan to the Joint Finance early enough, so that the Committee has time to approve it before WisDOT submits the rest of its Biennial Budget request to DOA. In addition, the Plan must explicitly include a request to include increases in the STH Rehabilitation Program and the Local Road Program within the FY 99 permanent base.**

Rationale: Joint Finance action is the only legal mechanism that can officially increase the FY 99 base. Without it, Fiscal Bureau will report both DOT's and the Governor's budget as increases to the existing FY 99 Base, currently listed in Chapter 20. Such increases will be dramatic and inconsistent with increases for all other programs. Their political survival is unlikely.

2. **WisDOT should submit the rest of its Biennial Budget request to DOA, after Joint Finance has approved the FY 99 Plan, but before DOA and Joint Finance will prepare and release summaries of agency budget requests.**

Rationale: If WisDOT submits its biennial budget and shows percentage increases based on the FY 99 Plan before Joint Finance approval, Fiscal Bureau will inevitably recalculate the increase based on existing Chapter 20 Appropriations. The entire Budget process utilizes Fiscal Bureau summaries.

Joint Finance is also likely to be critical that WisDOT assumed full approval of its FY 99 Plan, before Committee review and action.

Nevertheless, WisDOT's budget request must be available to incorporate in the DOA summary, statutorily due on November 20th, and for Fiscal Bureau summaries of agency requests, which are issued at about the same time.

Recommended Timing: Backing up from the inflexible November 20th deadline, the FY 99 Plan should be submitted to Joint Finance after Congress passes the FY 99 Transportation Appropriations Bill (by October 1), but no later than October 15. Sufficient time must be provided for Joint Finance Co-Chairs to receive a Fiscal Bureau analysis and declare the plan complete, and leave 14 days to schedule a hearing. The hearing should be held (if necessary) after November 3, but as soon as possible thereafter. WisDOT must have time to readjust its biennial budget request, if needed, and submit it to DOA, for incorporation into their summary by November 20th.

WTBA RECOMMENDATIONS FY 99 FEDERAL PLAN

Priority #1: Use FY 99 base as precedent to allocate federal funds between state and local programs: 73% state; 27% local. Increases in CMAQ and other programs advocated nationally by local government organizations should be funded within historic local allocation of federal funds.

- The FY 98 Federal Plan, as approved, allocated only 65% to state programs. A 65% share is unacceptable to WTBA for FY 99 and for the 1999 Biennial Budget. Would hasten need for new state taxes.

Priority #2: Maximize federal funding in STH Rehabilitation Appropriation, to establish the highest possible base for the 1999 Biennial Budget. Large needs looming for outstate and Milwaukee-area investment. Minimizes need for future tax increases.

- WTBA Goal: As close to \$90 million as possible. Include in FY 99 Base.

Priority #3: Restore \$5 million in Design Funding for Major Projects and include in FY 99 Base. This funding was removed in the 1997 budget, temporarily, due to TPC moratorium, which was vetoed. DOT must begin new project development right away, to fill in project gap created by accelerated program.

Priority #4: Place most of the federal funds allocated to local governments in the Local Highways Appropriation and include in FY 99 Base. Large unmet needs.

Priority #5: Minimize FY 99 increases in funding for stand-alone CMAQ, Enhancements, and Safety Funding. These are low priorities.

No Increase in Maintenance Funding: WTBA strongly opposes using federal funds to increase STH Maintenance. Violation of Congressional intent; improved pavements lower maintenance costs.

WTBA FY 99 Plan Recommendation (\$ Millions):

DOT recommends:

2.4
14.6
73.7
~~23.3~~
6.9
2.5
1.2
2
.3
103.6

	<u>State Allocation</u>	<u>Local Allocation</u>	DOT recommends
Majors Design	\$ 5.0		
Majors Acceleration	\$ 7.0		
STH Rehabilitation	\$ 86.6		
Local Highways		\$ 32.4	23.3 23.3
CMAQ		\$ 2.0	1.7
Enhancements		\$ 1.0	.6
Rail Crossings		<u>\$ 1.0</u>	
TOTALS	<u>\$ 98.6</u>	\$ 36.4	last bridge .5
mgt. + oper. rail passenger service			<u>26.4</u>

CORRECTIONS

Out-of-State Prison Contracts – Agenda Item III
Departmental Modifications to Existing Contracts
[Substitute to Alternative C2]

Motion:

Move to approve the Department's request for authority to modify the number of authorized inmates at currently approved sites, without certification of by the Co-chairs of the Joint Committee on Finance, as long as the number of out-of-state beds does not exceed the total number approved by the Committee, but require that the authority may only be used in the case of an emergency. Require that if Corrections uses its authority to modify the site-specific limits because of an emergency, it must notify the Committee of those changes within five working days.

Note:

This motion would approve alternative C2 from the December 2, 1998, Fiscal Bureau paper on out-of-state prison contracts (Agenda Item III), with the restriction that Corrections could only modify the site-specific prison contract limits in the case of an emergency. If the limits were modified, Corrections would be required to notify the Committee within five working days.



Bodger Cur

Kiso

extra money
ask to put on agenda
today.

Pete Larson - died yesterday