

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_June 1998_pt12

➤ Record of Comm. Proceedings ... RCP

➤

JUNE 1998 13.10 requests



STATE OF WISCONSIN
 DEPARTMENT OF ADMINISTRATION
 101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
 GOVERNOR
 MARK D. BUGHER
 SECRETARY

Mailing Address:
 Post Office Box 7868
 Madison, WI 53707-7868



June 17, 1998

The Honorable Timothy Weeden, Co-Chair
 Joint Committee on Finance
 1 East Main Street, Suite 203
 Madison, WI 53703

JUN 16 1998

The Honorable John Gard, Co-Chair
 Joint Committee on Finance
 315 North, State Capitol
 Madison, WI 53702

Dear Senator Weeden and Representative Gard:

I am writing to clarify the intent of the Community Services Energy Efficiency Rewards Program contained in Governor Thompson's 1998 Oil Overcharge Plan. The program will offer two options to operators of eligible child-care and community based residential facilities (CBRF). One option will provide rewards for the purchase of Energy Star appliances, e.g., refrigerators, freezers, dishwashers, and washing machines. The second option will provide rewards for more extensive facility improvements such as heating, air conditioning or water heating.

How the Program will work: A private-sector Program Administrator will provide a single point of contact for participants. A child-care or CBRF operator will first contact the Administrator who will help the operator determine which of the two options is most appropriate. If an appliance is needed, information on eligible Energy Star appliances and rewards, along with a program application, will be sent to the requestor.

If the operator is interested in further energy efficiency measures, the Administrator will dispatch an energy rater to conduct a rating for the facility and make recommendations on the cost-effective improvements. In addition to recommending energy improvements, the rater will be able to identify health and safety issues that must be addressed in order to make desired improvements. The facility operator will be able to choose from the prioritized recommendations, which ones to implement. The energy rater will assist in preparing the reward application.

The Appliance Option: Eligible facility operators who select this option will be able to receive an established reward when they purchase an Energy Star appliance as listed by the federal Environmental Protection Agency. They will also be able to receive a reward for converting certain appliances from electricity to natural gas or propane. Rewards will be provided as follows:

- | | | | |
|-----------------|-------|--|-------|
| • Refrigerators | \$300 | • Horizontal Washing Machines | \$300 |
| • Freezers | \$100 | • Conversion of electric water heater to gas | \$200 |
| • Dishwashers | \$100 | • Conversion of electric dryer to gas | \$200 |

The Home Performance Rating Option: This option employs a Home Performance Energy Rating to make site-specific recommendations for the most cost-effective improvements. The participant will be able to select from the recommended improvements and a reward will be based on the documented projected energy savings. Rebates will range from \$300 to \$1,000.

The rating will provide access not only to the funds in this proposed oil overcharge program, but also to the current Home Performance Rating Rewards (about \$370,000 remaining). Access to this funding will actually increase the level of funding that may go to childcare and CBRF facilities.

Administration: DOA has an existing contract for the administration of the Home Performance program in selected areas of the state. Administrative costs will be minimized by negotiating an expansion of that contract to include administration of both options of this program. Overall, administrative funding will be limited to 10%. It is also expected that match funds may be available from other sources to cover some portion of the ratings or even increase the rewards for the improvements made.

I trust this clarification is helpful.

Sincerely,



NATHANIEL E. ROBINSON, ADMINISTRATOR
Division of Energy and Intergovernmental Relations

cc: Mark D. Bugher, Secretary
Department of Administration

Members, Joint Committee on Finance
Wisconsin State Legislature

Division of Executive Budget and Finance
Department of Administration

Bureau of Financial Management
Department of Administration

Jere Bauer, Jr, Fiscal Analyst
Legislative Fiscal Bureau

Patrick E. Meier, Director
Wisconsin Energy Bureau

G:\oo\061698pm

THE STATE OF WISCONSIN

SENATE CHAIR
TIMOTHY WEEDEN

1 E. Main, Suite 203
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-2253



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Tim Weeden
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: June 17, 1998

Re: UW System Letter on Tuition and Fee Remissions

Attached is a copy of a letter from the University of Wisconsin System, pursuant to s. 36.27 (3m) (d), Stats., which provides information on tuition and fee remissions for children of correctional officers, fire fighters, or law enforcement officers killed in the line of duty.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

TW:JG:dh



The University of Wisconsin System

Office of the President

1720 Van Hise Hall, 1220 Linden Drive
Madison, Wisconsin 53706-1559
Tel (608) 262-2321 Fax (608) 262-3985
E-mail: klyall@ccmail.uwsa.edu

June 15, 1998

JUN 16 1998

TO: Senator Timothy Weeden, Co-Chair
Representative John Gard, Co-Chair
Joint Committee on Finance

FROM: Katharine C. Lyall
President

RE: Tuition and Fee Remissions for Children of Correctional Officer, Fire
Fighter, or Law Enforcement Officer Killed in the Line of Duty

1995 Wisconsin Act 228 required the Board of Regents to remit tuition and fees to a child of a correctional officer, fire fighter, or law enforcement officer killed in the line of duty. The bill also provided \$15,000 GPR annually to pay for this new program. Section 36.27 (3m) (d), Wis. Stats., states *If the appropriation under s.20.285 (1) (bm) in any fiscal year is insufficient to fully fund the fee remissions under par. (b), the board shall notify the joint committee on finance.*

For the 1997-98 fiscal year, the UW System will provide \$22,836 in remissions for these students resulting in a foregone tuition and fee revenue shortfall of \$7,836. The UW System has not denied eligible students tuition and fee remissions because of a lack of state funding.

Please note that 1997 Wisconsin Act 163 expanded this program to include the surviving spouse of a correctional officer, fire fighter, or law enforcement officer killed in the line of duty without appropriating additional funds. These statutory changes will likely increase future costs and require a supplement in 1998-99. Additional funding for this program will be requested as a cost-to-continue adjustment in the 1999-01 UW System biennial budget.

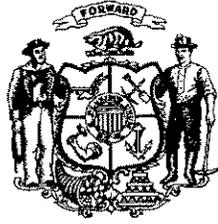
Please contact me if you have any questions.

cc: Secretary Mark Bugher
Director Robert Lang
Vice Presidents
Dan Caucutt, Department of Administration
Bob Hanle, Department of Administration
Merry Larsen, Legislative Fiscal Bureau

THE STATE OF WISCONSIN

SENATE CHAIR
TIM WEEDEN

1 E. Main, Suite 203
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-2253



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Tim Weeden
Representative John Gard

Date: June 23, 1998

Attached is a copy of a report from the Department of Administration, pursuant to s. 18.77 (7), Stats., which specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of borrowing obligation.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

TW:JG:dh



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



June 23, 1998

JUN 23 1998

The Honorable Timothy Weeden, Co-Chair
The Honorable John Gard, Co-Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

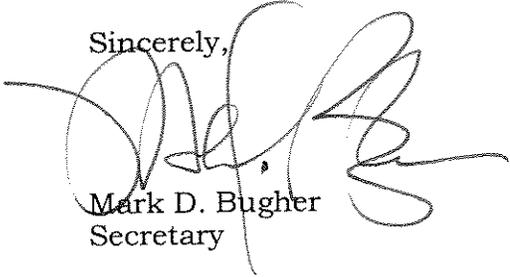
Dear Senator Weeden, Representative Gard and Members:

This report is required by subsection (7) of 18.77 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of borrowing obligation. On June 16th, the Capital Finance Director, on behalf of the Building Commission, awarded the sale of \$350,000,000 State of Wisconsin Operating Notes of 1998. This was a public sale conducted pursuant to Subchapter III of Chapter 18. The Official Notice of Sale dated June 9, 1998, attached, set the terms and conditions of the sale and was available to all potential bidders. The State received 26 bids from eleven firms for the notes.

The award was based on the lowest net interest cost rate to the State. The successful underwriters included Morgan Stanley Dean Witter, Zions First National Bank, a syndicate managed by J.P. Morgan Securities Inc. and a syndicate managed by Bear, Stearns & Co. Inc. The aggregate amount of underwriting participation by minority-owned firms certified by the Department of Commerce is \$4,800,000, which is 1.37% of the total note issue.

Underwriting participation by minority owned firms is encouraged. There is a section "Minority Participation" in the Official Notice of Sale and a list of the certified firms including address, phone number and contact person was included in the bidding materials sent to each prospective bidder.

Sincerely,


Mark D. Bugher
Secretary

Enc.

\$350,000,000
State of Wisconsin Operating Notes of 1998

Underwriters:

Morgan Stanley Dean Witter

Zions First National Bank

J.P. Morgan Securities Inc., Book-Running Manager
Samuel A. Ramirez & Co., Inc.
Artemis Capital Group, Inc.

Bear, Stearns & Co. Inc., Book-Running Manager
First Albany Corporation
Robert W. Baird & Co. Incorporated

OFFICIAL NOTICE OF SALE
\$350,000,000
STATE OF WISCONSIN
OPERATING NOTES OF 1998

SEALED PROPOSALS will be received by the State of Wisconsin Building Commission (the "Commission") until 10:00 A.M. (CDT) on June 16, 1998, for the purchase of \$350,000,000 State of Wisconsin Operating Notes of 1998 (the "Notes") on the terms and conditions for bidding stated below. Sealed proposals must be delivered to the Reception Area, 10th Floor, Administration Building, 101 East Wilson Street, Madison, Wisconsin. The proposals will be publicly opened and read.

Terms of Notes. The Notes will be issued as fully registered notes without coupons in denominations of \$25,000 or any integral multiple thereof, will be dated July 1, 1998, will mature on June 15, 1999 and will bear interest (payable at maturity) at the rate established by the State and made available through TM3 ("Thomson Municipal Market Monitor") wire service no later than noon (EDT) on June 15, 1998. Bidders must acknowledge the interest rate in the Official Bid Form. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months (a 344-day term on a 360-day basis). The Notes will not be subject to redemption prior to maturity.

Book-Entry. The Notes will be issued as fully registered notes without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. Note certificates will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$25,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Notes purchased. The State of Wisconsin (the "State") will deposit the Note certificates with DTC and release them upon closing. Firstar Trust Company, Milwaukee, Wisconsin (the "Trustee"), will make payment of the principal and interest on the Notes at maturity on behalf of the State to DTC or its nominee as registered owner of the Notes in same-day funds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners, all as required by rules and procedures of DTC and the participants. The State and the Trustee assume no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Notes.

Notices to DTC. Notices, if any, given by the State other than by publication, will be given to DTC in the same manner as are payments. The State assumes no liability for the failure of DTC, its direct and indirect participants or other nominees to promptly transfer said notices to the beneficial owners of the Notes. The State is not responsible for supervising the activities or reviewing the records of DTC, its direct and indirect participants or other persons acting through such participants.

Successor to DTC. In the event that the securities depository relationship with DTC for the Notes is terminated and the Commission does not appoint a successor depository, the Commission will prepare, authenticate and deliver, at its expense, Notes in bearer form without coupons in the denominations of \$25,000, in the aggregate principal amount of Notes then outstanding, to the beneficial owners of the Notes as shown upon the books of the depository.

Authority and Security. The Notes will be issued pursuant to Chapters 16 and 18 of the Wisconsin Statutes, as amended (the "Act") and a resolution adopted by the Commission on May 21, 1998 (the "Authorizing Resolution"). The Notes will be contractual obligations of the State payable from and secured solely by revenues pledged by the Commission pursuant to the Act and the Authorizing Resolution and deposited into the Operating Note Redemption Fund (the "Pledged Revenues"). The Operating Note Redemption Fund is a separate fund established with the Trustee. The Operating Note Redemption Fund is to be expended, and all moneys from time to time on hand in that fund are irrevocably appropriated, only for the payment of principal and interest on the Notes. There has been

yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce Bureau of Minority Business Development (608) 267-9550.

Certification of Price. Each successful bidder shall certify, to the Commission, prior to delivery of the Notes the initial offering price to the public of the Notes awarded to such bidder, together with such other information as may be required by the Commission to enable it to determine the "issue price" of the Notes awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986.

Closing and Delivery. The Notes will be delivered to DTC no later than June 30, 1998. The closing will be at a mutually agreeable location in New York, New York, on or about 9:00 A.M. (EDT) on July 1, 1998. Payment for the Notes must be made by wire in immediately available funds for credit at Firststar Bank Milwaukee, N.A. at said date and time. Should delivery be delayed beyond 45 days from the date of sale for any reason beyond the control of the State except failure of performance by a successful bidder, the State may cancel the award or a successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Notes will cease.

Legal Opinion. The legality of the Notes will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to each successful bidder without cost upon the delivery of the Notes. There will also be furnished upon the delivery of the Notes the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Notes, and a certificate to the effect that the Official Statement prepared in connection with the sale of the Notes, as of the date of the Official Statement and as of the date of delivery of the Notes, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Continuing Disclosure. In order to assist bidders in complying with Section (b)(5) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, the State has executed a Master Agreement on Continuing Disclosure and a Supplemental Agreement specifically for the Notes (the "Continuing Disclosure Documents"). The Continuing Disclosure Documents will be included in the transcript of proceedings.

CUSIP Numbers. CUSIP identification numbers will be specified on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal by a successful bidder to accept delivery of and pay for the Notes in accordance with the terms of the successful bidder's bid.

Bidding Documents. The Preliminary Official Statement is in a form which the Commission "deems final" as of June 3, 1998 for purposes of Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, but is subject to revision, amendment and completion in a final official statement as defined in Section (e)(3) of such rule. Copies of the Preliminary Official Statement and the Official Bid Form may be obtained from the Capital Finance Office, Department of Administration, State of Wisconsin Building Commission, Administration Building, 10th Floor, 101 East Wilson Street, Madison, Wisconsin 53702, (608) 266-2305, (608) 267-7399, or (608) 267-0374. Copies of these documents are also located on the World Wide Web at:

www.doa.state.wi.us/debf/scf1.htm

Final Official Statements. The Commission will, within seven business days of the award of the sale of the Notes, furnish to each successful bidder, without cost, up to 100 copies of the Official Statement for each \$10,000,000 of Notes purchased.

Dated: June 9, 1998

Frank R. Hoadley
Capital Finance Director

**MINORITY-OWNED UNDERWRITING FIRMS
CERTIFIED BY THE
WISCONSIN DEPARTMENT OF COMMERCE**

May 1, 1998

Note: The following list of minority-owned underwriting firms is provided for the information of potential bidders on the Bonds and does not constitute a part of the Official Notice of Sale. Minority participation in bids is strongly encouraged by the State but is not a requirement for submitting a bid.

Mr. Hugh Albritton III
A & M Securities, LLC
Three Riavinia Dr. Ste 1470
Atlanta, GA 30346
770-551-7561

Mr. Michael Yap
Americal Securities Inc.
290 7th Avenue
San Francisco, CA 94118
415-666-0633

Mr. Elton Johnson, Jr.
Amerivet Securities Inc
9111 S LaCienega Blvd. Ste 201
Inglewood CA 90301
310-641-6284

Caridad Ingco
AMI Risk Consultants Inc.
11410 N Kendall Dr. #208
Miami, FL 33176-1031
305-273-1589

Mr. Sano Shimoda
Bio Science Securities, Inc.
2 Theatre Square, #210
Orinda, CA 94563-3346
510-253-9520

Mr. John Rezaei
Blaylock & Partners, L.P.
111 South Calvert St. Ste 1560
Baltimore, MD 21202
800-747-5335

Ms. Benita Pierce
B. Pierce & Co. Inc.
12 Greene Street #3
New York, NY 10013
212-219-1114

Mr. Stephen R. Goodwin
Cartwright & Goodwin, Inc.
425 E. 86th St., Fl. 8
New York, NY 10028-6449
212-427-1602

Ms. Baunita Greer
Cromwell, Miller & Greer, Inc.
301 Cathedral Pkwy, #6S
New York, NY 10026
212-323-8273

Ms. Denise Pascucci
Duke & Company Inc.
909 Third Avenue Fl 7
New York, NY 10022
212-355-7225

Ms. Arlene Isaacs-Lowe
Equinox Investment Inc.
342 Madison Ave.
New York, NY 10173
212-922-11843

Mr. Samuel D. Ewing, Jr.
Ewing Capital, Inc.
727 15th Street NW, Ste 700
Washington, DC 20005
202-737-1500

Mr. Claude Gregory
Financial & Realty Services, LLC
8720 Georgia Ave Ste 608
Silver Spring, MD 20910
301-650-9112

Ms. Sherlin Lee
First Honolulu Securities, Inc
900 Fort Street #950
Honolulu, HI 96813
808-523-9422

Gail M. Pankey
Gail M. Pankey
8 Broad Street
New York, NY 10005
212-425-0382

Mr. Christopher Gardner
Gardner Rich & Company
311 S. Wacker Dr., Ste 6060
Chicago, IL 60606
312-922-3333

Mr. Devin C. Dozier
Graicap Inc.
25 E Wisconsin Ave Fl 18
Milwaukee, WI 53202
414-347-5646

Ms. Lenda P. Washington
GRW Capital Corporation
N.W. Suite 10H
1010 Vermont Ave
Washington, DC 20005
202-628-7090

Mr. Leopoldo E. Guzman
Guzman & Company
1200 Brickell Avenue 14th Fl
Miami, FL 33131
305-374-3600

Ms. Catherine Ryan
HCM Investments, Inc.
35 West Wacker Drive #3260
Chicago, IL 60601
312-553-1000

Mr. Howard V. Gary
Howard Gary & Company
3050 Biscayne Blvd, #603
Miami, FL 33137-4163
305-571-1380

Mr. Eric H. Pookrum
Innova Securities, Inc.
3703 Woodsman Court
Suitland, MD 20746-1376
301-967-7368

Mr. Ronald Jackson
Jackson Partners & Assoc., Inc.
381 Park Avenue South, #621
New York, NY 10016
800-932-9863

Mr. Samuel W. Bacote
Jackson Securities, Inc.
100 Peachtree St. N.W., #2250
Atlanta, GA 30303-1912
404-522-5766

Mr. John Hsu
John Hsu Capital Group, Inc.
767 Third Avenue 18th Fl
New York, NY 10017-2023
212-223-7515

Mr. Albert Grace Jr.
Loop Capital Markets LLC
175 W Jackson Ste A635
Chicago, IL 60604
312-913-4905

Ms. Patricia Winans
MAGNA Securities Corp
235 W 56th Street Fl 11
New York, NY 10019
212-317-2932

Mr. Harold G. Ognelodh
M R Beal & Company
565 Fifth Ave, Fl 8
New York, NY 10017
212-983-3900

Ms. Patricia Senese
May Davis Group
Wall Street Tower
20 Exchange Place, Fl 49
New York, NY 10005
212-480-2710

Mr. Philip Y. Leung
Montrose Securities International
50 California Street, Ste 3270
San Francisco, CA 94111
415-399-9955

STATE OF WISCONSIN

SENATE CHAIR
TIMOTHY WEEDEN

Room 203, 1 East Main Street
P.O. Box 7882
Madison, WI 53703
Phone: 266-2253



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

June 24, 1998

JUN 24 1998

Major General James G. Blaney
The Adjutant General
Department of Military Affairs
2400 Wright Street
P.O. Box 14587
Madison, WI 53714-0587

Dear Major General Blaney:

On June 5, 1998, a s. 166.215(5) notification and request for additional funding for the extension of two regional emergency response team contracts, Superior and Wausau, was submitted for approval by the Joint Committee on Finance.

Section 166.215(5) requires the State Emergency Response Board (SERB) or the Division of Emergency Management (Division) to notify the Committee, under a 14-day passive review process, before entering into any renewed, new or extended contracts with hazardous materials regional response teams, of any funding commitment involved in the new, renewed or extended contracts. In addition, the statute provides that as part of the notification, SERB or the Division may request additional funding for any such contracts, if necessary. Under the June 5, 1998, s. 166.215(5) submission, the Division requested a supplementation of \$274,100 GPR in 1998-99 to fund the additional costs of extending Superior's and Wausau's contract for two years. Although not specifically stated in the request, the Division assumed that the contracts would be funded from the Joint Finance Committee's appropriation (20.865(4)(a)).

The Committee approves, at this time, a one-year extension of the Superior and Wausau emergency response team contracts and the use of any unobligated amounts in the regional emergency response team appropriation (s. 20.465(3)(dd)) to fund those contracts in 1998-99. However, because of the limited funding in the Committee's appropriation for the remainder of the

fiscal biennium, that appropriation should not be used as a funding source for these contracts. Therefore, the Division is directed to submit an additional request to the Committee, under s. 166.215(5) procedures, recommending a funding source(s) other than the Committee's appropriation, for any remaining costs of the two contracts. Once that request is received, the Committee will consider it under a 14-day passive review process.

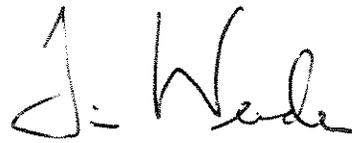
In the future, we would request that submissions under s. 166.215(5) be provided to this Committee at least 45 days prior to the expiration of the existing contract. The Committee further requests that the Division include in its 1999-2001 biennial budget proposal a funding proposal for those contracts set to expire in the 1999-2001 biennium.

Unless you notify us by June 30, 1998, that you wish to have us schedule a meeting of the Committee on the original request, we will consider the above contract term modification and funding directive as approved.

Sincerely,



JOHN G. GARD
Assembly Chair



TIM WEEDEN
Senate Chair

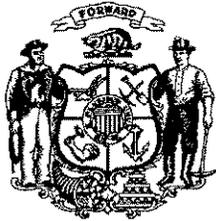
JGG/TW/dh

cc: Members, Joint Committee on Finance

THE STATE OF WISCONSIN

SENATE CHAIR
TIMOTHY WEEDEN

1 E. Main, Suite 203
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-2253



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Tim Weeden
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: June 25, 1998

Re: UW-Extension Report

Attached is a copy of a report from the University of Wisconsin Board of Regents, as required by Section 9153(c) of the 1997-99 state budget, which provides information on the mission, programs and management of the UW-Extension.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

TW:JG:dh



The University of Wisconsin System

Office of the President

1720 Van Hise Hall, 1220 Linden Drive
Madison, Wisconsin 53706-1559
Tel (608) 262-2321 Fax (608) 262-3985
E-mail: klyall@ccmail.uwsa.edu

JUN 24 1998

June 15, 1998

*Distributed
except greg.*

TO: Tommy G. Thompson, Governor
✓ Senator Tim Weeden, Co-Chair, Joint Committee on Finance
Representative John Gard, Co-Chair, Joint Committee on Finance
Carol Kelso, Co-Chair, Joint Audit Committee
Mary Lazich, Co-Chair, Joint Audit Committee

FROM: Katharine C. Lyall, President

RE: Report on UW-Extension Function

At its May 8, 1998 meeting, the Board of Regents accepted the attached report for submission to the Governor, the Joint Committee on Finance and the Joint Legislative Audit Committee.

Section 9153(c) of the 1997-99 state budget directed the Board of Regents to prepare and submit a report on various aspects of the mission, programs and management of the University of Wisconsin-Extension. Beginning in September, 1997, the Education Committee of the Board of Regents heard testimony and presentations from faculty, administrators and representatives of external organizations and partners participating in extension programs. These presentations, as well as meetings among Board members, UW System and UW-Extension officials, form the basis for the Education Committee's review and this report.

If you need additional information regarding this report, please contact me or Senior Vice President David Ward.

Attachment

cc: David J. Ward, Senior Vice President
Margaret Lewis, Associate Vice President
Albert Beaver, Interim Chancellor, UW Extension

JUN 24 1998

**REPORT OF THE BOARD OF REGENTS
ON EXTENSION EDUCATION
IN THE UW SYSTEM**

**SUBMITTED BY THE
EDUCATION COMMITTEE
OF THE BOARD OF REGENTS
MAY 1998**

Executive Summary

"Frankly, we were scared to death by the results of a UW-Extension needs assessment of our 6-12th grade students because the numbers of our youngsters who were abusing alcohol, smoking and sexually active were incredibly high! But the Douglas County Extension Office helped us to establish the Solon Springs Youth Futures program which enabled us to identify the most critical local youth issues and develop a comprehensive action plan to work on positive solutions. There's hope now where there wasn't before, and it's thanks to UW-Extension and Youth Futures."

Frank Giesen, Volunteer
Solon Springs Youth Futures

During the last nine months, the Board of Regents Education Committee heard statements like this one by Frank Giesen as it reviewed the directions, priorities and support for extension education in Wisconsin. Extension programs are responding to the changing needs of people for the resources of the University of Wisconsin System. They offer practical application of research-based information to some of the most difficult issues facing our state and its communities. But most importantly, extension education helps to create the capacity in people to respond reasonably and realistically to the challenges of the future. Mr. Giesen's comments and others like them confirm the value of the Wisconsin Idea and extension education in the UW System.

Throughout this report, there are similar program examples to the one from Solon Springs. These examples demonstrate that extension educators are:

- Responding to emerging state and local issues that require the educational resources of the University, including: welfare reform; land use and environmental management; agricultural management and profitability; K-12 schools, technology and continuing education for teachers; business, economic development, and continuing professional education.
- Developing new partnerships that enhance collaborative efforts with public agencies and private organizations and increase access to university information and education. These partnerships have leveraged additional investments in extension programs and minimized duplication among participating agencies and organizations.
- Exploring the potential of distance education to reach adult learners and overcome the barriers of time and place for university students of all ages. As James Haney, President of the Wisconsin Manufacturers Association, told the Board of Regents during the *Study of the UW System in the 21st Century*, this effort is "absolutely necessary in a society where an increasingly educated, skilled and trained workforce is needed."

- Providing stewardship for limited public resources and making tough decisions about the reallocation of funds and faculty and staff time to new educational priorities. State support of the extension function has dropped from 45.4% of total expenditures in 1988 to only 34.5% of the total in 1997. New investments in the extension function will be necessary if extension education is to continue to respond to emerging public issues, form additional partnerships, and bring about programmatic change.
- Creating new educational opportunities that respond to the needs of underserved and disadvantaged audiences. Extension educators have worked hard to build trust and understanding with culturally and economically diverse populations. They have designed programs tailored to specific educational needs and are committed to sustaining long-term partnerships with underserved and disadvantaged communities.
- Incorporating public input, data analysis, and program evaluation when making decisions about program priorities to assure that extension education remains relevant to the State and its citizens. Clearly, faculty, staff and administrators have heard the criticisms of the last several years and responded accordingly. Their efforts have positioned UW-Extension and the other UW institutions for the challenges of the 21st Century.

Ken Miller, Chair of the Washington County Board of Supervisors, observed that the impact of devolution on counties and other local units of government requires even more access to the educational programs of UW-Extension and the other universities. Mr. Miller's observations reflect a consensus among those who appeared before the Education Committee. The Board of Regents believes that, with the support of the State, extension educators will be poised to take on the challenges of devolution, local government education, and other issues which will emerge in the 21st Century.

Background and Introduction

Section 9153(c) of the 1997-99 state budget directed the Board of Regents to prepare and submit a report on various aspects of the mission, programs and management of the University of Wisconsin-Extension. The Board's Education Committee took responsibility for the review associated with the preparation of this report, as well as the review recommended by UW System President Katharine Lyall in her response to the Legislative Audit Bureau (LAB) report on UW-Extension released last year.

Beginning in September, 1997, the Education Committee heard testimony and presentations from faculty, administrators, and representatives of external organizations and partners participating in extension programs. (A complete list of hearing topics and presentations is attached). These presentations, as well as meetings among Board members, UW System and UW-Extension officials, form the basis for the review conducted by the Education Committee and this report on UW-Extension and the extension function in the UW System.

In her response to the 1997 LAB evaluation, President Lyall noted that the report documented significant progress toward implementation of Board of Regents policies on the extension function. Those policies make it clear that no single institution shall have sole responsibility for extension education, but rather this responsibility is shared among all UW institutions. President Lyall then went on to state that the partnerships within the UW System among the institutions and with external partners outside the University System "have never been stronger."

Based on the review conducted during the last nine months by the Education Committee, the Board of Regents concurs and believes that UW-Extension and the other institutions of the UW System have moved jointly to position extension education in Wisconsin for the challenges of the 21st Century. Progress has been made to assure that:

- The extension programs of the institutions change with the changing needs of the state and its citizens;
- Research-based education and information form the basis for extension programs that support individuals, communities, and organizations as they attempt to address some of the most difficult and demanding societal issues;
- New technologies are being adapted and assessed to improve and expand access to the educational programs of the universities;
- The investment of public funds is leveraging financial resources from the private sector, non-profit organizations, and other public agencies to further support extension education; and
- Improvements in program identification, planning, and development assure that extension education remains relevant to the state and its people.

The Board of Regents' policies on the systemwide extension function are intended to create a network of educational programs serving Wisconsin. Testimony presented to the Board's Education Committee underscores President Lyall's strong belief that UW-Extension and the other institutions of the UW System have moved to fulfill that intent.

Extension Programs

Over the last several years, some concerns have been raised about the breadth of programming offered under the umbrella of extension education. Some believe that a tighter focus might be given to extension education and more attention devoted to the elimination of programs that appear to be outdated. While the Board of Regents recognizes these concerns, it believes that the University System has an obligation to extend the resources of its institutions to those who can apply research-based information and education to the economic, social, environmental, and cultural needs of the state. The Extension mission has been and must continue to be the development and execution of a planned, systematic approach to programs that "apply University research, knowledge, and resources to meet the educational needs of Wisconsin people, wherever they live and work." The breadth of

extension programming reflects the breadth of program and research expertise across the UW System.

UW-Extension, working with the other institutions of the UW System, has taken steps to improve the program planning process used to identify and evaluate priorities for the extension function. These efforts have included:

- The involvement of multiple publics from outside the UW System in the identification and development of program priorities;
- The collection and analysis of data on specific issues to focus the educational role of extension programs and minimize duplication;
- The evaluation of program outcomes using a variety of both formal and informal techniques to determine the value and quality of instruction; and
- The application of the information gained from public inputs, data analysis and program evaluation to bring about programmatic change.

Representatives of partner organizations who appeared before the Board's Education Committee consistently supported these conclusions. According to one county board chairman: "The Cooperative Extension program planning process helped the county close out some efforts and move on. We've had a team plan in environment for the last four years, but this time economics was a bigger issue so we are focusing on things like labor force analysis."

Program planning and evaluation are leading to new partnerships and better programs to meet the needs of extension students. Nowhere has this been more evident than in the development of programming to help public schools apply new technologies to classroom instruction. UW-Extension received a \$500,000 AT&T grant last year to support the effective use of learning technologies in PK-12 classrooms. Working with school districts, teachers, Cooperative Education Service Agencies (CESAs), and the other UW institutions, Extension created a program plan for use of the grant that focuses on professional development, program content, and evaluation of the impact of the technologies on the learners. A total of 29 proposals involving 20 school districts working in collaboration with UW institutions were submitted, and in January, six awards were announced. Each of the projects will produce models which can be replicated for use in PK-12 classrooms throughout the state.

Extension programs are responding to the recommendations of the Governor's Blue Ribbon Commission on 21st Century Jobs. The transition taking place in agriculture is significant to the economic future of the state, and UW-Extension, with the UW-Madison College of Agricultural and Life Sciences and the School of Business, has created an Agri-Business Executive Management Program. The certificate program provides instruction in national and international agricultural markets, managing capital, developing business plans, creating financial reports, personnel management, exploring finance options, managing financial risk, and analyzing financial markets. The first class recently completed the

program's five learning modules, giving each session high evaluations for meeting student needs. The second class is scheduled for 1998-99.

UW-Stevens Point/Extension has responded to the professional development needs of the paper industry, another important part of Wisconsin's economic future. UW-Stevens Point and the paper industry jointly developed the Paper Science Academy, offering certificates in Pulp and Paper Technology and Supervisory Management for the Paper Industry, each requiring 90 contact hours of noncredit instruction. Program content focuses on technical and management needs of the industry as defined by five industry partners (Wausau, Mosinee, Consolidated, Georgia Pacific, and Weyerhaeuser). The certificate programs draw on the Department of Paper Science and other appropriate resources from across the Stevens Point campus.

UW-Parkside/Extension has created community outreach centers in collaboration with Cooperative Extension's Racine and Kenosha county offices, neighborhood organizations, local governments, and social service agencies. Under the leadership of the UW-Parkside Office for Extended Services, this coalition successfully competed for a three-year Community Outreach Partnership grant of approximately \$400,000 from the Department of Housing and Urban Development (HUD) to support community development and educational outreach programs that address the needs of neighborhoods in Racine and Kenosha. By working together, the partner organizations have created a Center for Community Partnerships, which will serve as an umbrella for university-community educational programs.

These are only a few examples that illustrate the role UW-Extension and the other UW institutions play in delivering the resources of the UW System to people and communities throughout the state. Testimony to the Regents Education Committee clearly demonstrated the value and relevance of extension education. It showed that program participants are actively engaged in helping to identify educational needs and priorities, as well as learning and study. Partnerships with people and organizations who benefit from extension education have brought about tremendous change in the array and content of extension programs. The commitment of UW-Extension and the other UW institutions to the systemwide extension function has earned the University substantial support from the constituencies that partner with extension programs.

Nevertheless, the Board believes that UW-Extension and the other UW institutions must explore new ways to evaluate the quality and impacts of extension programs. During the last year, a working group led by the UW-Extension Vice Chancellor has been developing criteria to more effectively measure and evaluate the impact of extension programs. One of the primary components of the evaluation procedures identified by the working group is new methods for evaluating program outcomes. In addition to learning new knowledge and skills, the working group has targeted specific actions taken by program participants as a result of the educational program. Extension programs, thus, become a means to an end which would be evaluated, when possible, in terms of changes in behavior, practices, actions, decision making, and policy. The Board believes that the recommendations of the Impact Indicators Working Group have significant value and encourages the implementation of the working group's final recommendations in an

expeditious manner.

Meeting the Needs of Underserved Populations

The April 1997 LAB report discussed the importance of meeting the needs of underserved populations, while section 9153(c) of the biennial budget calls for a description of efforts to extend programs to individuals who were previously not served by extension programs. We take these two different directives to be one and the same for purposes of this report.

The UW System has been working to reach underserved audiences through its extension programs in a variety of ways. President Lyall's response to the audit noted two particularly important efforts: Cooperative Extension's Urban Initiative and Continuing Education Extension's work with K-12 schools, particularly the Milwaukee Public School System. These initiatives and others have helped UW-Extension and the other UW institutions reach minority and disadvantaged populations with new and innovative extension programs.

Additional initiatives have been undertaken since release of the LAB evaluation, including:

- Cooperative Extension has created a youth futures program in Milwaukee for the Hmong community. For the first time, Hmong parents are having to deal with the development of adolescents who, in Laos, would have taken steps to adulthood as early as age 11. The Extension program is addressing such issues as drug and alcohol use, gang violence, sexuality, racial prejudice and peer pressure. The program has been developed in cooperation with the Hmong community and is supported by \$60,000 from two Milwaukee foundations.
- Wisconsin Public Television received a Silver Baton in the Alfred I. DuPont-Columbia University Awards for the documentary *Welcome to Poverty Hollow* which followed three northern Wisconsin families as they cope with the effects of poverty, depression, divorce, and children with emotional and educational problems. This program is now being used to help train social workers, and the Marshfield Clinic developed a workshop for health care providers around the program's content.
- Cooperative Extension faculty in Monroe County responded to the needs of Norwalk, a virtually all white community that suddenly had 150 new Latino residents employed by a local meat-packing plant. Long time residents felt intimidated, and the Latino population felt ostracized. Extension helped to develop a coalition of government and non-profit organizations to bring the two cultures together and deal with the problems faced by both populations. Outcomes have included: opening a low cost medical clinic; social and cultural exchanges; changes in local business practices to better serve Latino customers; and the hiring of a bilingual community liaison by the meat-packing company.
- Extension's Small Business Development Center (SBDC) has hired a business counselor

specifically for its educational programming at the Minority Business Development Center housed in the Milwaukee Enterprise Center business incubator. The counselor will work with faculty at UW-Milwaukee and the Milwaukee Area Technical College to provide minority entrepreneurs with access to financial, marketing, human resource, accounting and other business disciplines which can support training and education for minority business entrepreneurs.

- Extension faculty worked with Fond du Lac and Pierce counties in the state's W-2 pilot program to provide participants with training and education in financial management, nutrition and health, job skills, and changing family relationships in the transition to the new work-based benefit program. Other faculty worked with local governments and employers to assess labor force trends and analyze employment opportunities. Experience in the pilot counties has helped Extension faculty and staff work with other counties as the W-2 program is implemented statewide.
- Extension's faculty and staff are developing new educational programs in cooperation with Wisconsin's Native American tribes and their tribal colleges. Funds have been reallocated to develop new programs that address economic development, distance education, conflict resolution, nutrition education, and youth and family programming needs. Currently, four agents and five family nutrition program (FNP) aides are working with the state's eleven tribes.

These educational programs have come about as a result of personal connections between faculty and staff and the communities they serve. Their work has resulted in new and innovative extension programs serving diverse populations. The Board of Regents recognizes the initiative taken by extension educators engaged in these programs and encourages UW-Extension and the other UW institutions to support and expand extension programs for underserved and minority populations.

Distance Education and Technology

In its *Study on the University of Wisconsin System in the 21st Century*, the Board of Regents recommended that learning technologies be adapted "to create a student-centered learning environment that removes time and place as barriers." The Board's recommendation reflected the strong belief that distance education can improve access to University programs and education. Specifically, the Board directed that the UW System prepare plans to assess student needs, support faculty adaptation of new technologies, evaluate instruction and learning at a distance, foster new internal and external collaborations, and provide the financial resources necessary to support new investments in distance education.

The Board's recommendations were appropriate to the mission of UW-Extension which calls for the delivery of educational programs to "people where they live and work." UW-Extension has tested, applied and successfully used a multitude of instructional technologies to deliver programs throughout the state, beginning with print-based instruction over 100 years ago. The evolution of the use of learning technologies by Extension includes radio, television, interactive audio and video systems, and computer technologies.

For example, Extension's Higher Education Location Program (HELP) developed an Internet site (HELP On-Line) as a single source of information about higher education in Wisconsin to assist students. The site provides direct access to program information, degree requirements, financial aid information, admission procedures, and on-line applications to institutions of the UW system, Wisconsin Technical College System and the Wisconsin Association of Independent Colleges and Universities. HELP On-Line received 3,000 "hits" by users in March, 1998, the most recent month for which complete information was available, and UW institutions have received over 5,000 on-line applications this year.

Recent instructional experiences also demonstrate potential applications of distance learning technologies. In 1996, UW-Extension worked with the Wisconsin Nurses Association and five UW institutions to develop a collaborative degree program responding to the interests of more than 9,000 nurses statewide, many of whom were not previously able to access credit and continuing education courses because of professional responsibilities, family commitments, and geographic location. Also in 1996, Extension began working with Lotus Development Corporation, an IBM company, to apply and evaluate Lotus Learning Space, an asynchronous learning system. The pilot project has grown to involve 11 institutions and enrolls an estimated 3,000 students in programs that include business administration, economics, communication, education, dance, nursing, and hospitality and tourism.

As a result of these initiatives and others, UW-Extension has worked with UW System and the other institutions of the UW System to move the Board's 1996 recommendations on distance learning technologies closer to reality. The first step was the reorganization of Independent Learning and alignment of several existing units to support the systemwide goals on distance learning. This reorganization responded to the needs of students, faculty, the other UW institutions, and external partners, as called for by the Board.

The Board formalized this reorganization and authorized the creation of a UW Learning Innovations Center in October, 1997. Learning Innovations offers resources critical to the effective development, marketing, distribution, and support of technology-enabled learning products and services on behalf of the entire UW System. Specifically, the Center provides:

- Market research and assessment capabilities that are not currently available to most UW institutions;
- Services to support and enhance faculty expertise in the design and development of new courseware and production resources that supplement the capabilities of the institutions;
- Support for relationships with external organizations to develop new distribution channels;
- Student support services specifically for those who enroll in programs offered at a distance; and
- Responses to issues related to intellectual property and the distribution of courses.

In addition to Learning Innovations, UW-Extension has also moved aggressively to convert its primary conference center to a distance learning center. The Pyle Center is a \$15.3 million project supported by state funds and private grants that will incorporate state-of-the-art technologies to enhance teaching and learning at a distance. The Pyle Center will support professional training, computer research, and be the home for a technologically-advanced teleconference operations center. When completed this fall, the Pyle Center will support University and state interests in flexible education and teleconferencing through technologies that include two-way video systems and computer teleconferencing via the Internet.

Consistent with its mission in public broadcasting, UW-Extension has also taken a leadership role in the transition from analog television broadcasting to digital television (DTV). For most viewers, DTV will mean higher quality reception with better picture resolution and CD-quality sound. However, for the University of Wisconsin System, the transition will also allow for the simultaneous broadcast of educational programs and services on four channels when the system is used for multicasting. The additional services can increase access to educational programs via the Internet and interactive video, as well as expand capabilities to transmit data. Tied to the development capabilities of Learning Innovations, DTV will help the UW System improve access to instructional courses, training and development programs, and delivery of course materials and software.

The initiatives taken by UW-Extension offer tremendous possibilities in a number of areas important to the future of the University and the state. New partnerships are being developed within the UW System and with other institutions of higher education. K-12 schools, nonprofit organizations, local governments, state agencies, and the private sector are working with extension educators to explore distance learning opportunities. Extension educators are developing the programs and curriculum which make learning at a distance a reality for adult students. Extension is moving to effectively support shared instructional resources for distance education at a time when new financial investments in the University are scarce.

Most important, however, extension educators are applying instructional technologies to meet the economic and workforce development needs of the state. The final report of the Governor's Blue Ribbon Commission on 21st Century Jobs, *The New Wisconsin Idea: The Innovative Learning State*, specifically recommended expanding opportunities for work-based learning and the development of new linkages to make continuous learning opportunities as seamless as possible. Extension educators in Wisconsin are moving to fulfill the expectations of the Commission.

Funding

In responding to the 1997 LAB report on Extension, President Lyall identified five impacts that would significantly change the nature of extension education if state funding continued to be cut:

- State and local entities would realize fewer public benefits as extension educators focus on educational markets to generate program revenues rather than address critical state issues;

- Access would be reduced to underserved and disadvantaged populations who would be less able to afford programming driven by increased reliance on fees;
- The capacity to reallocate faculty and staff time to create new, innovative programs and conduct applied research would be diminished;
- Revenues leveraged from other sources would potentially be lost because the state no longer invested in the infrastructure which supports collaborative partnerships; and
- Fewer issue-based/audience-responsive programs would be offered because the revenue potential of these educational markets is unknown.

The review conducted by the Education Committee during the last nine months affirms these observations, and the Board of Regents believes that state funding must remain a substantial and stable component of the total revenue mix supporting extension education. State funds assure that a core of faculty and staff are focused on public issues, responding to emerging state needs, and leveraging funds from a variety of other sources, including Wisconsin counties, the federal government, program participants, and other public and private organizations. Unfortunately, state funding has declined over the last ten years from 45.4% to only 34.5% of all extension expenditures.

The erosion of state funds shifts access to the knowledge and resources of the University from serving public interests to the interests of those who can pay, creating frustrations for state policy makers, program partners, and program participants. If extension educators are to continue to test, apply and evaluate new programs and engage in new partnerships, state funds, not program revenues, must support these efforts. State funds help to foster change in programs, allow extension educators to address emerging issues, and respond to the needs of underserved audiences.

The importance of state funding for extension education is most evident in the collaborative efforts and partnerships it helps to create and the funds it helps to leverage. Public agencies and private organizations are willing to invest in extension partnerships because they know that the infrastructure funded by the state provides access to the wealth of information and knowledge the universities have to offer. Working with extension educators, these partners also know that programs can be tailored to the needs of adult learners with practical application of research-based information to real issues and problems. Several examples illustrate this point:

- Extension's Small Business Development Center has provided leadership for the creation of a new multi-partner SBDC serving Racine and Kenosha counties. Local chambers of commerce, economic development organizations, volunteer groups, and Gateway Technical College joined UW-Extension and UW-Parkside to create community-based service centers in each county. By committing \$70,000 annually, the SBDC leveraged commitments of more than \$200,000 over the next three years from other state and local partners. This new partnership will create a consolidated system of business education to upgrade the competitiveness of small and medium-sized

businesses and encourage new business growth through pre-venture education and start-up assistance.

- Wisconsin Public Television (WPT), working with Cooperative Extension faculty and staff, produced Wisconsin Safe Night, a project designed to teach communities, volunteer organizations, parents and youth new ways to resolve conflicts and avoid violence, alcohol and drug abuse. Broadcast in 1996-97, the Wisconsin-based project demonstrated the success of the concept piloted by WPT and Cooperative Extension. In 1998, WPT received a \$1.1 million grant from the Robert Wood Johnson Foundation to reach a national audience which is projected to include 4 million participants, 1,000 training sessions, and 10,000 Safe Night sites. A national broadcast is planned for June, 1999. Partners in the project include: the Boys and Girls Clubs of America, the National 4-H Youth Council, 100 Black Men in America, the American Academy of Pediatrics, and the Community Anti-Drug Coalitions of America.
- In 1990, UW-Extension received approximately \$400,000 in state funds to create the Solid and Hazardous Waste Education Center (SHWEC). The Center's educational programs support state priorities in recycling, waste management and hazardous waste reduction. Over the last eight years, SHWEC has been a vital partner in the implementation of the state's recycling law, adaptation of waste reduction strategies, assessment of markets for recycled products, and increased use of recycled materials. SHWEC has been able to attract private support of about four times the original state investments. In a recent survey of Wisconsin Manufacturers and Commerce members, SHWEC was recognized as one of two primary sources of information and education on international environmental standards.
- The UW-Milwaukee/Extension Center for Transportation Education is working with the Departments of Workforce Development and Transportation to create transportation coordination planning models. The models will help local governments, private and public transportation providers, state agencies, and the private sector plan, implement, and evaluate county-wide transportation systems. Coordinated transportation planning is one of several critical components in the successful transition to a work-based welfare reform system like W-2. The Center is developing these models in response to the interests of the Milwaukee Private Industry Council and several Wisconsin counties. Project funding is made possible in part by a grant from the National Governor's Association.

It is in the interest of the University System and the state to continue to foster the kinds of program innovation illustrated by these and many other examples. Unfortunately, UW-Extension and the other UW institutions have had to rely too heavily on reallocation, gifts and grants, and program revenues. Increased dependency on outside sources of funding focuses attention away from state priorities to the priorities of the funding sources. If the UW System is to continue to serve the public through its extension programs, then the state must be prepared to maintain its support for the extension function to enable the same level of innovation, creativity, collaboration, and change demonstrated here.

Allocation of 1997-99 Base Budget Reductions

Section 9153(c) directs that the Board describe how cuts to UW-Extension were allocated to meet the concerns expressed in the 1997 LAB report. In November, President Lyall reported to the Co-Chairs of the Joint Committee on Finance on the plan approved by the Board of Regents to allocate the 1997-99 budget reductions to UW-Extension. A 14-day passive review by the Finance Committee resulted in no objections and the plan then went into effect.

Two overriding principles guided the plan: (1) to minimize the negative effects on local and federal appropriations supporting Extension, and (2) to reduce wherever possible disruption in program priorities. The allocation of the reductions to UW-Extension and among the other UW institutions were made consistent with these principles. The one-time portion of the first year cut (\$1 million) was taken from operating balances consistent with the position taken in President Lyall's response to the audit and Extension's long standing policy that one-time carryforward funds be used only for one-time purposes. Permanent cuts were pro-rated across program areas and UW institutions with higher percentage reductions assigned to administrative units and program revenue requirements increased when possible. These actions avoided negative impacts on local and federal funding and helped to limit program disruption.

Operating Balances

The 1997 LAB report on Extension expressed concern about the lack of a "single definition of an appropriate reserve amount" for extension programs and suggested that "an operating reserve of at least 10 percent of the current year budget should be maintained." President Lyall's response to the report directed UW-Extension to conduct an assessment of operating balances and make recommendations on the level of operating reserves held by the institutions. The Continuing Education Extension Committee (CEEC), representing all UW institutions, conducted this review in cooperation with UW-Extension.

As a result of this review, UW-Extension and CEEC have recommended that the 10% reserve amount suggested by the auditors be set as a minimum expectation of all institutions. The recommendation is designed to maintain programmatic continuity during cyclical economic changes and provide the institutions with the flexibility to address the corresponding fluctuations in enrollments, program costs and offerings. The recommendation is also consistent with Academic Information Series 5.1 (ACIS 5.1), which recognizes three types of extension commitments:

- Annual commitments to faculty and staff for short-term projects and activities and their program support to implement agreed-upon plans;
- Continuing fiscal support for tenured and probationary faculty with specific long-term assignments to extension activities; and
- Longer term commitments which might support extension activities not permanently identified with specific individuals.

These short and long-term commitments form an infrastructure that provides a core of expertise on which institutions build innovative programs as well as withstand cyclical changes in the economy. Supporting such commitments from operating balances provides stability in the overall extension program and allows for investments in new programs when new program funding is not available. Consistent with ACIS 5.1, the institutions submit plans for their operating budgets to UW-Extension as part of the regular interinstitutional agreement (IIA) process.

Continuing Education Noncredit Fee Policy

President Lyall's response to the 1997 LAB report on Extension and section 9153(c) of the biennial budget call for reviews of the continuing education noncredit fee policy. This review has been conducted by the Continuing Education Extension Committee (CEEC) and UW-Extension.

Two fundamental principles guide the application of the fee policy: (1) continuing education extension programs must be accessible and available to Wisconsin citizens, and (2) the extension function must be fiscally responsible and financially stable. Consistent with these principles, UW-Extension and the other UW institutions engage in annual program planning efforts guided by statewide and local program priorities. This planning results in an interinstitutional agreement (IIA) which includes a review of GPR allocations by each institution with UW-Extension. Program revenue targets are established and total institutional budgets for the extension function are approved. The fee policy is then used by institutional program units to assist them in meeting their targeted program revenue requirements.

This general framework recognizes that continuing education extension program priorities may vary among the UW institutions and provides the flexibility to respond to the needs and characteristics of different target audiences and markets for extension education. These considerations are particularly important when considering concerns about the variation in fees charged for apparently similar programs offered by different institutions. If access and availability are to be primary principles which drive continuing education extension program decisions, then the institutions, in collaboration with UW-Extension, must have options in the application of the fee policy to recognize differences in audiences and markets and the program curriculum that best responds to specific audience and market needs.

Future Considerations

The Board of Regents *Study of the UW System in the 21st Century* made several recommendations that set out a framework for the future of extension education in the UW System. Recommendations on Creating New Knowledge and Fostering Career and Professional Development pertain directly to the Board's expectations for extension programs. Individuals and organizations that work with extension educators expect access to programs that expand career and professional development education, extend the resources of the universities to additional communities, and create new strategic partnerships among the UW institutions and with external agencies and organizations. They also expect extension

programs to be delivered in a variety of ways from individual and classroom instruction to the Internet.

Over the last nine months, the Board's Education Committee has reviewed extension programs, program planning and evaluation, funding, and partnerships. The structure of the extension function in the UW System provides Wisconsin with an organizational advantage over other states. All the institutions of the UW System are engaged in extension education. They are responding to local and regional educational needs, as well as statewide program priorities. In the exercise of its institutional responsibilities, UW-Extension provides leadership for program and fiscal management of the systemwide extension function. Through their collaborative efforts, UW-Extension and the other institutions of the UW System have built a base of support for extension education among a broad cross-section of constituencies that benefit from extension programs. These constituencies know the value and impact extension education has in meeting their needs for university-based information and knowledge. The benefits are in the application of education to create new and innovative responses to some of the most difficult and demanding issues facing our state and its citizens.

Based on this review, the Board of Regents recommends that UW-Extension, working with the other UW institutions, place special emphasis on the following areas to meet future expectations for extension education.

- Assist K-12 schools in meeting the educational needs of all students, especially those from minority and disadvantaged populations.
- Expand the capacity of local governments to meet the challenges of devolution by increasing educational opportunities for elected and appointed officials and applied research conducted on specific local government issues.
- Enhance the capacity of the UW System to test, develop, and apply new interactive distance learning technologies, including digital television.
- Increase workforce training and education programs consistent with the recommendations of the Governor's Commission on 21st Century Jobs for the public, non-profit, and private sectors to make better use of University resources.

THE STATE OF WISCONSIN

SENATE CHAIR
TIM WEEDEN



ASSEMBLY CHAIR
JOHN GARD

1 E. Main, Suite 203
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-2253

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

June 30, 1998

The Honorable Tommy G. Thompson
Governor
State of Wisconsin
Room 115 East - State Capitol
Madison, WI 53702

Dear Governor:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated May 29, 1998, pursuant to s. 119.80(2)(am), Stats., concerning the use of funds in 1998-99 from the appropriation under s. 20.255(2)(ec), relating to aid to Milwaukee Public Schools (MPS).

No objections to this request have been raised. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Tim Weeden.

TIM WEEDEN
Senate Chair

Handwritten signature of John G. Gard.

JOHN G. GARD
Assembly Chair

TW:JG:dh

cc: Members, Joint Committee on Finance
Robert Lang, Legislative Fiscal Bureau
Jay Huemmer, Department of Administration



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 16, 1998

JUN 16 1998

JUN 16

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Milwaukee Public Schools Funding: 30-Day Passive Review

The Governor submitted the attached proposal dated May 29, 1998, for the use of funds in 1998-99 from the appropriation under s. 20.255(2)(ec), relating to aid to Milwaukee Public Schools (MPS). This aid is used by MPS for several education programs for disadvantaged pupils in the district. The proposed allocation of funds is identical to the allocation approved in previous years.

The approval process for this funding was modified in 1995 Act 27 (the 1995-97 budget) for fiscal year 1996-97 and thereafter. Specifically, the current statutes require that the Governor submit an expenditure proposal to the Joint Committee on Finance (JFC) and the appropriate standing committees by June 1 of each year. The standing committees have until June 15 to submit, in writing, any recommendations to JFC. By June 30, JFC may schedule a meeting to approve, modify or reject the proposal. If the Committee does not schedule a meeting by June 30, the proposal would be considered approved.

The review period for the standing committees has concluded and no recommendations for any change have been submitted to JFC.

If you have any questions relating to this funding, please contact this office.

BL/dls
Attachment



TOMMY G. THOMPSON

**Governor
State of Wisconsin**

May 29, 1998

The Honorable Timothy Weeden
Senate Chair, Joint Committee on Finance
203 East, State Capitol
Madison, Wisconsin 53702

The Honorable John Gard
Assembly Chair, Joint Committee on Finance
315 North, State Capitol
Madison, Wisconsin 53702

Dear Senator Weeden and Representative Gard:

Pursuant to s. 119.80(2)(am), Wisconsin Statutes, I am submitting to the Joint Committee on Finance the following proposal for the expenditure of funds in fiscal year 1998-99 from the appropriation under s. 20.255(2)(cc), Wisconsin Statutes, Aid to Milwaukee public schools.

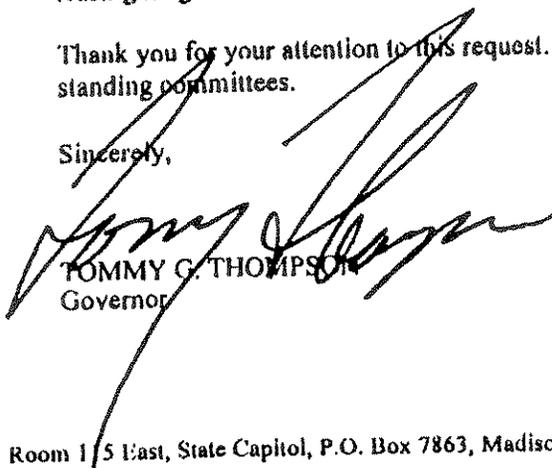
Program	<u>Proposed Funding</u>
All day kindergarten (High Scope Curriculum)	\$5,090,000
First grade (High Scope Curriculum)	\$1,070,000
Day care kindergarten programs	\$ 910,000
Extended day programs	\$ 430,000
Alternative education programs (Learnfare)	<u>\$ 500,000</u>
Total	<u>\$8,000,000</u>

The proposed allocation of funds is identical to the allocation approved by the Committee in the previous five fiscal years.

While I am approving this plan for 1998-99, I will review the use of this appropriation as part of my 1999-01 biennial budget deliberations to determine if other uses of some or all of these funds may better improve student achievement and address other significant MPS needs. Other potential uses of these funds could include summer school or after school programs, building or leasing neighborhood schools, or reducing class size in the elementary grades.

Thank you for your attention to this request. Separate letters have been sent to the appropriate standing committees.

Sincerely,


TOMMY G. THOMPSON
Governor





◆ UPDATE

Revenue tax integration project

by: Cheryl Sullivan (DOR)

The Department of Revenue (DOR) is beginning a five year project to integrate its systems and processes. Working with employees from the



Departments of Administration and Workforce Development, DOR issued a Request for Proposal to begin the process of selecting a vendor (or vendors) to partner with to develop this system.

The next year will be spent developing a detailed Master Plan for the project, reengineering many processes, and developing and implementing a pilot on-line Internet filing application.

What is an Integrated Tax System?

Tax information is currently stored in 30 separate tax specific "silo" systems. The integrated tax system will merge all information into one, efficient system organized by function. Tax Integration is a framework of people, processes and technology functionally organized to administer taxes. This system will work in tandem with technology to offer around-the-clock customer service and Internet filing.

Why does Wisconsin need an Integrated Tax System?

Integration will dramatically improve customer service, increase revenue for the state, reduce processing time, speed up refunds and make the overall tax system more efficient.

What's wrong with what we have now?

The 30 separate computer systems are antiquated. They create a maze of complexity and confusion for taxpayers.

Information on an individual taxpayer or business is scattered throughout the systems. Some information, such as unemployment compensation tax data, is located at a different agency. The system often requires taxpayers to call numerous numbers and agencies to get information and answers. Businesses are assigned different tax identification numbers for different taxes they pay. This makes filing cumbersome and time consuming. Furthermore, the systems are so old and outdated that it can take thousands of hours to implement a new tax law. With an integrated tax system, taxpayers have one stop shopping. Taxpayer data is merged into one system. Implementing new tax laws will consume less time.

What are other states doing?

Twenty-eight other states, including Minnesota, have implemented an integrated tax system. Wisconsin will deploy Internet technology with its integrated system. This will make us a national leader among revenue agencies in the use of technology.

How long will the project take?

Full development and implementation will take up to five years. Technology vendors will be selected by May, 1998, and a pilot project should be running by the spring of 1999.

How much will it cost?

The 1997-99 budget provides \$1.46 million to begin the project. Additional funds will be requested in the next budget. Based on other states' experience, total cost could range between \$10 million and \$50 million. The project should easily pay for itself with the increased revenue it generates.

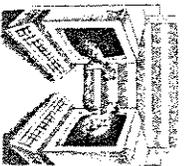
Comments and questions about tax integration should be directed to Cheryl Sullivan (csulliva) on e-mail or by telephone at (608) 261-7687.

The Integrated Tax System Project

Good for businesses. Good for taxpayers. Good for Wisconsin!

Around-the-clock customer service

Not everyone does their tax business during the work day. Internet technology will allow us to serve our customers 24 hours a day. Around-the-clock service will ensure help is available to customers who work during the day, are based overseas in the military or whose employment requires them to locate in other states. Best of all, Internet service eliminates the cost of long-distance telephone calls.



Internet Tax Filing

Electronic commerce is fast becoming the mainstay for businesses of all sizes. With an Integrated Tax System, businesses and individuals will be able to file income, sales and other taxes over the Internet. Paper is eliminated. Refunds come faster. Math errors are virtually eliminated.

One-Stop Shopping

For individual taxpayers ...
Instead of calling multiple numbers for help with tax questions, a state-of-the-art call center will ensure rapid customer service.

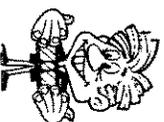


For businesses ...

Businesses will have one identification number for all their tax accounts. They currently have numerous tax numbers for sales, withholding, corporate and other tax accounts. Tracking accounts is complex and time consuming for the department. Tax filing is cumbersome for businesses.

Refund checks in days, not months

Tax returns will be processed electronically, not manually. Taxpayers will see their refunds in a matter of days, not months.



More revenue without higher taxes

Voluntary compliance and delinquent tax collection efforts will improve. Identifying tax evaders will be easier.



Revenue collections for Wisconsin should improve significantly. Other states suggest that their total revenues increased by as much as 2%. Increasing revenues by just 1/2% would raise \$45 million annually.

A good value

The Integrated Tax System will enable the department to provide outstanding customer service at the lowest possible cost.

The Integrated Tax System Project

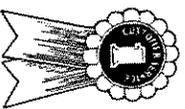
Questions and Answers

What is an Integrated Tax System?

Taxpayer information is currently stored in 30 separate computer systems. The Integrated Tax System will merge all information into one, efficient system. The system will work in tandem with Internet technology to offer around-the-clock customer service and tax filing.

Why does Wisconsin need an Integrated Tax System?

It will dramatically improve customer service, increase revenue for the state, reduce tax processing time, speed up refunds and make the overall tax system more efficient.



What's wrong with what we have?

The 30 separate computer systems are antiquated. They create a maze of complexity and confusion for taxpayers. Information on an individual taxpayer or business is scattered throughout the systems. Some information, such as unemployment compensation tax data, is located at a different state agency. The system often requires taxpayers to call numerous numbers and agencies to get information and answers. Businesses are assigned different tax identification numbers for different taxes they pay. This makes filing cumbersome and time consuming. Furthermore, the system is so old and outdated that it can take thousands of hours



just to implement a new tax law. With an Integrated Tax System, taxpayers have one-stop shopping. Taxpayer data is merged into one system and businesses receive one tax identification number. Implementing new tax laws will become

less time consuming.

What are other states doing?

28 other states, including Minnesota have implemented an integrated tax system. Wisconsin will fully deploy Internet technology with its Integrated Tax System. Doing so will make us a national leader among revenue agencies in the use of technology.

How long will the project take?

Full development and implementation will take up to five years. Technology vendors will be selected by May of 1998 and a pilot project should be running by the spring of 1999.

How much will it cost?

The 1997-99 budget provided \$1.46 million to begin the project. Additional funds will be requested in the next budget. Based on other states' experience, total costs could range between \$10 million and \$50 million. The project should easily pay for itself with the increased revenue it generates.