

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
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-

Joint Finance

16.515/16.505

14 Day Passive
Reviews

5/14/97 -

6/30/97

DHFS/DR+L
5/14/97

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

Room LL 1 MLK
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
SCOTT JENSEN

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 264-6970

JOINT COMMITTEE ON FINANCE

May 16, 1997

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53707

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated April 28, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Department of Health and Family Services and the Department of Regulation and Licensing.

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

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of Scott Jensen in black ink.

SCOTT JENSEN
Assembly Chair

cc: Members, Joint Committee on Finance
Secretary Joe Leean, DHFS
Secretary Marlene Cummings, DRL
Linda Nelson, DOA
Bob Lang, Legislative Fiscal Bureau

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JOINT COMMITTEE ON FINANCE

MEMORANDUM:

TO: Members
Joint Finance

From: Representative Scott Jensen
Senator Brian Burke
Co-Chairs, Joint Committee on Finance

Date: April 28, 1997

Re: s.16.515/16.505 Request

Attached is a copy of a request from the Department of Administration dated April 28, 1997 pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Department of Health and Family Services and Department Regulation and Licensing.

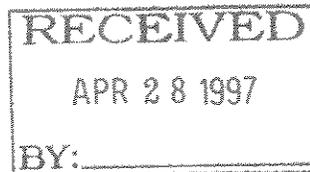
Please review these items and notify **Representative Jensen's** or **Senator Burke's** office no later than **Wednesday, May 14, 1997** if you have any concerns about the request or would like the Committee to meet formally to consider the request.

Please contact us if you need further information.

SJ:BB;jt

CORRESPONDENCE MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**



Date: April 28, 1997

To: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance

The Honorable Scott Jensen, Co-Chair
Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

A handwritten signature in black ink, appearing to be "M. D. Bugher", written over the typed name.

Subject: S. 16.515/16.505(2) Requests

Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1995-96</u> <u>AMOUNT</u>	<u>FTE</u>	<u>1996-97</u> <u>AMOUNT</u>	<u>FTE</u>
DHFS 20.435(6)(l)	Gifts and Grants				0.25
DRL 20.165(1)(g)	General Program Operations			\$90,500	

As provided in s. 16.515, this request will be approved on May 19, 1997, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Jay Huemmer at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

CORRESPONDENCE MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**

Date: April 18, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Gretchen A. Fossum, Budget Analyst
Division of Executive Budget and Finance *SAT*

Subject: S. 16.505 Request by the Department of Health and Family Services

REQUEST

The Department of Health and Family Services (DHFS) requests an increase of 0.25 PRO FTE project position expenditure authority in s. 20.435(6)(i), gifts and grants for the period of October 1, 1996 to May 1, 1999.

ANALYSIS

DHFS currently has a grant from the Robert Wood Johnson Foundation (RWJF) which funds 1.75 PRO FTE matched with 1.75 FED FTE Medicaid administration funds to perform activities related to a managed health care project for the elderly and physically disabled. The 0.25 PRO FTE will be matched with Medicaid administration funds to create an overall 0.50 FTE position authority increase. The position will be used to conduct financial and data analysis to develop Medicaid and Medicare capitation rates for the managed care project.

In its 1997-99 budget request DHFS asked that the 1.75 project PRO FTE currently funded by RWJF be converted to permanent positions. During the budget process it was determined that funds from RWJF would not be available to fund the permanent positions and the request was denied in the Governor's budget. However, it was also determined that sufficient funds will be available for the 0.25 PRO FTE in this s. 16.505 request.

RECOMMENDATION

Modify the request. Approve the increase of 0.25 PRO FTE project position authority from May 1, 1997 through May 1, 1999.



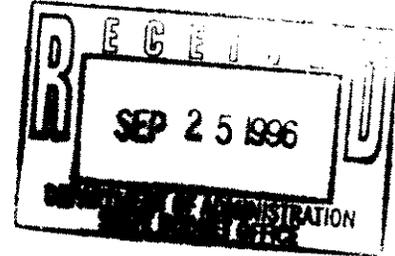
State of Wisconsin
Department of Health and Family Services

Tommy G. Thompson, Governor
Joe Leean, Secretary

CC Td/B
GF

September 18, 1996

Mr. Richard Chandler, State Budget Director
Department of Administration
101 E. Wilson Street
Madison, WI 53702



Dear Mr. Chandler:

The Department requests an increase of 0.25 FTE PRO project position under the provisions of s. 16.505. The project position is needed for the period beginning October 1, 1996 and ending on May 1, 1999, to carry out activities associated with a managed health care project funded by a grant from the Robert Wood Johnson Foundation (RWJ).

The RWJ partnership project is a managed care demonstration project that integrates health and long term care services for persons who are elderly or disabled. The project has been in operation since October 1, 1994 and has established four service sites, in Dane, Eau Claire, Dunn and Chippewa counties, with another project under development in Milwaukee County.

Currently, the Partnership Program has 3.5 FTEs. Of these positions 1.75 are funded from the RWJ grant under appropriation (6)(i), numeric 633, and are matched by 1.75 FED funded FTEs under appropriation (6)(n), numeric 640 (Medicaid). One of the existing positions is a vacant 0.5 FTE Program Assistant 3 (#322362) which the Department wishes to convert to a full time project position as a Planning Analyst 5. As a result, net increased position authority is needed for 0.25 PRO and 0.25 FED FTEs. The 0.25 FED FTE authority has been requested from the Department of Administration under s. 16.50 (3).

The project is now at the stage where there is need for a position to conduct financial and data analysis. This will include obtaining and analyzing data needed to develop Medicaid and Medicare capitation rates and developing estimates to use in budgeting Partnership programs under capitation. This is a major activity, since capitation rates have not been developed for the physically disabled population. Rates must be developed for both the Medicaid and Medicare populations under the Department's waiver to serve these persons through the Partnership program. Other activities include conducting market analysis for Partnership contractors, preparing and

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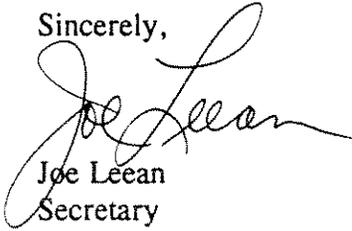
analyzing utilization reports, and providing technical assistance to contractors in the area of claims and payment processes.

There are sufficient RWJ funds and expenditure authority to cover the cost of the additional 0.25 FTE in appropriation 633.

Revenue Sources for Appropriations. The revenues deposited in the appropriation under 20.435(6)(i) are from gifts and grants. The funds in this request are from a grant from the Robert Wood Johnson Foundation.

In summary, the Department requests an increase of 0.25 PRO project FTE in appropriation 20.435 (6)(i). The project position is needed for the period beginning October 1, 1996 and ending on May 1, 1999, to carry out activities associated with a managed health care project funded by a grant from the Robert Wood Johnson Foundation (RWJ).

Sincerely,



Joe Leean
Secretary



State of Wisconsin \ DEPARTMENT OF REGULATION & LICENSING

CC SA
CA

Marlene A. Cummings
Secretary

Tommy G. Thompson
Governor

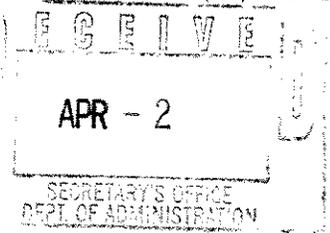
1400 E. WASHINGTON AVENUE
P.O. BOX 8935
MADISON, WISCONSIN 53708-8935
(608) 266-2112

April 2, 1997

TO: Secretary Mark Bugher
Department of Administration

FROM: Secretary Marlene A. Cummings *Marlene A. Cummings*
Department of Regulation and Licensing

SUBJECT: 16.515 Request



This is a request under ss. 16.515, Stats., for a supplement to the Department of Regulation and Licensing's (DRL) ss. 20.165 (1) (g) appropriation. The need for the supplement is to pay for increased supplies and services including costs associated with the enforcement process, with board travel, and with printing and postage costs.

The requested supplement is as follows for s. 20.165 (1) (g) General Program Operations:

	Salaries	Fringe Benefits	Supplies & Services	Total Request
FY97 Funding			89,038	89,038

The department also requests the following portion of this request to be added to the department's base budget authority for the 1997-99 biennium:

	Salaries	Fringe Benefits	Supplies & Services	Total Request
FY98 Funding	9,281	3,232	90,211	102,724

Need for Additional Supplies and Services Funding

In March of 1996, the department submitted, as part of its 16.515 request, a request for additional supplies and services funding for Fiscal Year 1997. This portion of the request was denied by the Joint Committee on Finance on the basis that it was premature. In August 1996, the department submitted another 16.515 request which included a request for additional supplies and services funding in the amount \$89,797. This funding was not included by the Department of Administration (DOA) in its recommendation to the Joint Committee on Finance. DOA stated that the department should continue to monitor its expenditures and, if necessary, resubmit this portion of the request later in the fiscal year "if the department's obligations to its customers cannot be met."

Regulatory Boards

Accounting; Architects, Landscape Architects, Professional Geologists, Professional Engineers, Designers and Land Surveyors; Auctioneer; Barbering and Cosmetology; Chiropractic; Dentistry; Dietitians; Funeral Directors; Hearing and Speech; Medical; Nursing; Nursing Home Administrator; Optometry; Pharmacy; Physical Therapists; Psychology; Real Estate; Real Estate Appraisers; Social Workers, Marriage and Family Therapists and Professional Counselors; and Veterinary.

This request for an additional \$68,846 in supplies and services funding is in response to this directive by DOA. The department believes that it cannot fulfill its obligations to the boards, credential holders and the general public without requesting additional funding as detailed below.

The department is requesting \$18,491 to cover costs associated with increased travel expenses for Division of Enforcement staff investigations and for board travel.

The department is requesting \$21,472 to cover additional postage costs associated with mail services increases and additional charges related to compliance with U.S. Postal regulations and an increased volume of mail (this was described in detail in the department's previous request).

The department is also requesting \$1,779 for the printing of the Monthly Disciplinary Digest. These digests are sent to subscribers who are interested in receiving information on all disciplinary actions by all DRL regulatory authorities each month. The costs associated with printing these digests has increased and the cost has been passed on to the subscribers, but no additional expenditure authority has been given to the department to pay for the costs.

The department is also requesting additional funding for expert witnesses and for transcripts. Up until this fiscal year, the costs associated with these expenses were funded out of the money the department received for cost assessments which was accounted for as a reimbursement of expenditures. Cost assessments are now accounted for as a revenue, and so, the department does not have sufficient expenditure authority to cover these costs. The department is estimating that it will spend approximately \$87,416 for expert witnesses and for transcripts and is requesting \$27,104 in additional funding to cover these costs.

Legal Assistant Project Position

On October 31, 1996, the Joint Committee on Finance authorized a 1.0 legal assistant project position as a twelve month project position and granted funding for FY 97. The Joint Committee on Finance stated that it believed that the biennial budget was the appropriate forum for addressing additional position authority and additional funding for the position. As you know, the department had already submitted its biennial budget request, and so, was not able to request the position or funding as part of its request. The department is pursuing an amendment to request permanent position authority for the legal assistant. This position obtains and interprets information regarding criminal records checks, processes delinquent tax denial orders, serves as liaison with the Department of Justice on cases filed for collection of costs and forfeitures, and responds to questions from staff, credential holders and the public regarding rules and statutes, especially those related to security guard regulation. In the meantime, the department needs additional funding for the position which is authorized until November 1997. The department was not able to hire the legal assistant until February 7, 1997. As a result, the department is requesting \$12,867 in additional funding to pay for the position through November.

Voice Mail Costs

In its August 1996 16.515 request, the department requested that the Bureau of Direct Licensing and Real Estate be authorized to implement an interactive voice response system to handle the new regulation of security guards. This portion of the request was denied, and was incorporated into the department's biennial budget request.

CORRESPONDENCE MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**

Date: April 23, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Scott Aker, Budget Analyst
State Budget Office



Subject: Request under s. 16.515 for increased expenditure authority in FY97 and FY98 for additional supplies and services and funding for a previously approved legal assistant project position.

REQUEST:

The Department of Regulation and Licensing (the department) requests increased PRO expenditure authority of \$89,000 in FY97 and \$102,700 in FY98 under s. 20.165(1)(g), *General Program Operations*, for supplies and services costs, funding for a previously approved legal assistant project position, resources to implement a bulletin board voice mail system, and expenditure authority necessary to establish a credit card payment system. The request is itemized in the following table:

Component	FY97	FY98
<u>Supplies & Services</u>		
DOE-travel for investigations	18,491	
Postage	21,472	
Monthly Disciplinary Digest	1,779	
Expert Witness/Transcripts	27,104	
SubTotal	68,846	
<u>Legal Assistant Project Position</u>		
Salary		9,281
Fringe		3,232
S/S		354
SubTotal		12,867
Bulletin Board Voice Mail System	2,192	9,552
Credit Card Processing	18,000	80,305
Total Request - Rounded	89,000	102,700

Although the department's submission of April 2, 1997 requests the \$102,724 as base building for the 1997-99 biennium, department officials indicate that the request for both fiscal years is for one-time expenditure authority adjustments.

REVENUE SOURCES FOR APPROPRIATION:

The revenue sources for the appropriation under s. 20.165 (1)(g), *General Program Operations*, are initial credential and credential renewal fees paid to the department by prospective credential holders and credential holders seeking renewal.

BACKGROUND:

Supplies & Services - FY97: \$68,800

In its August 1996 s.16.515 request, the department requested approximately \$90,000 in additional supplies and services expenditure authority for workload increases related to new professions added to the department's regulatory responsibilities since 1993. The Joint Committee on Finance approved partial funding of the request with the explanation that the department monitor expenditures and projections of need and return with another s.16.515 request later in FY97. The department has returned with a request that more accurately details its needs for the remainder of FY97.

Legal Assistant Project Position - FY98: \$12,900

As a result of the same August 1996 request, the department received a 1.0 FTE twelve-month project legal assistant position for the Board of Legal Services. The department received funds to fund the position for the remainder of FY97; since the position is authorized through November, 1997, the department is requesting \$12,900 PRO in FY98 to fund the position fully.

Bulletin Board Voice Mail System - FY97: \$2,200; FY98: \$9,600

The additional responsibilities of regulating 10,000 security guards beginning July 1, 1997 has increased the department's workload for FY97. The department already is experiencing increases in the volume of information and application requests via telephone regarding security guard credentials. The department's existing voice mail system directs all calls regarding a particular profession to a specific person. The system requested here, a uniform call distribution service, would increase efficiency and provide better customer service by routing incoming calls to whomever is available to answer the call. Department employees currently assigned to specific professions would be trained to respond to questions regarding all department-regulated professions.

The intention for this system is to be a stop gap efficiency measure until the department's interactive voice response (IVR) system currently included in the 1997-99 biennial budget is operational in January, 1998.

Credit Card Transaction Processing Charges - FY97: \$18,000; FY98: \$80,300

1995 Wisconsin Act 27 authorizes the department to accept payment of fees by credit card and to charge a service charge for each transaction. As in other state agencies such as the Department of Natural Resources, credit card payments, including any service charge, would be received by the credit card company. The company would remit the entire amount, including the service charge, to the department. The department would then return the service charge to the credit card company and keep its credential fee. The department needs expenditure authority to remit the service charge back to the credit card company.

Mark D. Bugher, Secretary
April 23, 1997
Page 3

As an example, a person is charged \$52.50 for a license (\$50 for the license, \$2.50 service charge). The amounts below the arrows signify each transaction.

Credential Fee Payer ⇒ Credit Card Company ⇒ R&L ⇒ Credit Card Company
(\$52.50) (\$52.50) (\$2.50)

ANALYSIS:

Supplies & Services

Based on detailed monthly expenditure reports and projections for the remainder of FY97, the department's operating budget for travel for Division of Enforcement staff investigations, board member travel, postage costs, printing of the Monthly Disciplinary Digest and expert witness reimbursement will fall \$68,800 short in FY97. The department has provided significant detail to justify this portion of the request.

Legal Assistant Project Position

The Joint Committee on Finance twelve-month approval for the position on October 31, 1996 can be used as authority through the DOA allotment process to provide the necessary expenditure authority from July 1, 1997 through November 30, 1997. Thus the request for additional expenditure authority here is unnecessary since further action by the Joint Committee on Finance is not required.

Bulletin Board Voice Mail System

The department's current voice mail system is not designed to handle a large number of incoming customer service related calls. Like most state employees, each department employee has their own personal voice mail box. It is unreasonable to expect a single person to assume the responsibilities for handling thousands of information requests regarding security guard credentials. A bulletin board system offers the necessary efficiencies to provide continued high-quality customer service at a reasonable price. The new system would be provided through the state's current voice mail provider, Octel.

Since the department submitted its request on April 2, department officials indicate the \$2,200 cost estimate for FY97 is low. The department needs \$3,700 PRO for the following one-time charges in FY97:

1)	Equipment	\$2,200
2)	Network Charge	700
3)	Monthly Charge - June 1997	700
4)	Octel Installation Charge	100
	Total	\$3,700

The department's request for FY98 expenditure authority is premature. The department should monitor activity on the bulletin board voice mail system and return with another s.16.515 request in FY98 when actual need can more accurately be determined.

Credit Card Transaction Processing Charges

The State Treasurer's Office confirms that the department needs expenditure authority to remit credit card service charges to the credit card companies. Payment of fees by credit card would provide another service option to a significant portion of the department's customers. The department would realize operating efficiencies because the entire process is a series of electronic transactions. Currently the department accepts personal checks, money orders and cash. While the number of credential holders who will choose to pay department fees by credit card rather than personal check, money order or cash is unknown, the \$18,000 requested here is a reasonable amount to cover the department for the remainder of FY97.

The department's request for FY98 expenditure authority is premature. The department should monitor activity on credit card transactions and return with another s.16.515 request in FY98 when actual need can more accurately be determined.

Revenue Forecast

The table below illustrates that there is sufficient revenue available to fund this request and maintain a sufficient balance.

	SFY97
Carryover	2,224,244
Projected Revenue	6,920,953
Total Revenue Available	9,145,197
Projected Expenditures	(7,844,017)
DOA Recommendation for this Request	(90,500)
Remaining Balance	\$1,210,680

RECOMMENDATION:

Approve \$90,500 PRO as one-time expenditure authority for FY97, as follows:

1) Supplies & Services	\$68,800
2) Bulletin Board Voice Mail	3,700
3) Credit Card Processing	<u>18,000</u>
Total	\$90,500

On July 1, 1997, the department will become responsible for regulating security guards, and the volume of calls the bureau receives will increase substantially. Currently, the bureau handles 3,200 calls per month. In order to accommodate the large number of calls it receives and expects to receive, the bureau is proposing a new bulletin board voice mail system to handle more efficiently the calls it receives. The costs associated with this system will increase from \$115 per month to \$796 per month and the installation costs will be \$600. The department is requesting \$2,192 in additional funding for this voice mail system for this fiscal year and \$9,552 for next fiscal year while the change-over to IVR takes place. It is estimated that the costs will decrease substantially once IVR is in place.

Credit Card Processing

As part of the 1995-97 budget act, the department received authority to accept payment by credit card and was also given authority to charge a credit card service charge for each transaction (Wis. Stats., ss. 440.055). This statute also gives the department the authority to contract for services with a credit card servicing company.

The department cannot move ahead with this process until it receives expenditure authority to pay the processing fee to the credit card servicing agencies for handling the transactions. The department's costs require that it charge a \$2.50 handling fee for each transaction. Based on projections done by the credit card servicing agencies, the department estimates that 20 per cent of all transactions will be done by credit card.

As a result, the department is requesting \$18,000 in expenditure authority for paying for 7,200 credit card transactions in FY 97. The department is requesting \$80,305 in expenditure authority for 32,122 credit card transactions in FY 98.

Revenue Projections

	FY97
Carryover	2,224,244
Total Revenue	6,920,953
Available	9,145,197
Appropriation totals, 4/2/97	7,844,017
This request (FY 97)	89,308
Closing Balance	1,212,412