

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
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- Committee Reports ... CR
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- Executive Sessions ... ES
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- Hearing Records ... HR
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- Miscellaneous ... Misc
- 97hr_JC-Fi_Misc_pt06g_DPR
-
- Record of Comm. Proceedings ... RCP
-

Joint Finance

16.515/16.505

14 Day Passive
Reviews

7/25/97 —
12/4/97

BOALTC / DOR / PSC
11/17/97

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

119 MLK, Room LL1
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
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JOINT COMMITTEE ON FINANCE

November 18, 1997

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53705

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated October 28, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Board on Aging and Long-Term Care, the Department of Revenue and the Public Service Commission.

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 John Gard in black ink.

JOHN GARD
Assembly Chair

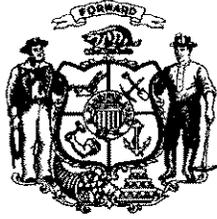
BB:JG:jc

cc: Secretary Zeuske, Department of Revenue
Chairperson Parrino, Public Service Commission
Executive Director Potaracke, BOALTC
Jay Huemmer, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
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ASSEMBLY CHAIR
SCOTT JENSEN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

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

Date: October 28, 1997

Re: s. 16.515/16.505 Request

Attached is a copy of a request from the Department of Administration dated October 28, 1997, pursuant to s. 16.515/16.505, Stats., pertaining to requests from the Board on Aging and Long-term Care, the Department of Revenue and the Public Service Commission.

Please review these items and notify **Senator Burke's or Representative Jensen's** office no later than **Monday, November 17, 1997** if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

BB:SJ:jc



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

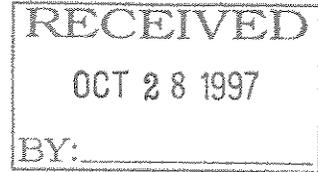
Date: October 28, 1997

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

Subject: S. 16.515/16.505(2) Requests



Enclosed are requests that 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:

AGENCY	DESCRIPTION	1997-98		1998-99	
		AMOUNT	FTE	AMOUNT	FTE
BOALTC 20.432(1)(i)	Gifts and Grants	\$8,500	1.00		
DOR 20.566(1)(g)	County Sales Tax Administration	\$262,600		\$80,000 all one-time funding	
PSC 20.155(1)(g)	Telco. Consumer Education Programs	\$19,550			

As provided in s. 16.515, the requests will be approved on November 18, 1997, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

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: October 15, 1997

To: Mark D. Bugher, Secretary
Department of Administration

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

Subject: s.16.505/16.515 Request by the Board on Aging and Long-Term Care

REQUEST

The Board on Aging and Long-Term Care (BOALTC) requests an increase of \$8,500 PRO in expenditure authority in s. 20.432(1)(i), gifts and grants, in FY98, and the extension of position authority for a 1.00 FTE project position from October 31, 1997 through December 31, 1997.

ANALYSIS

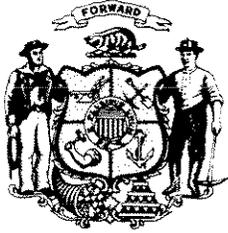
BOALTC received a two year grant ending June 30, 1997 from the Bader Foundation in Milwaukee to establish a volunteer ombudsman program. The grant funded a 1.00 FTE volunteer coordinator, resources for the volunteers and an evaluation of the program. After the Joint Committee on Finance (JCF) converted the project position to permanent and provided \$48,400 GPR annually to support the program and position, the end date of the project position was extended to October 31, 1997.

Due to the delay in passing the budget bill GPR funding and position authority was delayed until January 1, 1998. The Bader Foundation has agreed to extend the current grant through December 31, 1997 to ensure continuity of the program until GPR funding is available. The following table details the Board's expenditure request for use of the Foundation funding:

	Total
Salary	\$4,400
Fringe	1,700
Supplies	2,400
Total	\$8,500

RECOMMENDATION

Approve the request.



**STATE OF WISCONSIN
BOARD ON AGING AND LONG TERM CARE**

214 N. Hamilton Street
Madison, WI 53703-2118
(608) 266-8944

1-800-242-1060

FAX (608) 261-6570

George F. Potaracke
Executive Director

GF CC: TdB
JM —
RGC —
JH —

September 23, 1997

To: Richard Chandler, Budget Director, DOA
Gretchen Fossum, Budget Analyst, DOA

Fr: George F. Potaracke *GF*

Re: s. 16.505 & 16.515 Request

The Board on Aging and Long Term Care requests authority to extend one FTE project position for 2 months (through December 31, 1997) and expenditure authority in s. 20.432(1) (I), gifts and grants, in the amount of \$8,500 for FY 98.

The Board was awarded a two-year grant from the Helen Bader Foundation of Milwaukee to expand and further test the viability of a volunteer component to the long-term care ombudsman program. The grant funds a full-time coordinator for the volunteer program and resources to support the volunteers themselves.

CURRENT STATUS OF THE PROJECT

As part of the BOALTC's biennial budget proposal the Board requested GPR funds to permanently support this program. We fully anticipate that the program will be included in the final version of biennial budget once the legislature completes its deliberations.

The Board requested and received approval to extend this project to October 31, 1997 because of the delay in completing action on the budget. With the distinct possibility that a budget bill will not be signed into law until sometime in October the Board needs the flexibility to maintain the current project position until the end of the calendar year which will provide time to complete hiring of a permanent position in the civil service system. Adequate funds remain in the grant for this request and approval has been received from the grantor for this extension.

POSITION REQUEST

The Board requests authority to extend the current project position from October 31, 1997 to December 31, 1997 under s. 16.505.

EXPENDITURE REQUEST

The Board requests authority to use funds made available by the Bader Foundation to support the volunteer ombudsman project in the amount of \$8,500 under s. 16.515.

Salary	4,400
Fringe	1,700
Supplies/Serv	2,400
Total:	\$ 8,500

Thank you for handling this request. Please advise if you need further information.

Advocate for the long term care consumer.

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: October 14, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Paul Ziegler, Policy and Budget Analyst
State Budget Office



Subject: Request under s.16.515 from the Department of Revenue for increased expenditure authority for the administration of county sales and use taxes

Request

The Department of Revenue (DOR) requests additional expenditure authority of \$285,200 PRO in FY98 and \$83,100 PRO in FY99 in s.20.566(1)(g) Administration of County Sales Tax. Of the FY99 amount, \$3,100 is requested as ongoing funding.

Revenue Source for Appropriation

The source of revenue for the s.20.566(1)(g) Administration of County Sales Tax appropriation is 1.5% of county sales tax collections.

Detail

The department's request is for contract programming for the year 2000, contract programming for modifying sales tax forms, telephone equipment and furniture, and information technology equipment. The table below presents the components of the request by fiscal year:

	FY98	FY99	
Year 2000 Contract Programming	150,000	80,000	one-time
Redesign of Sales Tax Forms	94,000	0	
Telephone Equipment & Furniture	\$18,600	0	
Information Technology Equipment	<u>22,600</u>	<u>3,100</u>	\$3,100 ongoing
TOTAL	\$285,200	\$83,100	

Analysis

Year 2000 contract programming. The department requests \$150,000 in FY98 and \$80,000 of one-time funding in FY99 to modify the sales tax computer programs to properly interpret dates after 1999. The computer systems necessary for administration of the state and county sales taxes include over 400 programs that must be modified. The department's request is for at total of 4,600 contract programming hours for the county sales tax's share of the required changes. The county sales tax appropriation has 2.5 FTE management information specialist positions. Since these positions are devoted to maintenance, reports, and integration of the existing system to other systems, the appropriation has insufficient resources to allocate toward the year 2000 program modifications.

Redesign of sales tax forms. The department requests \$94,000 in FY98 to develop new sales tax forms. The current sales and use tax form is complex and lengthy – with much of its space devoted to the administration of county sales taxes. The new forms will be simplified and customized for particular filers. The new forms will ease the burden on the businesses that must submit over 1.2 million sales tax forms annually and will improve the readability of the forms for electronic scanning. The request will allow DOR to contract for 1,880 hours of programmer time to design, test, and complete scanning changes for the new forms.

Telephone equipment & furniture. The department requests \$18,600 in FY98 for equipment and modular furniture to allow five county sales tax positions to register by phone the retailers who collect the tax. Many registration activities are currently dependent on paper forms. As the department implements its integrated business tax registration system, however, these positions will work with 23 positions funded by other appropriations to provide on-line registration and other services by phone. The business tax registration system will unify the registration information recorded for one tax with that recorded for other taxes.

Information technology equipment. The department requests \$22,600 in FY98 and ongoing funding of \$3,100 in FY99 for information technology equipment. The request includes funding for three laptop computers, a printer, and ongoing funding for PC support. ***This portion of the request should be denied***, however, since it is redundant with the recently enacted budget bill. 1997 Wisconsin Act 27 provides the county sales tax appropriation with \$59,300 in FY98 and \$28,300 in FY99 for IT migration. Further IT equipment funding is unnecessary.

Recommendation

Approve the request with the exception of the IT equipment. This will provide \$262,600 in FY98 and \$80,000 of one-time funding in FY99.

General Fund Impact

Due to a provision in the 1997-99 budget bill, all end-of-year cash balances in the county sales tax administration appropriation lapse to the general fund. Any increase in expenditures under this appropriation will, consequently, decrease GPR-earned. Under the recommendation above, GPR-earned will be decreased by \$262,600 in FY98 and \$80,000 in FY99.



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718

PZ
JK
CC: - JM
- RGC
- JH

Tommy G. Thompson
Governor

Cate S. Zeuske
Secretary of Revenue

MEMORANDUM

August 22, 1997

AUG 26 1997

TO: Mark D. Bugher, Secretary
Department of Administration

FROM: Cate S. Zeuske
Secretary of Revenue *Cate Zeuske*

SUBJECT: s. 16.515 Request for Additional Expenditure Authority under s. 20.566(1)(g) -
Administration of County Sales and Use Taxes

The Department of Revenue (DOR) is requesting increased expenditure authority of \$285,200 in fiscal year 1997-98 and \$83,100 in fiscal year 1998-99 in s. 20.566(1)(g) – Administration of County Sales and Use Taxes for telephone equipment and furniture, information technology equipment, and contract programming for the sales tax system. Of the amount requested in fiscal year 1998-99, \$3,100 is requested as ongoing funding.

Telephone Equipment and Furniture

The request for telephone equipment and modular furniture is for five employees whose positions are funded by the county sales tax appropriation. The employees are in the Registration Unit and Inquiry & Technical Assistance Unit in the Compliance Bureau, Division of Income, Sales and Excise Taxes. Starting in 1998, these employees will perform telephone registration and technical assistance duties relating to the county sales and use tax. These telephone duties cannot be performed under existing crowded and noisy conditions. These five employees work alongside 23 other employees, funded by other appropriations, who will perform similar registration and technical assistance duties for other taxes.

A summary of the new telephone duties are:

- Customers will register over the phone for permits and licenses. (For example, 25,000 new seller's permits are issued each year. Most include county sales and use tax.)
- A registration employee will complete the process on-line.
- The registration employee will initiate a three-way conversation with a technical expert, if needed.
- Customers will use the phone to notify the department of changes to their accounts.

The one-time funding requested for fiscal year 1997-98 for telephone equipment and furniture is:

Modular furniture (5 @ \$3,070)	\$15,400
Workstation telephone equipment--	
Automatic call distribution sets (5 @ \$385)	1,900
Network termination units (5 @ \$151)	800
Network telephone equipment--	
Centrex line connections (5 @ \$21)	100
ISDN interfaces and channels (5 @ \$80)	<u>400</u>
Total one-time funding requested	\$18,600

Information Technology Equipment

This request is for three replacement laptop computers for county sales and use tax funded field auditors. They will replace laptop computers purchased in 1992. The laptop PCs are used 100% for field auditing, and are essential for the auditors to perform their duties. The average annual assessment per field auditor for the 1995-96 fiscal year was \$686,000, including state and county sales tax assessments.

In addition, one new printer is requested for the three CST positions in the Sales Tax Office Audit Unit. This unit is in the process of automating to reduce the time needed to compute claims for refund by 25%. The time savings will be used to reduce the current backlog and to perform revenue producing projects. The printer is required for notices and assessment letters to taxpayers in large volumes (similar to discovery-type projects).

The one-time funding requested for fiscal year 1997-98 for information technology equipment is:

Laptop computers (3 @ \$3,000)	\$9,000
Memory upgrades (3 @ \$800)	2,400
LAN connectivity (3 @ \$900)	2,700
Installation (3 @ \$200)	600
Printer	4,000
Wiring	<u>800</u>
Total one-time funding requested	\$19,500

The following ongoing funding is requested beginning in fiscal year 1997-98 for the information technology equipment is:

PC support (3 @ \$1,000)	\$3,000
EMX charges (3 @ \$24)	<u>100</u>
Total ongoing funding requested	\$3,100

Contract Programming for Year 2000

Contract programming funding is needed for the year 2000 conversion effort (changing two-digit dates to handle years beyond 2000). The number of hours estimated are based on 20 hours per program to analyze the data change needed, make the coding changes, and test the program. Work estimates for the number of programs and the work hours needed are:

<u>Programs to Convert</u>	<u>Number of Programs</u>	<u>CST Hours</u>
County sales tax only	30	600
State and county sales tax	400 x 50%	4,000

The Department is requesting funding for two contractors, experienced in IMS programming, starting October 1, 1997. They would provide 3,000 hours of work in fiscal year 1997-98 and 1,600 hours in fiscal year 1998-99.

The permanent management information specialist staff consists of 2.50 FTE county sales tax funded positions. They are doing planned projects, mostly interfaces to other systems, maintenance and reports. They will not have the time to work on the year 2000 conversion.

The total year 2000 crisis is estimated to cost the Department \$5.7 million and requires 82.00 FTE positions to repair, per the recent study "Metrics Analysis in Applications Development and Support" completed by Real! Decisions. This request is for the CST portion of the total problem.

The one-time funding requested for contract programming for the year 2000 is:

	<u>1997-98</u>	<u>1998-99</u>
3,000 hours @ \$50	\$150,000	
1,600 hours @ \$50		\$80,000

Contract Programming - Customized Sales Tax Return

The Department's current sales and use tax return, Form ST-12, includes state, county and stadium sales and use tax. It is a complicated return, two pages long. In the 1995-96 fiscal year, the Department received 1,230,000 ST-12's from 202,000 registered businesses. Most are monthly filers.

Other states have gone to customized sales and use tax returns to reduce the reporting burden for the taxpayer. DOR is planning to customize Form ST-12's in a 2-phase project. Phase 1 would be an easy (one page) form for certain filers and phase 2 would customize forms for the remaining filers.

Project estimates are:

	<u>Phase 1 Hours</u>	<u>Phase 2 Hours</u>
Analysis	80	160
Design	160	240
Programming and Testing	400	520
Production and Documentation	60	60
Scanner Programming	<u>80</u>	<u>120</u>
Total Hours	780	1,100

The one-time funding requested for fiscal year 1997-98 is, therefore, 1,880 hours @ \$50 per hour, or \$94,000.

Summary of Request

The following is a summary of the additional expenditure authority requested by fiscal year:

	<u>1997-98</u>	<u>1998-99</u>
Telephone Equipment and Furniture	\$18,600	
Information Technology Equipment	22,600	3,100
Contract Programming-Year 2000	150,000	80,000
Contract Programming-Sales Tax Returns	<u>94,000</u>	
Total Requested	\$285,200	<u>\$83,100</u>

Revenue Source for Appropriation

The source of revenue deposited in the appropriation under s. 20.566(1)(g), Administration of County Sales and Use Taxes, is 1.5% of the county sales and use taxes collected to cover costs incurred in administering, enforcing and collecting the tax.

Appropriation Balance Analysis

An appropriation balance analysis is presented below. Projected expenditures include estimated pay plan and fringe benefit supplements and the request for increased funding.

	<u>1997-98</u>	<u>1998-99</u>
Beginning Balance	\$196,600	\$0
Projected Revenue	2,453,900	2,563,700
Projected Expenditures	(2,397,000)	(2,194,900)
Lapse to General Fund	(253,500)	(368,800)
Ending Balance	\$0	\$0

cc: Paul Ziegler

CORRESPONDENCE MEMORANDUM
Department of Administration

STATE OF WISCONSIN

Date: October 20, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Michelle New *Michelle New*
State Budget Office *10/20/97*

Subject: Request Under s. 16.515 from The Public Service Commission for Telecommunication Consumer Education Programs.

REQUEST:

The Public Service Commission (PSC) requests a one time increase in expenditure authority of \$19,550 in FY98 to spend revenues received for consumer education in the telecommunications industry.

REVENUE SOURCES FOR APPROPRIATION:

This request would be funded by an award granted to the Department of Justice (DOJ). Funds would be expended through § 20.155 (1)(g), Utility Regulation.

BACKGROUND:

Several months ago, the State of Wisconsin entered into a consent judgment with a telecommunications provider, National Accounts Inc., of Parsippany, NJ. Under this judgment, National Accounts Inc., has agreed to pay the State of Wisconsin \$45,000 as reimbursement for the investigative costs and attorney fees expended by DOJ in connection with the case and/or for use in conducting consumer education activities.

ANALYSIS:

The first payment made under this judgment was in FY97. The PSC received expenditure authority from the Joint Committee on Finance in December 1996, for \$20,000. It was the Committee's recommendation not to approve the entire \$40,500 (\$45,000 less DOJ fees), for payment installments to be made over a two-year period. Further, the Committee indicated that a supplemental § 16.515 request would be considered at such time as all parties were able to agree on an accelerated payment schedule providing the entire stipulated amount in 1996-97.

The Department of Justice has since negotiated with National Accounts Inc., an arrangement which would collapse the last three installments into one payment. These negotiations have resulted in a reduction in the total judgment payment of \$1,102.87. To expend the remaining award funds, the PSC needs an increase in FY98 expenditure authority of \$19,550.

RECOMMENDATION:

Approve the request.

The PSC is currently involved with several consumer education programs which address both existing and emerging telecommunications technologies. Use of the funds by the PSC will conform to the directives as outlined in the consent judgment with National Accounts Inc.



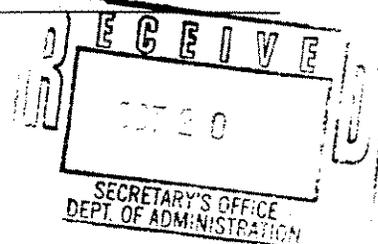
Public Service Commission of Wisconsin

Cheryl L. Parrino, Chairman
Daniel J. Eastman, Commissioner
Joseph P. Mettner, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

October 14, 1997

Mr. Mark D. Bugher, Secretary
Department of Administration
101 E. Wilson Street 10th Floor
Madison, WI 53703



Re: S. 16.515, Wis. Stats. Request to Provide the Commission with \$19,550 Increased Chapter 20 Expenditure Authority in FY 98 to Spend Revenue Received for Consumer Education in the Telecommunications Industry.

Dear Secretary Bugher:

Several months ago, the State of Wisconsin entered into a consent judgment with a telecommunications provider, National Accounts, Inc., of Parsippany, New Jersey. Under the terms of that judgment, National Accounts agreed to pay this state the sum of \$45,000 as reimbursement for investigative costs and attorney fees incurred by the Department of Justice in connection with this matter. The judge in the case indicated that the majority of the funds paid to the various state participants was to be used to educate consumers on the telecommunications industry to help them understand the new competitive marketplace and their options as consumers. The PSC is leading the effort to do a consumer education campaign with the participation of the Telecommunications Advocate of the Department of Justice and the consumer protection staff of the Department of Agriculture, Trade, and Consumer Protection.

The first payment was made under this judgment in FY 97, and the Public Service Commission received expenditure authority from the Joint Committee on Finance on December 20, 1996, for \$20,000. Originally, the judgment set forth a payment schedule to the states that stretched out the payment from National Accounts over three fiscal years. This schedule would have made it difficult for a cohesive expenditure effort to do a consumer education campaign. The Department of Justice has since negotiated with National Accounts to collapse the last three payments into one payment. The negotiations resulted in a reduction in the total judgment payment of \$1,102.87. Because of the different payment schedule, the PSC needs increased expenditure authority for FY 98 of \$19,550.

Your department's assistance to obtain this authority would be appreciated. If you have any questions or comments, please contact Gordon Grant, Director of Fiscal Services, at 267-9086.

Sincerely,

Cheryl L. Parrino
Chairman

GOG:mkw:g:\das\fiscal\teleeduc

cc: Michelle New, DOA Budget
Georgia Mulcahy, DAS
Gordon Grant, DAS
Bob Hillner, Justice