

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_pt07h_DPR

➤ Record of Comm. Proceedings ... RCP

➤

Joint Finance

16.515 / 16.505

14 Day Passive
Reviews

12/9/97 -

2/9/98

DWD

12/29/97

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
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

December 30, 1997

Secretary Mark Bugher
Department of Administration
101 East Wilson St., 10th Floor
Madison, Wisconsin 53702

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated December 8, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to a request from the Department of Workforce Development.

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

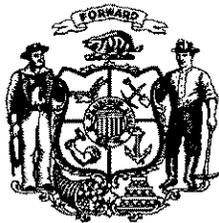
BB:JG:dh

cc: Members, Joint Committee on Finance
Secretary of Workforce Development Linda Stewart
Jay Huemmer, Department of Administration
Robert Lang, Legislative Fiscal Bureau

THE STATE OF WISCONSIN

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119 MLK, LL1
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Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: December 8, 1997

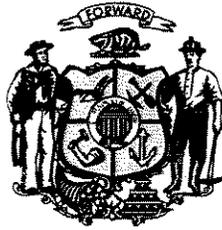
Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from Secretary Bugher, dated December 8, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to a request from the Department of Workforce Development.

Please review this item and notify **Senator Burke** or **Representative Gard** no later than, **Monday, December 29, 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/JG/jc



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

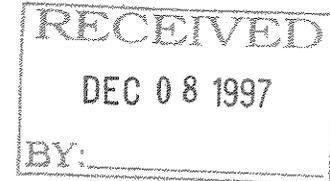
Date: December 8, 1997

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

The Honorable John Gard, Co-Chair
Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

Subject: S. 16.515/16.505(2) Requests



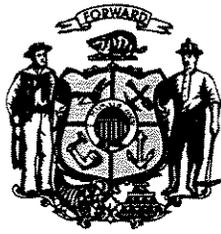
Enclosed are requests that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1997-98</u>		<u>1998-99</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DWD 20.445(1)(kc)	Administrative Services	\$10,854,500	25.00	\$11,268,700	25.00
DWD 20.445(1)(ka)	Interagency and Intra- agency Agreements	-573,800	-25.00	-1,151,700	-25.00
DWD 20.445(1)(ha)	Worker's Compensation	\$357,250		\$317,700	

As provided in s. 16.515, the requests will be approved on January 2, 1998, 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



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Date: November 25, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Peter Maternowski
Executive Policy and Budget Analyst

Subject: Request Under s. 16.505/515 from the Department of Workforce Development for increased expenditure authority in their program revenue appropriation s. 20.445 (1) (kc) and the transfer 25.0 PR-S FTE.

REQUEST:

The Department of Workforce Development (DWD) requests increased expenditure authority of \$10,854,500 in FY98 and \$11,268,700 in FY99 in the agency's PR-S appropriation under s. 20.445 (1) (kc), administrative services. The department also requests the conversion of 25.0 permanent FTE from the PR-S appropriation under s. 20.445 (1) (ka), interagency and intra-agency agreements, to the agency's appropriation under s. 20.445 (1) (kc).

REVENUE SOURCES FOR APPROPRIATION(S):

Funds to support this increased expenditure authority come from program revenue service fees collected by the Administrative Services Division (ASD), which are paid by other DWD divisions. Divisions within the department budget for administrative services provided centrally by ASD. These services include: general administration services, accounting, IT network support, programming, mainframe activities, PC installation, facilities development and mail services.

BACKGROUND:

The increased expenditure authority and 25.0 FTE included in this request are needed to allow ASD to provide IT program development services requested by program divisions and to meet the department's IT infrastructure and platform expansion needs. ASD establishes per FTE rates that are assessed to program divisions to support general administrative services and network support activities of the department. ASD also establishes unit rates for other services requested by the divisions. Annually, program divisions complete service level agreements with ASD identifying the level of services they plan to purchase from ASD at a given cost. These services include programming, facilities development, mail services, PC installation and mainframe time. DWD's program divisions have established operating budgets for FY98 that include a level of purchased services from ASD that exceeds

appropriation 20.445 (1) (kc)'s FY 98 expenditure authority, which is approximately \$27.7 million.

If the request is approved, DWD will use a combination of agency staff and contracted services purchased through outside vendors to implement major IT initiatives that will further the mission of the Division of Economic Support (DES) and to expand the agency's capacity to meet its infrastructure development and support needs. Contractors provide specialized skills and services that cannot be supplied by ASD's Bureau of Information Technology Services (BITS) staff and increased service capacity while minimizing the need to increase permanent staffing levels. The staff transfers are needed to provide the department with an adequate level of system-specific expertise in the agency, to ensure oversight during project development and to provide ongoing support for the projects once the vendor has developed and installed the new systems. If approved, the increased expenditure authority would be budgeted as follows:

	FY98	FY99
Permanent Salary/Fringe	\$569,200	\$1,147,200
Supplies & Services	8,058,300	7,894,500
Permanent Property	2,227,000	2,227,000
TOTAL	\$10,854,500	\$11,268,700

Based on service level agreements with program divisions and existing staffing levels, ASD estimates that contracts in excess of \$5.9 million annually will be needed to meet program divisions' projected service needs. These contracts will cover applications development and network support and consulting services as detailed below:

- \$4.2 million for applications development related to large initiatives such as the W-2, KIDS (Child Support) and New Hire systems. These initiatives would also require additional staff in ASD Bureau of Information Technology Systems (BITS). The staffing portion of the requests is described below. Program divisions have additional application development and enhancement projects planned. If any of the projects listed above are delayed, ASD is prepared to pursue these alternative IT projects.
- \$1.0 million in contractor activities in the functional areas of network support, hardware installation, problem support and maintenance.
- \$200,000 for network consulting and maintenance for W-2/Child Care sites.
- \$500,000 for implementation, problem resolution and product support for client/server applications.

While a majority of programming work required to implement the major DES initiatives will be provided under contracts with outside vendors, the department is also requesting that vacant positions be transferred to the administrative services appropriation from appropriation 20.445 (1) (ka), interagency and intra-agency agreements, to allow BITS to monitor and support the initiatives. The 25.0 FTE transferred positions would require 6 months of funding in FY98 and a full 12 months in FY99. DWD indicates that the additional staffing is requested to allow DWD to partner with the outside vendors during project development and to ensure that the department has the staff to support the new/upgraded

systems. The permanent staffing needs identified by the department are as follows:

1. **Wisconsin Works** (12.0 FTEs and \$441,000 in FY98 and \$646,400 in FY99, the funding includes salary, fringe benefits and related non-personnel services.) The implementation of Wisconsin Works (W-2) required the department to extensively modify the database system (CARES) which was created to support the old AFDC system, but now will be required to provide an expanded range of services and functionality. Additional modifications include the automation of child care eligibility determination, future implementation of Badgercare, and the development of Food Stamp Electronic Benefit Transfer (EBT). The development and support of these W-2 related IT projects will require 12.0 FTE.
2. **Child Support** (6.0 FTEs and \$212,500 in FY98 and \$307,100 in FY99.) The Kids Information Data System (KIDS) is Wisconsin's automated child support enforcement system. The passage of the Parental Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which overhauled the welfare system, will also require extensive changes in KIDS. The identified staffing levels are needed to assist in the development and provide long range support for the enhanced system.
3. **New Hires** (4.0 FTEs and \$143,900 in FY98 and \$209,100 in FY 99.) PRWORA also directs states to establish directories of newly hired employees as part of an effort to expand child support collections. The New Hires system will interface with data systems supporting Unemployment Insurance, Worker's Compensation, KIDS, CARES and Department of Revenue programs.

The request also includes funding to support the department's infrastructure development and IT platform expansion. The department is requesting the transfer of 3.0 FTE and additional expenditure authority of \$2,157,100 in FY98 and \$2,206,100 in FY99 to meet the agency's infrastructure needs. DWD is committed to developing and maintaining a technology infrastructure for all of its knowledge workers. The increased expenditure authority would provide funding for an additional 3.0 FTE technical specialists to support the Department's growing IT infrastructure. DWD has also identified needed platform expansion projects, including hardware and software purchases and training programs, exceeding \$2.0 million annually.

ANALYSIS:

While the request represents a large absolute and relative increase in the expenditure authority of appropriation 20.445 (1) (kc), the magnitude of the increase can be explained by the fact that the department's administrative services appropriation was not adjusted to reflect the recent reorganization of the department. In the 1995-97 biennial budget, the Divisions of Economic Support (DES) and Vocational Rehabilitation and the Wisconsin Conservation Corps were transferred to DWD. As part of this transfer, expenditure authority in appropriation 20.445 (1) (kc) was increased by \$3,984,200. While this increase reflected funding for the base staff that was transferred to ASD as a result of the reorganization, it was insufficient to cover the increased services that ASD provided to the new divisions. During FY97, DES and DVR purchased services totaling \$12,432,846 from ASD.

To remedy this situation the department requested additional expenditure authority in excess of \$5.6 million in a s. 16.515 request dated November 27, 1996. Because of uncertainties surrounding federal funding requirements related to DES program activities, the department did not address the structural shortfall in ASD expenditure authority in its biennial budget request. The department seeks to address the structural shortfall through this request that is submitted as a permanent base increase to appropriation 20.445 (1) (kc).

Department staff have indicated that, with the exception of the Division of Worker's Compensation, all the program divisions have adequate base resources to purchase the level of services identified in their service level agreements with ASD. The funding shortfall of the Division of Worker's Compensation is addressed in a separate request under s. 16.515 submitted with this request.

The level of services divisions receive from ASD varies significantly. A division's total payment to ASD depends both on the FTE count of the division and the level of services it requests from ASD. The following table shows the percentage of total ASD PR-S charges that are paid by DWD's divisions. Approximately 40% of the projected ASD PR-S charges will be supported by payments from the Division of Economic Support.

FY98 DWD Divisions'
Projected PR-S Charges

<u>Division/Customer</u>	<u>% of Total</u>
Review Commission	0.54%
Economic Support	39.33%
Vocational Rehabilitation	7.52%
Wisconsin Conservation Corps	0.46%
Equal Rights	1.94%
Connecting Education & Work	0.35%
Worker's Compensation	3.49%
Workforce Excellence	19.25%
Unemployment Insurance	27.10%
Non-DWD Customers	0.04%
Total	100.00%

A significant portion of the increased ASD expenditures will be funded with revenue from the Division of Economic Support. It is estimated that DES will pay approximately \$17 million for ASD services in FY98 compared to \$10.4 million in FY97. The fixed PR-S assessment cost pools have increased in part to reflect a more realistic assumption of the actual services and staff time that DES consumes. In addition, because of continued welfare reform efforts in W-2 and child support, DES has requested an increase in the number of ASD support services, especially in IT-related areas. With over \$100 million budgeted in GPR and FED (TANF, Food Stamps, Medical Assistance and Child Support) operations appropriations, DES has sufficient state administration funding budgeted to meet the PR-S assessments. The funding for state administration, of course, is also needed for DES staff, training, evaluation and direct-funded KIDS and CARES expenditures. If these expenditures were to increase to

the point where there was no longer sufficient resources to fund the PR-S assessments, DES would scale back its demand for ASD services.

The transfer of permanent positions from appropriation 20.445 (1) (ka) will allow DWD to meet its increased staffing needs. ASD has identified a need for 25.0 FTE permanent positions above the current 372.8 FTE authorized in ASD. Twenty-two of the positions are requested to provide on-going support for IT initiatives requested by DES. The department has indicated that these positions are essential to the successful implementation and support of the IT initiatives. Due to the competitive local market for IT professionals, there are concerns that ASD will not be able to retain the individuals that fill these positions and therefore not realize the benefits that are anticipated to come from the increase in staff expertise. However, changes in IT classification pay rates and structure and employee retention programs instituted by DWD should help reduce staff turnover.

With the exception of the Division of Workers' Compensation, the amounts requested have been budgeted by the program divisions from base budget levels. Without the additional expenditure authority and the transfer of the positions, ASD cannot respond to the needs of the program divisions. Given the importance of providing adequate administrative support for W-2 and other DES initiatives and the fact that program divisions have budgeted for these expenses, the expenditure increase is reasonable. While a permanent base increase to appropriation 20.445 (1) (kc) reflecting the additional services provided by ASD to DES and DVR is in order, a permanent base increase should be considered as part of the Department's next biennial budget request. The issues surrounding ASD's PR-S funded operations are not limited to the level of expenditure authority. There is also a need to provide mechanisms that synchronize program divisions' budget initiatives and other budget adjustments with PR-S appropriation authority. The development of the 1999-01 biennial budget will provide an appropriate setting to examine these issues.

The transfer of position authority will allow the department to meet its staffing needs without increasing its authorized position level. The portion of the increased expenditure authority, which will support the positions, should be approved as a permanent base increase. Permanent position authorization and funding is essential to the department's efforts to recruit and retain qualified personnel in the competitive local labor market for IT professionals. In addition, expenditure authority in appropriation 20.445 (1) (ka) should be reduced by \$573,800 in FY98 and \$1,151,700 in FY99 to reflect the salary, fringe benefits, supplies and services funding associated with the positions that will be transferred to appropriation 20.445 (1) (kc). Approving the position transfers on a permanent basis is not in conflict with approving the bulk of the request on a one-time basis. In the event that ASD's expenditure authority is not continued in the next biennium at the level requested here, the division could reduce its reliance on outside contractors to provide funding for these positions. The transfer of positions does not affect the provision included in 1997 Wisconsin Act 27 which requires DWD to delete 60.0 PR FTE by the end of the current biennium.

Mark D. Bugher, Secretary
November 25, 1997
Page 6

RECOMMENDATION:

Approve the funding request for FY98 and FY99 only. Approve the requested transfer of position authority and associated funding as a permanent base increase. To reflect the transfer of positions, reduce expenditure authority in appropriation 20.445 (1) (ka) by \$573,800 in FY98 and \$1,151,700 in FY99.

Tommy G. Thompson
Governor

Linda Stewart
Secretary



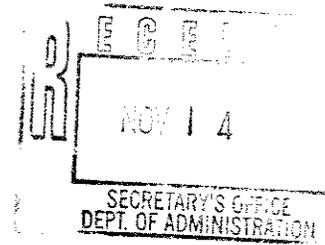
State of Wisconsin

Department of Workforce Development

OFFICE OF THE SECRETARY
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-7552
Fax: (608) 266-1784
<http://www.dwd.state.wi.us/>

November 13, 1997

Mark D. Bugher
Secretary, Department of Administration
10th Floor, DOA State Office Building
Madison, WI 53702



Dear Secretary Bugher:

The Department of Workforce Development requests approval by the Department of Administration and the Joint Committee on Finance under s. 16.515(1) a permanent base increase of expenditure authority of \$10,854,500 for SFY98 and \$11,268,700 for SFY99 in PR-S Appropriation 185 (WISMART F3), §20.445(1)(kc), administrative services. The department also requests under s. 16.505(2) the conversion of 25.00 permanent FTE from PR-S Appropriation 120 (WISMART D2), §20.445(1)(ka), interagency agreements to PR-S Appropriation 185.

This request is needed so that the Administrative Services Division can provide the necessary level of administrative services to its customers, the program divisions. Program divisions have service level agreements with ASD that indicate their intention to purchase services for a given cost. The program divisions have appropriation authority and have established operating budgets to purchase services from ASD which total more than Appropriation 185's current expenditure authority.

This increase in spending authority to the administrative services appropriation will have no impact on any other appropriations. The Department will, however, address the need to synchronize PR-S appropriation authority with program division initiatives and budget modifications in the next biennial budget process. Focus will be on the rapidly increasing cost of technology that provides a foundation for efficient administrative operations and innovative solutions to program delivery needs.

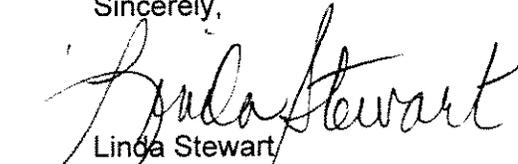
The increase in spending authority is as follows:

	SFY 98	SFY 99
Permanent Salary/Fringe	\$ 569,200	\$ 1,147,200
Supplies & Services	8,058,300	7,894,500
Permanent Property	2,227,000	2,227,000
Total	\$ 10,854,500	\$ 11,268,700



The attached supplemental funding request describes in more detail the specific needs. Should your staff have any questions about this request, please contact Mike Mahoney, DWD Budget Director, at 266-7895.

Sincerely,



Linda Stewart
Secretary

Department of Workforce Development
ADMINISTRATIVE SERVICES DIVISION

Supplemental Funding Request Under §16.505/16.515

November 13, 1997

Request

The Department of Workforce Development requests approval of a permanent base increase of expenditure authority of \$10,854,500 for SFY98 and \$11,268,700 for SFY99 in PR-S Appropriation 185 (WISMART F3), §20.445(1)(kc), administrative services. The department also requests conversion of 25.00 permanent FTE from PR-S Appropriation 120 (WISMART D2), §20.445(1)(ka), interagency agreements to PR-S Appropriation 185.

	SFY 98	SFY 99
Permanent Salary/Fringe	\$ 569,200	\$ 1,147,200
Supplies & Services	8,058,300	7,894,500
Permanent Property	2,227,000	2,227,000
Total	<u>\$ 10,854,500</u>	<u>\$ 11,268,700</u>

Revenue Sources for Appropriation

Program revenue service fees, collected by the Administrative Services Division (ASD) in accordance with §20.445(1)(kc), provide the revenue source for this request. Customer divisions support PR-S fees through reallocations within existing appropriations; no changes are requested in program appropriation allotment levels as a result of this request.

Specific types of administrative services for which the ASD charges PR-S fees include: general administration (e.g. Office of the Secretary, payroll, personnel, procurement and budget services), accounting, invoice/payment processing, information technology network support (e.g. LAN/WAN infrastructure), programmer analyst time, mainframe

activities (e.g. data control), mainframe printing, PC installation, facilities design, electrician services and mail services.

Problem

Program divisions have service level agreements with ASD that indicate their intention to purchase services for a given cost. The program divisions have appropriation authority and have established operating budgets to purchase services from ASD which total more than Appropriation 185's \$27,744,600 expenditure authority.

Background

The 1991-93 Biennial Budget authorized the former Department of Industry, Labor and Human Relations to establish a Program Revenue - Service appropriation (185) to fund administrative support operations of the department. This PR-S appropriation replaced the former methodology of the Administrative Services Division which directly charged the other divisions' program fund sources. Rather, a fee structure process was developed and implemented on July 1, 1992. This fee structure, with some modifications, still is used today.

At the time of implementation, the following goals were established:

- Fees would be set at the level necessary to generate the required revenues.
- Fees/Rates would be equitable (the same) for all divisions and/or fund sources.
- The number of cost pools (each requiring a separate rate structure) would be kept to the minimum necessary for the equitable charging of fees.
- Fees would be set for the full budget year.
- The methods of charging costs to fund sources would be acceptable to the Federal Office of Cost Determination.

These goals continue to be the basis for the fee structure, though reorganization of the department, inclusion of the Divisions of Economic Support and Vocational

Rehabilitation and a significantly increased use of technology have added new dimensions to the services which ASD now must provide.

When the two divisions and the Wisconsin Conservation Corps joined the department, expenditure authority in Appropriation 185 was increased only by \$3,984,200. These funds were intended to cover the base staff which were transferred into the ASD. There was no additional expenditure authority granted to cover the new initiatives or services which the ASD would be requested to provide.

As an example, during SFY 97, the Divisions of Economic Support and Vocational Rehabilitation were charged \$12,432,846 for services received from ASD. While the two divisions had sufficient funding in their fund sources to cover these costs, ASD had to request additional authority under §16.515 to cover expenditures for the fiscal year. The need for additional Appropriation 185 authority continues, but was not included with DWD's Biennial Budget requests.

At the time of the Department's original submission of the 1997-99 Biennial Budget request, the proposal left the Division of Economic Support at status quo. No change was requested due to the uncertain federal funding requirements enacted by the passage in August, 1996 of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the related Temporary Assistance to Needy Families (TANF) and Child Care Development block grant programs.

Once the effect of this new federal legislation was understood, the Department worked with the Department of Administration on the TANF plan which was reviewed and approved by the Joint Finance Committee at its December, 1996 meeting. At that time, approval was given for use of part of the funds to pay Department PR-S charges and CARES operations costs.

However, since the Department did not ask for the increased expenditure authority in the PR-S appropriation, a separate §16.515 request was submitted for increased

expenditure authority. That request was approved on a one-time basis. At this time, after a year to determine the actual needs of the merged department and the effects of both state and federal welfare reform legislation on existing systems, the Department of Workforce Development is making this request for permanent funding increase to Appropriation 185.

The requested authority is intended for services in the new program initiatives covering welfare and child support, for the increased cost and complexity of the technology infrastructure that supports delivery of the department's programs, and for some of the continuing costs associated with a new departmental organization structure. The request is summarized by the following table:

	SFY 98	SFY 99
Wisconsin Works	\$ 441,000	\$ 646,400
Child Support	212,500	307,100
New Hires	143,900	209,100
Contracted Services	5,900,000	5,900,000
Infrastructure	2,157,100	2,206,100
Platform Expansion	2,000,000	2,000,000
Total	\$10,854,500	\$11,268,700

Wisconsin Works

Effective September 1, 1997, Wisconsin Works became a reality replacing the state's welfare system with a work-based program. Coupled with the new federal welfare block grant program, Temporary Assistance to Needy Families (TANF), and the Child Care Development block grant program, the existing database system (CARES) is now being required to collect new data elements and provide a greater range of services than was originally intended. Included in these services are modifications to the current system involving the automation of child care eligibility, enhancement of the child care payment system, implementation of a new Medicaid program (Badgercare), and the development of Food Stamp Electronic Benefit Transfer (EBT).

Intended as a payment system for eligible AFDC clients, the CARES system is now used for determining eligibility for W-2 programs, Medical Assistance, and Food Stamps. In addition, the system is being used for case management, program evaluation, and for research. As a result, a data warehousing application is being developed to assist in the extraction of data and provide on-line availability of CARES data to W-2 agencies.

The W-2 initiative will require 12.0 FTE supplemented by specialized contractors to meet the service level agreements between DES and ASD (see Attachment A). It is anticipated that this level of support will be required on an ongoing basis. The permanent salary, fringe benefits and related NPS for these positions will total \$441,000 for SFY98 and \$646,400 for SFY99.

Child Support

The Kids Information Data System (KIDS) is Wisconsin's automated child support enforcement system implemented statewide in September 1996. The Family Support Act of 1988 required all states to have a certifiable statewide automated child support enforcement system in place by October 1, 1995. Public Law 104-35 extended the deadline for all state to have an operational automated child support system to October 1, 1997.

The passage of the Parental Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 has meant significant changes to the child support program and thus to KIDS. PRWORA has changed the way the federal government and states provide economic support to families and places greater emphasis on assisting families to become self-sufficient as quickly as possible. The result of the changes is that a substantial percentage of the KIDS system will need to be rewritten to meet federal regulations.

One of the most visible changes to KIDS will be the introduction of Centralized Receipt and Disbursement. This system change will convert the way child support payments

are managed from 72 county agencies to a single vendor responsible for the statewide program.

Changes to the child support systems and their corresponding interfaces will require 6.0 FTEs in ASD's Bureau of Information Technology Services in addition to specialized contractors. The complexity of these applications and their proper maintenance after implementation will require a similar level of staff support (see Attachment A). The permanent salary, fringe benefits and related NPS for these positions will total \$212,500 for SFY98 and \$307,100 for SFY99.

New Hires

PRWORA directs states to expand child support collection activities by establishing state and federal directories of newly hired employees to help locate noncustodial parents who have child support obligations. Action to initiate income withholding for child support will be executed immediately when a match is established. This new system will interface with Unemployment Insurance, KIDS, CARES, Worker's Compensation and Wisconsin Department of Revenue programs. The New Hires System must be operational by January 1, 1998.

Completion of development of the New Hire System in SFY98 will require 4.0 FTE application development resources. The need for 4.0 FTE technical staff will be ongoing. Estimate of the ongoing FTE application resources is based on DWD experience with similar automated posting/editing and reporting systems such as UI Wage Record Collections (see Attachment A). The permanent salary, fringe benefits and related NPS for these positions will total \$143,900 for SFY98 and \$209,100 for SFY99.

Contractors

DWD's Bureau of Information Technology Services (BITS) is called upon to provide services of a kind, and at such a level, that the use of contractors is needed in addition to, and in some cases instead of, BITS staff. In some cases contractors offer

specialized skills not available from department staff. In other cases, the level of services requested by program divisions exceeds BITS's level of staff resources, and the use of contractors is a desirable option that allows BITS to deliver the needed services while minimizing its need for additional permanent state FTEs. Planned contractor hours for SFY98 exceed 87,100 and range in cost from \$60.00 to \$150.00 per hour. The need for contractors in SFY99 is expected to be at the same level. Contractors are hired from State Procurement Bulletins or as a result of a competitive procurement process. The sources of current DWD contractors includes:

- AE staff for Networking/PC installation from DOA bulletin 15-39100-701
- Greenbrier & Russell staff from DWD bulletin 40-93260-408
- Software Artistry from DWD Bid JD-1665
- Lotus Notes specialists 40-93260600
- Microsoft specialists 18-93260601
- All other contractors at the present time are from DOA bulletin 15-93275-601

Contractors will be used as follows:

- \$4.2 million of contractor time is for applications development hours to meet division requests based on service level agreements between program divisions and the ASD. Contractors will work with some permanent positions for large initiatives, such as W2, Child Support and New Hire where new systems will be developed with extremely large vendor efforts. The goal is to have state staff partner with the vendor activities to provide oversight and continuity to those systems and eliminate total dependence on the outsourcer.
- Contractor activities in the functional area of network support. includes \$500,000 in specialty consulting costs for product support and design, implementation and problem resolution for complex local and wide area networks.. An additional \$500,000 is needed for contractor resources to support PC installation, problem support and maintenance functions.
- Contractors will be used for \$200,000 in network consulting for W2. This includes maintenance for W2/Child Care sites. This includes activities related to consulting for

network design for W2 Milwaukee locations and to allow Internet access for partners not located on the state Wide Area Network (WAN).

- Development of client/server based applications has resulted in the use of a complex array of databases that reside on departmental servers. \$500,000 is needed for consulting/contractor costs for implementation, problem resolution and product support related to sophisticated software and database design.

Infrastructure

DWD, as a result of Governor Thompson's Executive Order No. 242 and the Wisconsin Basic IT Infrastructure Project, has established a strategic direction to develop and maintain a technology infrastructure for all department "knowledgeworkers." The infrastructure is a complex combination of hardware and software that provides desktop computer functionality to staff and allows connectivity throughout state service by using local and wide area networks, the Internet and a department intranet. Development of new technology applications builds on this infrastructure to provide programs with a foundation for administrative efficiency and improved customer services. At DWD, the IT infrastructure is supported under PR-S Appropriation 185.

The IT infrastructure of DWD has changed substantially over the past several years as the agency has grown in size and as more PC technology solutions are implemented. At the beginning of SFY97 approximately 60 percent of staff were attached to the network via LAN's with PC's. The SFY98 budget is based on 100 percent of staff attached to the network with PC's by the end of the fiscal year. Expansion or development of programs, e.g. W-2 and linking with new partners, has pushed the number of remote sites over the past year from less than 50 to over 200 frame relay (LAN) remote sites.

The cost for supporting the infrastructure has increased and reflects the basic expansion in underlying infrastructure and staff resources required to build and support

the complex, client/server environment necessary for mission-critical (mainframe-like) applications. Examples of these costs include:

- ASD will need 3.0 FTE additional technical specialists to support the infrastructure at a cost of \$108,100 for SFY98 and \$157,100 for SFY99. These positions will be needed on an ongoing basis.
- \$185,000 - Exchange Project - The migration from MS Mail to MS Exchange is necessary because the agency is outgrowing the user and functionality capacity of the current system. Also, Microsoft provides limited support for the older product. The upgrade includes virus scanning software to protect the agency against viruses spread through e-mail services.
- \$384,000 – Desktop Software – Upgrades to Office97 and Windows 95 are planned to new PC's and upgrades to existing PC's in the UI, DWE, DES, DVR and ASD Divisions. This category also includes purchase of virus scanning software for Windows 95 and NT desktops and automated desktop management/distribution software..
- \$1,000,000 – Infrastructure Expansion - Network upgrades are necessary to provide additional capacity for new staff and new systems and to provide fault tolerance and redundancy and expanded security for production systems. This also includes firewall and security hardware and software required for deployment of internet/intranet applications.
- \$480,000 – Infrastructure Maintenance - This increase in the ongoing cost-to-continue reflects the additional infrastructure hardware and software including licensing, upgrade costs, maintenance and support contracts, and hardware and software replacements.

Platform Expansion

In general, the applications architecture for new computer systems and major enhancements has expanded from a mainframe only architecture to mainframe, client/server, and Internet technologies. Costs have increased as staff and consultants interface new systems with the Department's legacy mainframe applications. This has created large expansion of the BITS database and server infrastructure and the need for a reliable, fault-tolerant, robust (mainframe-like) environment.

DWD costs to support applications/database servers has increased over the past two years and can be attributed to new equipment to meet program requests and additional software and licensing. Specific examples include:

- \$1,000,000 - Database servers, Oracle licenses and software, application servers and interactive voice response (IVR) hardware and software are required to meet the expanding capacity of existing systems and the requirements of new applications such as Software Artistry, America's Job Bank, JOBNET expansion, Telephone Initial Claims, Works Compensation Claims, W2 systems (childcare, case management, data warehouse, etc.) and other IVR applications.
- \$250,000 - IE Composer development software and hardware and training are planned to provide the infrastructure for the new agency financial accounting system.
- \$285,000 - web servers and software used to develop and expand web capacity for current systems and to meet the needs of new web/Internet applications such as JOBNET, UMOS, UI application, DWD information, etc.
- \$500,000 - Increased use by staff and consultants of DOA Info Tech mainframe cycles required for KIDS and CARES programmer TSO activities, applications system testing, customer acceptance testing, and customer training. Year 2000 activities such as TSO charges for program changes, program testing, customer testing, are included

in this expense. This total also includes \$157,000 for increased mainframe to LAN and client/server connectivity costs.

Summary

DWD program division have requested from the Administrative Services Division services that exceed the Department's PR-S Appropriation 185 authority by \$10,854,500 for SFY98 and \$11,268,700 for SFY99. The ASD has identified a need for 25.0 FTE permanent positions above the current Appropriation 185 authority to provide the requested services.

To address the identified need, the Department requests an increase in Appropriation 185 authority by \$10,854,500 for SFY98 and \$11,268,700 for SFY99. The department has identified 25.00 permanent FTE in Appropriation 120 which will be unfunded effective September 1, 1997. The department requests conversion of these twenty-five positions to Appropriation 185 so as to not increase the total authorized position level.

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Permanent Positions

The following describes the FTE positions requested by the Department of Workforce Development, which are needed to provide the services requested by program division and which are funded through service level agreements and funds within the divisions' appropriations.

	W-2 INITIATIVES	CHILD SUPPORT	NEW HIRES	INFRASTRUCTURE SUPPORT
Systems Integration Services	IS Customer Services Spec. Range 16 1.00			
Technical Services	Database Specialist Range 16 1.00	Database Specialist Range 16 1.00		Technical Prof.- Intermediate Range 14 1.00
	Network Support Prof.- Senior Range 15 1.00			Technical Prof.- Senior Range 15 1.00
	Network Support Spec Range 16 1.00			Technical Specialist Range 16 1.00
Applications Development Services	IS Consultant- Project Mgr. Range 17 1.00	IS Programmer Analyst-Intrmed Range 15 3.00	IS Programmer Analyst-Senior Range 15 4.00	
	IS Programmer Analyst-Senior Range 15 7.00	IS Programmer Analyst-Senior Range 15 2.00		
Total FTE	12.00	6.00	4.00	3.00

The following pages provide details on each of the requested positions.

Position Justification
W-2, Site Coordination - 1 FTE

1. **Position classification and pay range:** IS Customer Services Specialist, range 16
2. **Position Location:** Systems Integration Services
3. **Description of duties:** This position will coordinate design, implementation, and support of IT infrastructure and connectivity between local W-2 agencies, Job Centers, county food stamp offices, county child support agencies, county child care agencies, JOBNET sites and DWD. Each site may be a county, a tribe, a private or non-profit entity or a job center. At this point connectivity projects for 90 sites, primarily W-2 agencies, have been identified. Implementation for these will take over a year. Many W-2 sites are considering additional future connectivity enhancements, and infrastructure changes will be needed for 72 county child support agencies by 1999.

Coordinators will work with local agencies, program divisions, the ASD Facilities Bureau, Technical Support and Info Tech to identify the best options for each agency and to develop and implement connectivity, answer questions, resolve ongoing problems, and assist agencies with technical changes that impact connectivity over the lifetime of the connection.

4. **Why important:** Workers in W-2 agencies and Job Centers cannot access state-provided systems and information without the appropriate IT infrastructure and connectivity. Many of these local agencies lack the level of IT support needed to connect ever more complex environments - and need help from DWD. As technology changes and applications are deployed on new platforms, the infrastructure must also be upgraded. When networks and platform components fail, problems must immediately be addressed so workers can do their job.
5. **Description of the demand driving the new position:** W-2 is the primary driver of the increased workload, since it requires increased sharing of information among partners in the effort to put people to work. W-2 gives local agencies more flexibility in their use of technology but that complicates connecting those varied environments. Local agencies are increasingly choosing more sophisticated technical models.
6. **Description of work that will not get done without position:** DWD will provide less assistance to local agencies; move towards full connectivity will proceed much more slowly.
7. **Duration of work:** We estimate that site coordination will require 25 hours per site start up time and 25 hours per year for ongoing support. We have identified 110 sites for W-2 alone (total partner sites 200-300). We expect that start-up will be concentrated in the next 2 years, with support and startup of new infrastructure models lasting indefinitely.
8. **Special costs:** PC with standard BITS software.

**Position Justification
KIDS/CARES Database - 2 FTE**

- 1. Position classification and pay range:** Database Professional - Senior (Range 15)
Database Specialist (Range 16)
Database Administrator (Range 17)

Two of the above classifications will be utilized depending on market availability of staff and relevant job experience.

- 2. Position Location:** Technical Services Section

- 3. Description of duties:** These positions will focus on both database system standardization and database performance. The primary emphasis will be on analysis and tuning of database structures and database access code to reduce mainframe computing costs, decrease nightly processing cycle problems, and help streamline the nightly work flow for both the KIDS and CARES applications. Work is also needed for both applications on creation of standard database monitoring reports, which will assist with tuning and early identification of excess resource consumption problems.

- 4. Why important:** Work has already been completed in the KIDS database area relative to batch processing. Efforts to date will yield > \$1,000,000 in mainframe cost savings for FY98. Tuning work on this same scale could potentially benefit the CARES application even more, but there is no state dedicated resource to perform this task at present. In addition a new data warehouse application for CARES will require additional database support. Thus far, there has been no available state DB2 staff to work on online system tuning for either KIDS or CARES, and this is where most expenditures occur in these programs. Without additional support, costs for both KIDS and CARES can be expected to escalate.

- 5. Description of the demand driving the new position:** W2 implementation has had a very large impact on staff requirements in the database area. This includes the new CARES data warehouse implementation, which will require substantial new DB2 and Oracle staff resources. There has also been escalation of mainframe costs in both CARES and KIDS due to increased transaction volume and system enhancements. No new database staffing has occurred to address growth in these programs.

- 6. Description of work that will not get done without position:** Online performance monitoring and tuning in both KIDS and CARES will be drastically reduced without new staffing which will impact both the cost of the systems and the timing of jobs. In addition, much needed work in systems and database standardization will also be left undone, which will translate into continuing nightly cycle problems, which in some instances causes delays of payments to program recipients.

These positions are intended to partner with the database staff that are part of the large vendor contracts for CARES and KIDS. They cannot be filled with contractor staff as they will be used to monitor performance and recommend changes made by existing contractors.

- 7. Duration of work:** Work will be ongoing. With future program enhancements already planned and the growth in both programs, work will continue as long as these programs exist.

- 8. Special costs:** PC with standard BITS software.

**Position Justification
W-2 Network Support - 2 FTE**

- 1. Position classification and pay range:** Network Support Professional - Senior (Range 15)
Network Support Specialist (Range 16)

The positions will be filled at either of the above levels depending on market availability of candidates.

- 2. Position Location:** Technical Services Section

- 3. Description of duties:** The department requests 2 Network Specialist positions to fill anticipated needs for the W2 network growth and connectivity issues with partner sites. This request is based on estimates from our DES customers:

100 hours installation per site x 35 remote sites = 3,500 hours = 2 FTE

100 hours per site per year maintenance x 35 sites x .7 year (all sites will not be installed by July 1 so we do not need a full years maintenance) = 1.5 FTE

Note: The program division's requests that exceed the capabilities or availability of DWD staff will be provided by contractor services.

- 4. Why important:** Positions are needed to complete network installation for W2 agencies. This connectivity will give them access to mainframe and LAN based W2 systems.
- 5. Description of the demand driving the new position:** Necessity of these positions in based on the deployment of the W2 program.
- 6. Description of work that will not get done without position:** If these positions are not approved, we will not be able to install and provide connectivity to 35-45 partner agencies. This work would have to be spread over 2 to 3 years. Partner agencies will not have the necessary system connectivity for W2.
- 7. Duration of work:** On going. Initially thrust is installation of 35-45 W2 sites. Additional sites will be identified later this year and next year. About 100 - 110 total sites are anticipated and these sites will require on-going maintenance and support.
- 8. Special costs:** PC with standard BITS software.

**Position Justification
W2/Data Warehouse Project - 3 FTE**

1. **Position classification and pay range -** IS Consultant - Project Manager (1 FTE),
IS Programmer/Analyst - Senior (2 FTE)
2. **Position Location:** Applications Development Section (CARES Section)
3. **Description of duties:** Provide ongoing applications development, support and enhancements to the CARES W-2 data warehouse application. The data warehouse is a joint development effort between the state and Deloitte & Touche (D&T). Five D&T consultants are currently staffing the project and guiding the development effort. State staff will work with D&T to construct the warehouse and will assume responsibility for maintenance after implementation. D&T is not expected to provide any staff to maintain the warehouse after implementation.
4. **Why important:** W-2 has significantly changed the focus of welfare in Wisconsin. Rather than simply issuing cash payments to eligible AFDC clients, W-2 agencies are expected to assist clients in finding employment and becoming self-sufficient. Success in administering W-2 will be measured according to how successful an agency is in moving clients up the employment ladder into unsubsidized job placements.

5. Description of the demand driving the new position: Management information regarding the status of recipients over time is essential to the operation of the W-2 program. W-2 agencies need this information in order to effectively run their businesses. The state, including the governor and legislature, needs access to this management information in order to monitor the W-2 program and assess the impact of proposed legislative changes.

Extracting this information from the existing CARES databases is a difficult, tedious, and time-consuming process. The data warehouse will provide a mechanism for summarizing essential data and capturing the information over time so that it is quickly and easily available to anyone who needs it. The warehouse will also reduce the amount of batch processing required against the production databases to produce reports, which will allow for more on-line availability of the CARES system in the W-2 agencies.

6. **Description of work that will not get done without position:** Without the state positions, the transfer of knowledge from Deloitte & Touche to the state will not occur and the state will be unable to maintain the warehouse after implementation. That will result in either higher costs to pay Deloitte & Touche for maintenance or possible abandonment of the project if there is not sufficient funding or Deloitte & Touche is unable to provide the necessary resources. This would negatively impact the ability of the state to monitor the W-2 program and assess agency performance.
7. **Duration of work:** The data warehouse is planned to be developed in 3 phases over the next 18 months. After completion of these initial development phases, these positions will be needed on an ongoing basis to enhance and maintain the warehouse as changes are made to the CARES system to implement future state and federal welfare reform legislation. It is expected that post-implementation system tuning will also be required.

As the first data warehouse effort undertaken by DWD, the CARES warehouse has been designed to establish a standard platform for future warehousing efforts. These positions will also provide support and consultation to any future warehousing projects in the department.

8. **Special costs:** Application Developer Workstation with BITS standard software.

**Position Justification
W2/Child Care Projects - 3 FTE**

- 1. Position classification and pay range:** IS Programmer/Analyst - Senior
- 2. Position Location:** Application Development Services
- 3. Description of duties:** Provide ongoing applications development, support and enhancements to the CARES W-2 Child Care applications. The Child Care customer area in DES has several automation projects targeted for development during this fiscal year. These projects include: enhancements to the CARES child care payment system to enable Milwaukee County to start using the system, the addition of an IVR component to allow providers to report attendance, development of a statewide provider file, access to criminal background check information from DOJ, enhancements to the child care grant tracking system. The child care payment system enhancements are a joint development effort between the state and Deloitte & Touche. The other projects are planned to be developed and maintained solely by state staff.
- 4. Why important:** Child care is a critical component to the success of Governor Thompson's W-2 welfare reform program. Lack of adequate child care is one of the most significant barriers to obtaining and maintaining employment for many public assistance recipients. In order to overcome this barrier, the state has significantly enhanced the funding available for subsidized child care for W-2 participants. Effective administration and monitoring of these funds is one of keys to enabling W-2 participants to become fully employed and self-sufficient.

Prior to 1997, the child care program was administered with essentially no automated support. In 1997, a centralized, state-wide child care payment system was developed in CARES. All counties, except Milwaukee, are now using the CARES system to administer child care payments to providers. CARES allows the Office of Child Care to continually monitor the administration of child care funds, a capability that didn't exist previously under the manual county reporting system. The Office of Child Care has initiated several other automation projects to ensure Milwaukee's participation in the state-wide system, to facilitate and standardize the administration of child care policy across the state, and to ensure that the enhanced child care funding is administered and monitored in the most effective way possible.

- 5. Description of the demand driving the new position:**
- 6. Description of work that will not get done without position:** There are currently four Deloitte & Touche analysts and one state analyst supporting Office of Child Care automation efforts. All of these staff are dedicated to already identified maintenance and enhancements to the CARES child care payment system. There are currently no other state staff available to develop and implement other requested child care automation projects and there are no plans in this year's budget to have Deloitte & Touche assume any of this work.

Lack of adequate automation for child care will negatively impact the Office of Child Care's ability to successfully administer and monitor their program. This could result in ineffective use of child care funding and undetected increases in fraud and abuse. Given the importance of child care to the success of W-2 and the substantial increases in available child care funding, it is critical that adequate automation be available to support and ensure

successful operation of the program.

7. **Duration of work:** The child care projects that have been identified are all scheduled to begin development in this fiscal year, although some will not be completed until next fiscal year. After development and implementation, state staff will be needed to maintain and enhance these systems.

Also, since child care is critical to the success of W-2 and only a portion of the business process is currently automated, it is expected that the Office of Child Care will require additional automated support in future fiscal years in order to effectively operate their program.

8. **Special costs:** Application Developer Workstation with BITS standard software.

**Position Justification
W-2/MA/FS-EBT- 2 FTE**

1. **Position classification and pay range:** IS Programmer/Analyst - Senior
2. **Position Location:** Applications Development Services (W-2/CARES Section)
3. **Description of duties:** Provide ongoing applications development, support and enhancements to the CARES W-2, Medicaid, and Food Stamp EBT applications. The W-2 enhancements and implementation of a new Medicaid program, 'Badgercare', will be joint development efforts between the state and Deloitte & Touche. Food Stamp EBT is planned to be developed and maintained primarily by state staff, with minimal involvement by Deloitte & Touche.
4. **Why important:** Although W-2 was implemented on September 1, programmatic and policy issues are continuing to be addressed and resolved, resulting in additional enhancements required to the CARES system. In addition, in the current budget the legislature has included a provision for a new 'Badgercare' health plan, which will expand medical assistance coverage to the low-income working poor. This program is tentatively scheduled to be implemented in July 1998 and is the next major initiative in Governor Thompson's continuing welfare reform efforts.
5. **Description of the demand driving the new position:** The Division of Economic Support has requested that state analyst staff work jointly with Deloitte & Touche in the development and implementation of these efforts to ensure the quality of Deloitte & Touche's design work and to assist with acceptance testing.

The state is also currently in contract negotiations with an EBT vendor to administer electronic processing of Food Stamp benefits, beginning in August 1998. Moving from paper issuance of Food Stamps to EBT is essential to the reduction of Food Stamp fraud and abuse in Wisconsin. The CARES portion of this project, which is to develop and implement the interface between CARES and the EBT vendor, is planned to be completed by state staff with minimal involvement by Deloitte & Touche.

6. **Description of work that will not get done without position:** For the W-2 and Badgercare enhancements, lack of adequate state staff to work with Deloitte & Touche increases the risk of a failed or error ridden implementation. DES has repeatedly requested that state IT staff be available and assigned to work with Deloitte & Touche to ensure quality technical design of these projects and to support system and acceptance testing. Previous implementation efforts that could not be adequately staffed with state analysts have resulted in poor or inadequate technical designs that led to implementation problems and rework.

Without these positions, it will become difficult to meet the planned EBT project implementation dates. This is especially problematic since this project will involve working with an outside vendor who will be under contract to complete system implementation by a certain time. This project was specifically designated to be completed by state staff. There is no provision in this year's budget to have Deloitte & Touche assume any of this work as it would be extremely undesirable to have Deloitte & Touche working directly with another vendor with no state technical oversight on this project.

7. **Duration of work:** The projects that have been identified are all scheduled to be implemented during this fiscal year . After development and implementation, state staff will continue to be needed for maintenance and further enhancements to these systems. Also, as a new customer area for CARES, DHFS Division of Health has identified several additional automation projects for future implementation that will require continued dedicated resources.
8. **Special costs:** Applications Developer Workstation with BITS standard software.

**Position Justification
PRWORA/KIDS System - 5 FTE**

- 1. Position classification and pay range:** IS Programmer/Analyst - Intermediate (3 FTE)
IS Programmer/Analyst - Senior (2 FTE)
- 2. Position Location:** Applications Development Services (KIDS Section)
- 3. Description of duties:** The KIDS development section is currently responsible for assuming some of the duties for the development and maintenance of the KIDS system from IBM. This position would require a person to do advanced analysis and coding related to PRWORA and/or W2 system enhancements and modifications. This position would require mentoring and guiding an entry level programmer, with the expectation of moving to a more senior role, such as system analyst and project leadership, for future KIDS system's modifications.
- 4. Why important:** Based upon the Federal Welfare Reform Bill - the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the KIDS system will have to be extensively modified. PRWORA has significantly changed the way the Federal government and states provide economic support to families and place greater emphasis on assisting families to become self-sufficient as quickly as possible.
- 5. Description of the demand driving the new position:** The PRWORA modifications for KIDS involves over twelve major deliverables or system modifications touching all aspect of the system. These include the areas of Distribution, IVA/IVD, Work Requirements, Privacy, Paternity Establishment, Financial Institutions, Liens, Centralized Receipt and Disbursement, Locate, and State Case Registry to name but a few. Many of these changes dramatically affect the way in which money is handled in the system. Others modify the way in which cases are dealt with. Overall, the modifications to PRWORA will cause a substantial percentage of the KIDS system to be rewritten, and the end result will be a system which is significantly different from what is now being used by the counties.

Due to these changes, the system will be brought into line with the Federal directives. In addition, the system will produce a significant increase in its ability to perform the mission of child support enforcement. One critical area of improvement will be in the Locate process. While work has continued to expand the locate interfaces of the system, a major enhancement will be the addition of the New Hire interface allowing the system to tie into a nation-wide database of all newly hired individuals. By tying into this system, KIDS will be able to access the locations of all newly hired individuals nation-wide and compare them to those individuals who are not paying child support. This connection will significantly enhance our ability to find and assess collections from these people. Locate specifically ties into several of the functional areas of the system such as paternity, and is critical in ensuring that certain federal funds are made available to the state.

By introducing Centralized Receipt and Disbursement (CR&D), the state's ability to quickly turn around money received for child support will be greatly enhanced. Currently each of the 72 counties handles its own intake of money and printing of check. With CR&D in place, workers will no longer be burdened with accepting funds, nor with attempting to process check printing during the course of their day. Instead, a company specifically detailed to handle these functions state-wide will be utilized, allowing county workers to access the system to evaluate the status of a participant's funds, yet allowing them to concentrate on the case itself.

Two other areas of exceptional effort are the suspension of licenses and the collection and use of Social Security Numbers on licenses and motor vehicle records. Neither of these two

areas have been dealt with prior to this within the system. For the suspension of licenses, over 17 Departments, boards, and commissions must be interfaced to, each with a variety of potential data items to record. For the latter, dealing with Social Security Numbers, over 600,000 licenses and other related records must be reviewed and assessed. The effort to create and maintain an interface to these Agencies and their systems will be tremendous.

In addition to the PRWORA changes, the July 1997 contract with IBM specifically states that a major goal of the State is the assumption of responsibilities formally done by IBM. This assumption of duties is to occur over the next year, and will continue after that time. Currently the State is not in a position to assume more than a minimal amount of the work due to the current manning of the KIDS development team. Additionally, there are areas of the KIDS system which the State is responsible for which do not have the required manpower to enable the State to fulfill its obligations for maintenance and/or modifications. It is critical for the successful assumption of responsibilities by the state of at least some portions of the KIDS system that these positions become available.

6. **Description of work that will not get done without position:** If this position is not approved, the State will be unable to fulfill its role of partnering with IBM, as described in the July 1997 contract. In addition, areas of PRWORA which the State assumed it would take responsibility for will have to be programmed by IBM, if possible, and at a much higher contractor cost. It is safe to assume that IBM, who was not intending to take on the entire effort without substantial State assistance, may not be able to meet all the PRWORA initiatives along with other system enhancements which they are being asked to make. In the long run, the overall impact will be less State involvement and more vendor involvement in the system with a lessening in oversight and control by the State.
7. **Duration of work:** This work would continue indefinitely into the future. At such time that the PRWORA effort is completed, it is assumed that the State will assume a greater and greater role in the maintenance effort required to sustain the system.
8. **Special costs:** Special costs would include a new PC, phone, space, i.e., workstation setup.

**Position Justification
W2/New Hire Project - 4 FTE**

1. **Position classification and pay range:** IS Programmer/Analyst - Senior
2. **Position Location:** Applications Development Services (UI Tax/Wage Section)
3. **Description of duties:** Provide ongoing applications development, support and enhancements to Wisconsin's newly mandated New Hire System application as well as phase in additional new business functionality that could not be implemented prior to the mandated system implementation date of 1/1/98. Application development resources will be assigned to complete the automation and implementation of the New Hire System, coordinate the receipt of electronic data from with the out-sourced data collection vendor, edit and post data to the State Directory of New Hires (SDNH) as well as forward required New Hire, UI Wage and Benefit information on to the National Directory of New Hires (NDNH). In addition to the capture, processing and posting the New Hire data, several system automated interfaces are expected with Unemployment Insurance, Wisconsin's Child Support System (KIDS), Wisconsin's new Welfare System (CARES), Worker's Compensation, and Department of Revenue to detect fraud and abuse in entitlement programs.
4. **Why important:** Wisconsin's New Hire System is the result of the federal Welfare Reform Bill - the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). PRWORA changed the way the federal government and states provide economic support to families and placed a greater emphasis on assisting families to become self-sufficient as soon as possible.

An important part of the bill directs states to expand child support collection activities. A critical new initiative, New Hire, requires employers to report all newly hired or rehired employees to help locate noncustodial parents who have child support obligations so an income withholding order can be placed on their wages.

Wisconsin's New Hire legislation is part of a package of child support provisions included in the current state budget. The legislation will allow the Department of Workforce Development to collect New Hire data starting January 1, 1998. Responsibility for Wisconsin's New Hire System was placed in DWD Unemployment Insurance Division. The Tax/Wage Application Development Section was assigned system development and implementation of the New Hire System.

Although Wisconsin's rate of collection of child support payments is one of the highest in the nation, the state is able to collect payments in only 38% of the cases. One reason for low collection rates is the difficulty all states have in locating noncustodial parents.

The data on newly hired employees will allow the state to more quickly locate noncustodial parents who have child support obligations in order to withhold wages, or take other enforcement actions.

5. **Description of the demand driving the new position:** All employers with a Federal Employer Identification Number (FEIN) will be required to report newly hired or rehired employees to the Department of Workforce Development starting January 1, 1998.

The federal legislation permits employers with employees in more than one state to choose the state to which they will report new hires. Wisconsin employers with employees in more than one state must notify the Department of Workforce Development if they choose to report Wisconsin new hires to another state.

Employers are required to report:

- Employee name
- Employee address
- Employee social security number
- Employee date of birth
- * Employer name
- * Employer address
- * Employer FEIN (Federal Employer Identification Number)

Wisconsin's New Hire Directory will contain basic information about all newly hired employees as reported by their employers. New Hire data will allow the Department of Workforce Development to quickly locate individuals who have a child support order in place or who are wanted for a child support enforcement act. Income withholding for child support will be executed immediately against a new employee's paycheck if the Department finds a match.

The National New Hire Directory is a composite of all states' New Hire Directories and includes information about all states' child support cases. The directory will allow states to locate noncustodial parents who work in a state other than the state that issued the enforcement order.

6. **Description of work that will not get done without position:** Due to the short implementation time frame of New Hire, not all automated business functions will be in place beginning January 1, 1998. Billing, automated system interfaces, purge and penalty processing will require automation after initial system implementation. It is expected that post-implementation system tuning will also be required.
7. **Duration of work:** Completion of development of the New Hire System in SFY98 will require 4 FTE application development resources. The expected 4 FTE staff resources for the New Hire System will be ongoing. This is a mandated system that prior to 1996 had not been in existence. Estimate of the ongoing FTE application development resources is based on experience of similar automated posting/editing and reporting systems such as UI Wage Record Collections. It is expected that the 4 FTE will be supporting DB2/COBOL/CICS as well as interfacing with a client/server front-end system and the Direct Connect telecommunications protocol to the Social Security Administration where New Hire data will be transmitted for the NDNH. Additionally, these positions will be needed to support the additional data sharing opportunities which have been discussed as an outgrowth of this project.
8. **Special costs:** Application Developer Workstation with BITS standard software.

**Position Justification
Workstation Support - 3 FTE**

1. **Position classification and pay range:** Technical Professional Intermed (Range 14)
Technical Professional Senior (Range 15)
Technical Specialist (Range 16)
2. **Position Location:** Technical Support Section
3. **Description of duties:** Workstation Support including problem identification and resolution, installation of PC's including hardware and software upgrades.
4. **Why important:** Provide a working technical architecture for customers. Customers are not able to do their daily work if their PC is not functioning properly or we cannot install new PCs.
5. **Description of the demand driving the new position:** Over the past several years, workstation support needs have increased at DWD. The changes in the DWD Information Technology technical architecture and infrastructure philosophy have contributed to the increase in IT staff needs. Today, DWD's technical architecture includes the client server environment as well as mainframe systems and services purchased from DOA/Info Tech. We are in the process of upgrading and enhancing the client server environment to 'run it like a mainframe. Enterprise state standards, the state mandate to have a PC on every knowledge worker's desk, and new technologies such as internet have added to overall needs.

The growth and changes in the staff needs can generally be put into three categories:

- 1) Increased deployment and support of PC's including local and wide area networks.
- 2) New and upgraded software and applications
- 3) Robust mainframe-like environment

1. Increased Deployment of PCs In Local and Wide Area Networks

The enterprise standard for the state of Wisconsin is that every knowledge worker will have a PC on the desktop. DWD hopes to achieve this goal by the end of SFY98. Over the past years, DWD has been building the technical infrastructure which is necessary to support this goal.

PC Numbers

The number of DWD staff PC's increased from 883 PC's in 1995 to 2156 PC's in 1997. Additional PC's on the network include 300 JOBNET machines around the state. We also support an additional 300 PC's at the DVR local offices which are on a local area network but not on the wide are network. In SFY97, support for the KIDS and CARES System added an additional 1,450 non-DWD staff PC's and about 2,500 3270 terminals and printers to the DWD network.

In SFY98, approximately 400-500 new PCs will be added to the network bringing the total about 8,000 devices on the DWD network including staff PCs, JOBNET, CARES, KIDS PCs and printers.

The increase in number of PC's represents a shift from 'dumb' terminals. PC support with its additional functionality and complexity including software loaded on a PC and associated file servers far exceeds support required for a 3270 terminal which basically provides a link to the mainframe.

In SFY95, the majority of PC's were located in GEF 1, two Madison remote sites and one Milwaukee remote site. In SFY96 and SFY97, PC's were installed in many remote sites in conjunction with JOBNET implementation. By the end of SFY97, DWD supported about 1,000 remote site PCs in about 100 locations.

Support of remote PC's added additional complexity and cost to the DWD environment.

After this fiscal year, DWD will have PCs installed for all knowledge workers. DWD will then begin a 4 year replacement cycle for the approximately 2,400 PC installed base. This will mean about 600 PC's will be installed each year, as well as staff providing the continued maintenance and support for 2,400 staff and their PCs.

New PC Process

The installation of new PCs and roll-down PC's involves several processes. If a 'standard' desktop configuration exists, the installation may be completed by DWD TSS staff or contracted to vendors. Either way, the cost for the installation is paid directly by the customers.

When new configurations must be developed, however, to accommodate new/upgraded software, as with WIN95, Office 97, upgraded versions of Attachmate Extra and other desktop products, the installation process becomes very complex. This process involves technical efforts to develop the best software configuration, testing that configuration and integration with all other desktop software and applications. The process can include upgrading Access databases, WORD macros, Excel spreadsheets, etc. The process also involves planning, budgeting, and training with our customers for the migration. Costs for this process are paid for by the network support cost pool as well as some direct charges to the customers.

For SFY98, the new desktop configuration will include new products:

- Win95
- Office 97 including Access
- Exchange
- Attachmate Extra 6.2
- Microsoft Internet Explorer
- Desktop Management Software

Wide Area Network (WAN)

DWD is in the process of expanding local and wide area networks at both the central GEF1 site and numerous sites around the state to increase capacity and functionality as needed for DWD staff PC's and applications such as JOBNET, Time and Attendance, Rapids, etc.

In SFY95, DWD had about 3 remote frame relay sites; two Madison remote sites and one Milwaukee remote site. In SFY96 and SFY97, about 100 additional remote sites were added to provide connectivity for DWD staff and applications such as JOBNET, Telephone Initial Claims and other applications. By the end of SFY97, DWD supported about 100 remote frame relay sites. p In addition DWD supports the KIDS system which includes another 75

remote frame relay sites. By the end of SFY98 we anticipate that the DWD network will support a total of approximately 250 remote frame relay sites. The number of remote frame relay sites could increase further to include partner agency sites for W2 and Job Centers.

2. New and Upgraded Software and Applications

As discussed above, PC deployment caused tremendous growth in our LAN and WAN environment. Other new business needs brought additional products and services to DWD.

Listed below are many of the new products, services, and systems to be installed or upgraded to meet customers business needs in the next fiscal year.

In SFY98, the majority of new PCs will be installed with WIN95 which will be a major change to the DWD desktop configuration requiring major planning and testing activities. Many of the PC's will also be deployed with Office 97, upgraded versions of Attachmate Extra, virus scanning software, Microsoft Exchange and desktop management software.

Desktop Software

- Migration to WIN95 and NT
The state standard is to migrate all workstations to Windows 95 or NT. Many of the new PCs and older PCs will be installed with WIN95. We anticipate about 1000 PCs should be running WIN95 by the end of SFY98.
- Migration to Office 97
The state standard is the Microsoft Office Suite and upgrades as they occur. The budget for SFY98 includes about 800 copies of Office 97.
- Mainframe Connectivity Software -Attachmate Extra (upgrading to 6.2)
The budget for SFY98 includes about 700 new or upgraded copies.
- Virus Scanning Software (and cleanup)
This product will be installed on PCs running WIN95. The budget for SFY98 includes about 1000 copies.
- Upgrade from Microsoft Mail to Exchange
Microsoft Exchange is one of the state standard e-mail messaging products. The budget for SFY98 includes about 2400 copies.
- Desktop Management Software
Desktop management software provides inventory, software metering, and software distribution functions. This product allows us to move toward automated inventories, distribution and metering of software products..
- Novell Conversion
These licenses will complete the conversion from Novell 3.x to 4.x and accommodate the new staff added to the DWD LAN/WAN. The budget for SFY98 includes about 550 copies.

3. Robust Mainframe-like Environment

The DWD client/server technical architecture supported by the Network Support Cost Pool has grown significantly from a stand-alone desktop to a complex, enterprise application environment including the following components:

- Requirement for a mainframe-like environment including
 - Reliability
 - Performance
 - Security
 - Fault-tolerance
 - Disaster Recovery
- More purchased applications deployed on the desktop
- More in-house written applications deployed on the desktop
- In consistent hardware configurations (hardware purchased over several years)
- Multiple versions of products (Attachmate Extra 3.4, 3.5, 4.1.4.2, 6.1, 6.2, Powerbuilder, Visual Basic, etc.)
- Non-standard software (such as WordPerfect, Lotus 1-2-3)
- Faster product cycles or revisions
- Software requiring more capacity than current DWD PC's provide including
 - Memory
 - CPU
 - Disk Storage
- Enabling two communications protocols such as IPX/SPX and TCP/IP
- Laptops and docking stations
- New technologies and capabilities.

An example of how this complexity is growing: Two Visual Basic applications are written in-house for different business needs. Both will be deployed on the same PC. Integrating these two applications with common drivers, software (such as Attachmate Extra), etc., is very complex.

The support required today for our current desktops is very different from support provided several years ago when the desktop only executed standard "Office Suite" type products. Today we have a multitude of purchased products and in-house developed applications that require highly skilled, dedicated technical staff.

PC Total Cost of Ownership

Gartner Group, one of the foremost Technology Advisors/Consultants in the Information Technology industry, has published research in the area of the 'PC Total Cost of Ownership.' Total Cost of Ownership has several components including: Capital, Technical Support, and Administration. (Capital cost is the money spent on hardware and software over the three-year period. It includes the initial purchase of hardware and software plus all upgrades during that period. Administrative costs is the money spent on asset management, security, audits, purchasing, license agreements, legal review, and policies and procedures.)



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Date: November 25, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Peter Maternowski
Executive Policy and Budget Analyst

Subject: Request under s. 16.515 from Department of Workforce Development for increased expenditure authority in their program revenue appropriation under s. 20.445 (1) (ha), Worker's Compensation Operations.

REQUEST:

The Department of Workforce Development (DWD) requests increased expenditure authority of \$408,400 in FY98 and \$420,000 in FY99 in the agency's PRO appropriation under s. 20.445 (1) (ha), Worker's Compensation Operations.

REVENUE SOURCES FOR APPROPRIATION(S):

Funds to support this increased expenditure authority come from an administrative cost assessment issued by DWD. As specified under s. 102.75, the department collects this administrative assessment from all licensed worker's compensation insurance carriers and self-insured employers operating in Wisconsin. The assessment, determined in December of each year, is set at the percentage of prior calendar year indemnity claims necessary to generate sufficient revenue to fund the administration of the Worker's Compensation program in the current fiscal year. Any revenues generated in excess of the division's actual expenditures offset the administrative assessment issued in the following year.

BACKGROUND:

The increased expenditure authority is needed to allow the Worker's Compensation (WC) Division to maintain an adequate staffing level and to purchase essential services from DWD's Administrative Services Division (ASD), including programming services needed to complete IT projects. The increase in spending authority would be budgeted as follows:

	FY98	FY99
Permanent Salary/Fringe	\$82,000	\$164,000
Fringe	29,900	59,800
Supplies & Services (Base Increase)	196,200	196,200
Supplies & Services (One Time)	100,300	0
TOTAL	\$408,400	\$420,000

The request contains three elements.

1. **Insufficient Salary Expenditure Authority** The division is requesting additional expenditure authority (\$111,900 in FY98 and \$223,800 in FY99) to maintain an adequate staffing level. As part of the biennial budget process, the division's expenditure authority in the salary line of appropriation 20.445 (1) (ha) was reduced by 3%, \$121,500 PR, to reflect expected savings from staff turnover. Because of this reduction, the division has been forced to maintain a 7% vacancy rate. The need to maintain a high vacancy rate can be explained by the bipolar distribution of salaries in the division and the turnover rates of the two groups. Highly paid administrative law judges make up 22.7% of the division's staff, account for 41.2% of the salary expenses and experience relatively little turnover. In contrast, program assistants comprise 53.7% of the staff, receive 35.1% of the salary dollars and have high turnover. The division's staffing pattern, combined with the 3% turnover reduction has resulted in a situation where as many as 5.7 program assistant positions must be held vacant for the division to operate within its current expenditure authority.

The agency's salary request (\$82,000 in FY98 and \$164,000 in FY99) is the product of the additional FTE it would need to hire to reach a 97% staffing level (4.24 FTE) multiplied by the average salary of division personnel (\$38,684). The agency's request exceeds the reduction in funding that resulted from applying the 3% turnover reduction. Restoring the turnover reduction (\$60,750 in FY98 and \$121,500 in FY99) would allow the agency to significantly reduce its vacancy rate.

2. **Integrated Claim Information System** The division requests additional one-time expenditure authority of \$100,300 to fund programming time needed to complete the development of the integrated claim information system.
3. **Administrative Services Rates** The division receives a broad range of administrative services from ASD, including general administration services, accounting, IT network support, programming, mainframe activities, PC installation, facilities development and mail services. The division is billed for these services based on cost pool rates. These rates are set annually by ASD and are based on service level agreements submitted to ASD by all divisions in the department. WC was notified of the FY98 cost pool rates after the department had submitted its biennial budget request. The new rates increased the division's ASD costs by \$196,200 over the level originally budgeted.

ANALYSIS:

Insufficient Salary Expenditure Authority

The high vacancy rate has led to backlogs exceeding two weeks in claims processing and in preparing cases for hearing. By filling vacant positions the division will be able to reduce claims processing turn-around time to the 3-5 day benchmark set by the agency. An exception to the biennial budget's turnover reduction requirement is reasonable in this case. Providing additional expenditure authority to restore the turnover reduction (\$121,500 annually) will address the division's critical staffing needs. The 3% turnover reduction

requirement does not reduce funding appropriated for fringe benefits. Therefore it could be argued that the portion of the request that is earmarked for fringe benefits (\$29,900 in FY98 and \$59,800 in FY99) is not needed.

Integrated Claim Information System

The additional funding is needed to make the Integrated Claims Management System (ICMS) fully operational. The core functions of the system became operational in early November 1997. The request will support 1,700 hours of additional programming time, which is the estimated amount needed to complete the project. Completing this project will increase staff productivity and improve customer service.

Administrative Services Rates

The ASD cost pool rate increases that are primarily responsible for the divisions \$196,000 shortfall are those for programmer services, network support, application/database servers and general administration. The increase in the cost of information technology services purchased through ASD reflects the increased salary costs of IT professionals both in state government and in the private sector. The increase in general administrative service costs reflects the effects of the DWD reorganization included in the 1995-97 biennial budget.

An increase in the division's administrative expenditures will, all things being equal, increase the administrative assessment rate. Based on FY97 data, if the division's expenditure authority is increased as recommended, the assessment rate paid by insurance carriers and self-insured employers will increase by 3.9% over the FY97 rate. The precise impact of this request on the FY98 administrative cost assessment can not be calculated since data required for the calculation, the total indemnities paid by insurance companies and self-insured employers, is not currently available. The following table illustrates changes in the assessment rate since FY90.

Worker's Compensation Assessment Rates

Fiscal Year	Assessment Rate	% Increase over Prior Year
FY90	3.83%	
FY91	3.86	0.79%
FY92	3.48	-10.92
FY93	3.83	10.06
FY94	4.22	10.19
FY95	3.22	-31.06
FY96	4.58	42.24
FY97	4.83	5.46
FY98	5.02*	3.94*

* Projected

The department attributes the general increase in the assessment rate, illustrated in the preceding table, to an increase in the number of administrative law judges employed by the division and increased expenditures for IT projects (Optical Imaging, ICMS). The significant

decrease in the assessment experienced in FY95 was a product of an unusually high level of indemnity claims during the prior calendar year.

The increase in the assessment rate appears justified since the increased expenditures will improve program efficiency and reduce operational backlogs. The Worker's Compensation Advisory Council and insurance carriers are highly supportive of the division's efforts to automate its processes and to reduce backlogs. According to the department, the Wisconsin Insurance Alliance and Wisconsin Manufactures & Commerce Association fully support this request.

RECOMMENDATION:

Approve the request with two modifications. Deny the request for additional expenditure authority related to fringe benefits (\$29,900 in FY98 and \$59,800 in FY99) and reduce the salary increase to reflect the restoration of the 3% turnover reduction affected by 1997 Wisconsin Act 27 (\$60,750 in FY98 and \$121,500 in FY99). With the modifications, expenditure authority in appropriation 20.445 (1) (ha) will be increased by \$357,250 in FY98 and \$317,700 in FY99. The increase in expenditure authority related to salaries and ASD charges should be approved as a permanent base increase.

Tommy G. Thompson
Governor

Linda Stewart
Secretary



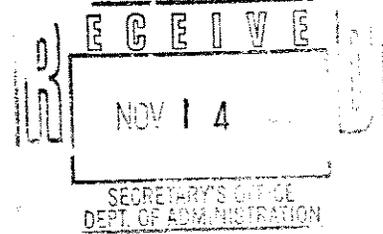
State of Wisconsin

Department of Workforce Development

OFFICE OF THE SECRETARY
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-7552
Fax: (608) 266-1784
<http://www.dwd.state.wi.us/>

November 13, 1997

Mark D. Bugher
Secretary, Department of Administration
10th Floor, DOA State Office Building
Madison, WI 53702



Dear Secretary Bugher:

The Department of Workforce Development requests approval by the Department of Administration and the Joint Committee on Finance under s. 16.515(1) for increased expenditure authority of \$408,400 in SFY 98 and \$420,000 in SFY 99 in PR Appropriation 129, 20.445(1)(ha), Workers Compensation Operations.

This request is needed to provide sufficient salary expenditure authority in the program revenue 20.445(1)(ha), Worker's Compensation program revenue operations, to fill Worker's Compensation Division vacant positions to the standard 3% turnover level. The maximum filled position level the division can maintain under current salary expenditure authority is approximately a 93% position filled level.

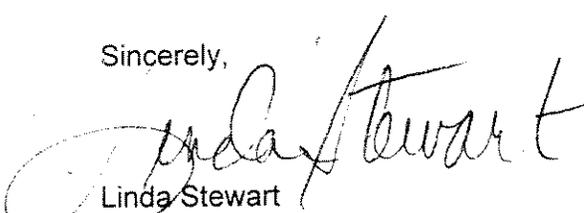
An increase in authority also is needed to enable the Worker's compensation Division to pay much higher than expected PR-S costs. The increase in spending authority, by appropriation

	SFY 98	SFY 99
Salary Base Increase	\$ 82,000	\$ 164,000
Fringe Benefits Increase	\$ 29,900	\$ 59,800
Supplies & Services Base Increase	\$ 196,200	\$ 196,200
Supplies & Services (One Time Increase)	\$ 100,300	0
Total Increase	\$ 408,400	\$ 420,000

unit, is as follows:

The attached supplemental funding request describe in more detail the specific needs. Should your staff have any questions about this request, please contact Mike Mahoney, DWD Budget Director at 266-7895.

Sincerely,


Linda Stewart
Secretary



**DEPARTMENT OF WORKFORCE DEVELOPMENT
WORKER'S COMPENSATION DIVISION**

**Supplemental Funding Request Under s.16.515
November 13, 1997**

Request

The department requests approval of increased expenditure authority of \$408,400 in SFY 98 and \$420,000 in SFY 99 in PR Appropriation 129, 20.445(1)(ha), Workers Compensation Operations.

	SFY 98	SFY 99
Salary Base Increase	\$ 82,000	\$ 164,000
Fringe Benefits Increase	\$ 29,900	\$ 59,800
Supplies & Services Base Increase	\$ 196,200	\$ 196,200
Supplies & Services (One Time Increase)	\$ 100,300	0
Total Increase	\$ 408,400	\$ 420,000

This request is made under the emergency funding provisions of s.16.515 and is necessary due to insufficient expenditure authority to meet the administrative needs of the department.

Revenue Source for Appropriation

An administrative cost assessment, issued by the Worker's Compensation Division in accordance with s. 102.75 to all insurance carriers and self-insured employers conducting business in Wisconsin, provides the revenues needed to fund the department's fiscal year costs of administering the worker's compensation program. The department's administrative assessment for FY 98 will be issued in December. If this supplemental funding request is approved, it would result in less than a 5% increase in this fiscal year's assessment or an average of \$1,300 per carrier/self-insured employer assessed.

Problem

Insufficient Salary Expenditure Authority

The Worker's Compensation Division does not have sufficient salary expenditure authority in 20.445(1)(ha), appropriation 129, to fill its vacant positions to the standard 3% turnover level. A 3% turnover factor in Worker's Compensation is approximately 3.18 FTE (105.9 WC PRO authorized FTE's X .03 = 3.18). The division must maintain a 7-8% position vacancy level in order to stay within the appropriation's expenditure authority. Most vacancies are in the Claims Management Bureau, staffed primarily by lower classified employees and paid at salaries much lower than the division average.

Employee turnover in the Worker's Compensation Division is low; especially among the higher paid employees such as managers and administrative law judges. The twenty four attorneys account for 22.7% of the staff but require 41.2% of the salary dollars. In contrast, the 56.9 program assistants account for 53.7% of the staff but receive only 35.1% of the salary dollars. Since the turnover is usually covered by the second group, turnover savings of \$121,500 means leaving vacancies for as many as 5.73 positions at a Program Assistant 2 minimum pay range. Currently, the Division is maintaining a 93% filled position level to meet turnover.

Based on the division's 105.9 total WC PRO authorized position authority, a 97% position authority level represents 102.72 FTE. The currently maintained 93% position authority level represents 98.48 FTE. The difference between the 97% position level and the 93% position level is 4.24 FTE. According to the latest PMIS reports, the average salary for the division is \$38,684.

The Worker's Compensation Division requests that an additional \$164,000 ($\$38,684 \times 4.24$ FTE) in salary and \$59,800 (36.47%) in fringe benefit expenditure authority be approved to enable the division to obtain the staffing needed and bring its program revenue operations up to 97% of total position authority annually. For SFY 98, the Department requests half of this amount to reflect the January 4, 1998 start date for filling of the vacancies.

Higher Costs for Administrative Services

The Worker's Compensation Division was notified of increases in some administrative services rates for FY 98 and FY 99 which exceed the rates used in the department's 1997-99 budget request. Consequently, the non-personal services expenditures authorized in the 1997-99 budget bill are \$196,200 short of the expenditure authority needed by the division.

The division's 1997-99 biennial budget request for non-personal services included nearly \$1.5 million for PR-S cost pool services provided by the Administrative Services Division. This amount was calculated based largely upon cost pool rates for FY 97. New cost pool rates were established by the department for FY 98 which increased these costs to nearly \$1.7 million for the Worker's Compensation Division, creating a \$196,200 deficit in non-personal services expenditure authority for the division. A spreadsheet of the cost pool rates detail is included with this request.

Funding was provided in the division's 1995 -1997 biennial budget to purchase programming services from the department's Bureau of Information Technology Services to develop a new integrated claim information system. The new information system development work was originally planned to be completed and the new system operational by July 1997. Therefore, no additional expenditure authority to purchase BITS programming hours for this project was requested in the 1997-99 biennial budget. Development of the integrated claims information system turned out to be more complicated than previously expected. Over 3,000 unplanned programming hours have been needed in FY 98 to complete this system. The primary component of the new claim information system is now scheduled to be operational in November, but two of its components will need additional work. In order to complete the development of this system it is estimated that an additional 1,700 hours of programming time is needed. At a rate of \$59/hour, the additional 1,700 hours results in the need for a one time increase the division's non-personal services of expenditure authority of \$100,300.

Summary

In order for the Worker's Compensation Division to return to a 97% fully funded position level and to purchase essential services from the department's Administrative Services Division, a \$408,400 increase for SFY 98 and \$420,000 increase for SFY 99 in Appropriation 129, WC - PRO is needed.

PR-S Rates & Cost Comparison									
Division: Worker's Compensation									
PR-S Cost Pool Name	Billing Unit	SFY97 Current Rates	SFY98 Est. Cost w/ current rate	SFY98 New Year Rates	SFY98 Est. Cost w/ new rate				
Rate based cost pool									
General Administration	/FTE/Mo.	\$ 247.00	\$ 327,522.00	\$ 297.00	\$ 393,822.00				
Mail Service	/Hour	\$ 29.00	\$ 43,500.00	\$ 26.00	\$ 39,000.00				
Facilities	/Hour	\$ 44.00	\$ 4,180.00	\$ 60.00	\$ 5,700.00				
Analyst/Programmer	/Hour	\$ 55.60	\$ 650,520.00	\$ 59.00	\$ 690,300.00				
Electrician	/Hour	\$ 40.00	\$ 1,400.00	\$ 45.00	\$ 1,575.00				
PC Installation	/Hour	\$ 29.00	\$ -	\$ 58.00	\$ -				
Network Support - per FTE	/FTE/Mo.	\$ 164.00	\$ 217,464.00	\$ 199.00	\$ 263,874.00				
Mainframe Printing	/1K lines	\$ 1.10	\$ 1,056.00	\$ 0.65	\$ 624.00				
Mainframe Activities	/CPU sec.	\$ 0.3377	\$ 13,940.26	\$ 0.0533	\$ 2,200.22				
Fixed Assessment or Estimated Cost Pool									
DWD/ASD Finance		\$ 3,852,750	\$ 62,220	\$ 4,582,700	\$ 74,001				
DWD Connectivity Models		Not Final		\$ 796,800					
Apps/Database Servers		\$ 1,224,700	\$ 135,400	\$ 3,051,000	\$ 169,624				
Network Support - Fixed		\$ 1,986,654	\$ 0	\$ 2,078,000	\$ -				
Non-Fee NPS		\$ 132,000	\$ 13,920	\$ 106,500	\$ 26,625				
WCC Payroll (New Cost Pool SFY98)		\$ 31,000		\$ 25,800					
Special Initiatives Cost Pool (New Cost Pool SFY98)		N/A		\$ 630,900					
TOTAL			\$ 1,471,122		\$ 1,667,345				