R

Legislature

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LFB Summary Items for Which an Issue Papers Have Been Prepared

Item #	Title
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2	Base Level Funding Reductions -- Legislative Documents Appropriation (Paper #541)
3	JFC Approval of Federal Block Grants (Paper #542)
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--	Capitol Offices Relocation Appropriation (Paper #546)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Minor Policy and Technical Changes -- Standard Budget Adjustments (Legislature)

[LFB Summary: Page 369, #1]

GOVERNOR

Provide standard budget adjustments for the Legislature of $1,491,100 GPR, -$61,600 PR and -2.0 PR project positions in 1997-98 and $1,513,100 GPR, -$43,200 PR and -2.0 PR project positions in 1998-99. Included in the standard budget adjustments is $8,800 GPR annually of project position salary funding under the Assembly budget for payment of the fifth week of vacation as cash to eligible employes.

MODIFICATION TO BILL

Shift $8,800 GPR annually from the project position salary line to the permanent position salary line under the Assembly budget for payment of the fifth week of vacation as cash to eligible employes.

Explanation: Salary amounts for the payment of the fifth week of vacation as cash for eligible employes are always budgeted in the permanent salary line. The modification provides the recommended funding in the proper expenditure line in the Assembly budget.

Prepared by: Tony Mason

MO# Modifications to Bill

1 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 15 NO 0 ABS 1

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Base Level Funding Reductions -- Legislative Documents Appropriation (Legislature)

[LFB Summary: Page 369, #2]

CURRENT LAW

A separate GPR-funded sum sufficient appropriation under the Legislature's enactment of state laws function supports costs related to the acquisition, production, retention, sales and distribution of legislative documents. Current base level funding for the appropriation is $5,007,100 GPR annually.

GOVERNOR

Reestimate the legislative documents sum sufficient appropriation by -$100,100 GPR annually to reflect a base level reduction of 2%. As a result of this base level reduction, total expenditures of $4,907,000 GPR annually would be estimated for this appropriation.

DISCUSSION POINTS

1. Under provisions of the 1995-97 biennial budget act, base level reductions of approximately 5% were applied to most GPR-funded appropriations under the Legislature, including the sum sufficient appropriations for Assembly and Senate operations and legislative documents and the appropriations for the legislative services agencies. For the legislative documents appropriation, this 5% base level reduction amounted to an adjustment of -$295,100 GPR annually.

2. However, at the same time that this base level reduction was applied to the legislative documents appropriation, approximately equivalent offsetting increases for unspecified legislative documents supplies and services costs were also recommended by the Governor and were subsequently enacted. As a result, this appropriation was effectively held harmless from the effects of the 5% base level reductions applied to other legislative GPR-funded appropriations for 1995-97.

3. Furthermore, GPR-funded appropriations from which debt service payments are made have always been exempted from across-the-board funding reductions of any kind, since debt service payments are contractual in nature and cannot be reduced or deferred.

4. A review of expenditures which are anticipated to be made from the legislative documents appropriation during the next biennium has determined that at least $3,091,200 GPR in 1997-98 and $2,910,200 GPR in 1998-99 must be paid from the legislative documents appropriation for master lease costs associated with the recent development and installation of the new legislative drafting system (Text 2000) and other recent IT upgrades and initiatives for the Legislature. These master lease payments are equivalent to debt service payments in that they may not be reduced or deferred.

5. Other expenditures from this appropriation support the production and printing of all legislative bills and documents, session laws, the Wisconsin Statutes and the biennial edition of the Blue Book. Many of these expenditures are for activities which are fundamental to the workings of the Legislature. Consequently, it may be difficult to arbitrarily reduce these types of expenditures by some fixed percentage.

6. Given that: (a) the legislative documents appropriation was effectively exempted from the 5% base level reductions applied to other legislative sum sufficient appropriations for the current biennium; and (b) the appropriation primarily supports activities (such as, master lease payments and the production of public documents) which are central to the Legislature's operation and therefore, cannot easily be curtailed or eliminated, the Committee may conclude that the appropriation should not be subject to a base level reduction during the 1997-99 biennium.

7. Under the Governor's budget, the amount included for estimated expenditures from the appropriation simply represents the base year level less the 2% cut applied by the Governor. Apparently, neither the agency nor the Governor reviewed expenditure trends to develop expenditure amounts from the appropriation required in 1997-98 and 1998-99 sufficient to fund the current activities supported from the appropriation. Based on the current level of expenditures from the appropriation, existing master lease commitments and the publication cycles for the Blue Book, session laws and the Wisconsin Statutes, total expenditures of $7,132,100 GPR in 1997-98 and $7,309,100 GPR in 1998-99 are indicated. These expenditure estimates would require additional funding of $2,225,100 GPR in 1997-98 and $2,402,100 GPR

in 1998-99 above the estimates contained in the bill. The Committee could reestimate sum expenditures ~~in this amount~~ to support projected expenditure needs during the next biennium.

MODIFICATION TO BILL

Modify the Governor's recommendation by: (a) exempting the legislative documents appropriation from any base level funding reduction; and (b) increasing estimated expenditures from the legislative documents appropriation by $2,225,100 GPR in 1997-98 and $2,402,100 GPR in 1998-99 to fully fund master lease and documents costs payable from the appropriation.

Modification	GPR
1997-99 FUNDING (Change to Bill)	$4,627,200

Prepared by: Tony Mason

MO# Modifications to the Bill

1 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 15 NO 0 ABS ____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

JFC Approval of Federal Block Grants (Legislature)

[LFB Summary: Page 370, #3]

CURRENT LAW

Whenever any new federal law is enacted which authorizes the distribution of federal block grants, the Governor is prohibited from administering and any state agency is prohibited from encumbering or expending any monies received as a part of the block grant until the Joint Committee on Finance has had an opportunity to review and approve the proposed expenditure of funds under a 14-day passive review process.

GOVERNOR

Modify current law to provide that any review and approval of federal block grants by the Joint Committee on Finance would be required only if the Secretary of the Department of Administration determines that the block grant funds are not reflected in the estimates of federal revenues contained in the biennial budget for the fiscal year in which the monies received as a part of the block grant will be encumbered or expended.

DISCUSSION POINTS

1. Prior to the enactment of 1995 Wisconsin Act 132, the statutes generally provided that whenever the federal government makes available funds for specified purposes, the Governor is authorized to accept the funds on behalf of the state. In addition, the Governor was permitted to designate the state agency that was to administer the federal funds.

2. Generally, there was no provision for any specific legislative review of federal funds received before the designated state agency could begin to expend the federal funds (except to the extent that a modification of state law would be required to accomplish the federal purpose, such as providing state matching funds). There was and continues to be a limited review required for certain types of federal funds. For example, the Department of Administration is required to receive approval from the Joint Committee on Finance to expend federal low-income energy assistance funds if the funds received in a federal fiscal year total less than 90% of the amount received in the previous fiscal year.

3. Another example relates to federal social services block grant funds. The Department of Health and Family Services (DHFS) is required to submit to the Legislature a copy of the state's annual application and plan for the expenditure of federal social services block grant funds. The appropriate standing committees of the Legislature are then required to review the plan, including holding public hearings, and submit their recommendations regarding the plan to DHFS. The Department is prohibited from using the federal social services block grant funds until the Joint Committee on Finance approves the plan.

4. In the last legislative session, there were numerous legislative concerns raised about a concerted legislative effort in the Congress aimed at consolidating a variety of federal grant programs into a much smaller number of broad federal block grants. In general, one of the goals of such consolidation of federal funds into block grants was to allow the states to have greater latitude regarding the expenditure of these funds.

5. In particular, proposals relating to possible welfare reform and modifications of the state/federal medicaid program were of paramount concern. Intense lobbying occurred from the states' governors and from the state legislatures regarding the balance of executive and legislative discretion in the ability of states to determine the specific allocation of federal funds that would be received under the block grants. State legislatures' concerns focused on what came to be called the "Brown amendment" (after U.S. Senator Hank Brown of Colorado) which was aimed at requiring that any federal funds provided to a state under the new block grants could be expended only in accordance with laws applicable to expenditure of the state's own revenues, including appropriation by the state legislature.

6. During their review of the Governor's recommended budget for 1995-97, members of the Joint Committee on Finance also raised similar concerns about ensuring the Legislature's involvement in policy setting and fiscal allocation for the state agency programs that would be receiving the federal funds under the new block grant programs. The Committee added to the biennial budget language to expressly provide that no federal block grants could be allocated by the Governor nor expended by any state agency without the prior approval of the Joint Committee on Finance. This provision was included in the final budget as passed by the Legislature. However, the Governor exercised the partial veto to delete the provision from the final budget act.

7. Subsequently, 1995 Assembly Bill 639 dealing with the same subject was introduced on October 26, 1995. A total of 61 Representatives and 24 Senators were sponsors of the bill. The bill, as introduced, was passed unchanged by both houses (98-0 in the Assembly and by voice vote in the Senate). It was signed by the Governor and became law as 1995 Wisconsin Act 132 on January 6, 1996.

8. Act 132 created a provision regarding federal block grants funds and legislative review of the use of such funds that was intentionally designed to be of broad scope, particularly in view of the potential federal changes under consideration at that time. Specifically, the law provides that whenever a block grant is made to this state, under any federal law enacted after August 31, 1995, which authorizes the distribution of block grant funds to the state, the Governor is prohibited from administering and state agencies are prohibited from encumbering or expending any such funds until a proposal regarding the use of such block grant monies has been submitted to the Joint Committee on Finance for approval under a 14-day passive review process.

9. The Governor's budget proposes to amend this statute to provide that such Joint Committee on Finance approval would only be required if the Secretary of DOA determined, for a given block grant covered by the new law, that the monies to be distributed to the state are not already reflected in the biennial budget act schedule of appropriations for the fiscal year in which the monies from the federal block grant will be encumbered or expended.

10. The Department of Administration indicates that the rationale for the change is that it does not want to tie up its time and the Committee's time in reviewing such block grant funding requests if the funds that are received have already been approved as a part of the biennial budget process.

11. The principal difficultly with the proposal is that it leaves the determination as to which federal block grant amounts are not reflected in the biennial budget estimates entirely to the Secretary of DOA. This is due to the following factors.

- First, the current appropriation structure for federal funds establishes federal appropriations as open-ended in nature. That is, the dollar amounts in the schedule are merely estimates of the amount of federal funds that state agencies expect to expend.

- Second, the federal funds appropriations are frequently broad in nature, specifying that the funds appropriated represent, "all moneys received from the federal government or any of its agencies for continuing programs to be expended as aids to individuals or organizations for the purposes specified" or are "all block grant moneys received from the federal government or any of its agencies to be expended as aids to individuals or organizations."

- Third, even in the case of new block grant appropriations that have been created, they are not always limited to a specific federal block grant. For example, in the Department of Workforce Development under its economic support program in the appropriation schedule, there are two federal revenue appropriations specifically relating to block grant funds: one for federal block grant operations and one for federal block grant aids. These new appropriations were created as a result of the implementation of the W-2 program and the use of federal block grant funds under the federal TANF (temporary assistance to needy families program) block grant program. However, included in these appropriation amounts as listed in the appropriations schedule in the budget bill are funds from two block grants: the TANF block grant and the federal child care development block grant. Further, these separate block grant appropriations were also created as continuing appropriations so that the amounts in the schedule are not limited but merely represent estimates of expected expenditures.

12. The proposed changes by the Governor raise the following concerns:

• Regarding the total amounts included in the appropriation for federal funds, if more than one federal block grant is funded from that appropriation, by what means does the Secretary of DOA determine whether the actual block grant funds received are the same as those in the adopted biennial budget act?

• Even if the appropriation language provides that only the funds from a single federal block grant program can be deposited and expended from that appropriation and the dollars received are exactly the same as were included in the biennial budget act appropriations schedule, how does this ensure that the expenditures on program components are unchanged?

• The proposed language presumably addresses situations where more federal block grant funds are actually received than are reflected in the estimated expenditure amounts from the federal block grant appropriation. It is unclear whether the term "reflected" includes situations where less revenues are received than the total figure included in the appropriation schedule.

13. It could be argued that if the administration feels the current language is unduly burdensome administratively, some change to current statute may be warranted. However, any changes need to be carefully designed to ensure that the Legislature's statutory authority to be involved in setting fiscal policy for the expenditure of federal block grant funds is not lessened. The Committee could decide to delete the changes proposed by the Governor to current law from the budget.

14. The Co-chairs of the Committee could then direct DOA and the Legislative Fiscal Bureau to develop a draft of alternative statutory language that would address problems the administration sees with the current language and at the same time deal with the concerns of importance to the Legislature. The Co-chairs could provide that such draft language be submitted to the Committee for its consideration and possible introduction as separate legislation in the next floor period.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation.

2. Maintain current law.

Prepared by: Terry Rhodes

MO# Alt#2

1 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 15 NO 0 ABS ____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Replacement of Assembly Copiers (Legislature)

[LFB Summary: Page 371, #4]

CURRENT LAW

The Assembly has base level supplies and services funding of $2,491,200 GPR annually.

GOVERNOR

Provide $91,600 GPR in 1997-98 and $12,400 GPR in 1998-99 to fund: (1) the purchase of five copiers for the Assembly to replace current equipment ($79,200 GPR in 1997-98); and (2) increased maintenance and servicing costs ($12,400 GPR annually) for the new equipment.

DISCUSSION POINTS

1. The Assembly Chief Clerk has determined that Assembly base level resources will be sufficient to permit the purchase of the five new copiers during the 1996-97 fiscal year.

2. Purchase orders for the copiers have already been approved and issued, with funding to be provided from the Assembly's 1996-97 budget.

3. The Assembly Chief Clerk has identified increased copier maintenance costs of $12,400 GPR annually that should still be provided during the 1997-99 biennium. The Governor has previously recommended this maintenance funding for the Assembly copiers.

MODIFICATION TO BILL

Modify the bill by deleting $79,200 GPR in 1997-98 for the purchase of five new copiers for the Assembly since this equipment will now be purchased before the end of the current fiscal year. *[Increased maintenance and servicing costs for the new equipment ($12,400 GPR annually) would continue to be provided under the modification.]*

Alternative 1	GPR
1997-99 FUNDING (Change to Bill)	- $79,200

Prepared by: Tony Mason

MO# Modification to Bill

1 JENSEN Y N A
OURADA Y N A
HARSDORF Y N A
ALBERS Y N A
GARD Y N A
KAUFERT Y N A
LINTON Y N A
COGGS Y N A

2 BURKE Y N A
DECKER Y N A
GEORGE Y N A
JAUCH Y N A
WINEKE Y N A
SHIBILSKI Y N A
COWLES Y N A
PANZER Y N A

AYE 15 NO 0 ABS____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Dues Payments to National Associations (Legislature)

[LFB Summary: Page 369, #2 and Page 371, #6]

CURRENT LAW

A sum sufficient appropriation funds the costs of the Legislature's membership in various national associations. The current base level expenditure estimate for the appropriation is $222,500 GPR annually. This level of funding provides dues payments to six different national associations.

GOVERNOR

Two recommendations of the Governor would affect the expenditure estimates for this appropriation:

• First, the Governor would increase the appropriation by $5,500 GPR in 1997-98 and $10,200 GPR in 1998-99 to fully fund the projected dues increases associated with the national association memberships.

• Second, the Governor would reduce the appropriation by $4,400 GPR annually to reflect a base level reduction of 2%.

As a result of these actions, the total expenditure levels estimated for the appropriation would be $223,600 GPR in 1997-98 and $228,300 GPR in 1998-99.

DISCUSSION POINTS

1. The total projected national association membership costs for the 1997-99 fiscal biennium payable from this appropriation, as also affected by the Governor's 2% base level reduction, are as follows:

Organization	Projected Dues Payments 1997-98	1998-99
National Conference of State Legislatures	$116,200	$120,900
Council of State Governments	102,300	102,300[a]
State and Local Legal Center	6,000	6,000
National Conference of Insurance Legislators	2,000	2,000
National Committee on Uniform Traffic Laws and Ordinances	1,000	1,000
National Association on Administrative Rules Review	500	500
Subtotal	$228,000	$232,700
Less 2% Base Level Reduction	-4,400	-4,400
Total	$223,600	$228,300

[a] 1998-99 dues level not yet determined.

2. It is not known how a 2% base level reduction recommended for this appropriation would actually be implemented. It is possible that one or more of the memberships in associations requiring relatively modest annual dues could be suspended, or the dues payments to several associations could be prorated. In the last budget, the Governor did not apply a base level reduction to this appropriation.

3. However, most national associations request or require that member states provide some advance notice of suspensions or terminations of membership so that such changes will not have an unduly disruptive impact on the organization's budget. Further, in the event of a proration of one or more dues payments, it is not known whether a partial dues payment would result in a request for backpayment from those organizations.

4. Under the budget for the Office of the Governor, the sum sufficient appropriation to fund the Executive Office's membership in national associations has been estimated at a level sufficient to fully fund all national association dues currently payable from the appropriation. No 2% base level reduction was applied to that appropriation. [The 2% overall base level reduction achieved for the Office of the Governor was effected by reducing base level expenditure estimates in other appropriations by somewhat more than 2%.]

5. If the Committee believes that the Legislature's appropriation to fund memberships in national associations should similarly be exempted from a base level reduction which could have the effect of requiring dues prorations, it could increase the required dues payment levels by $4,400 GPR annually in order to fully fund the appropriation. Further, if the Committee deems it desirable to provide an offsetting adjustment to these increases, it could distribute a comparable dollar reduction to one or more of the other appropriations for the Legislature.

6. The Committee could also consider whether the annual dues assessments for the Council of State Governments should continue to be paid from the Legislature's membership in national associations appropriation or whether there may be a more suitable appropriation from which to fund Council dues payments.

7. The rationale for such a shift is based on the fact that the Council of State Governments is not an entity that serves the legislative branch exclusively. The Council characterizes itself as an organization which "has served the three branches of state government for most of the 20th century." The Council's executive committee is comprised of governors, legislators, chief justices, lieutenant governors, secretaries of state and state treasurers.

8. The special and executive committees under the Department of Administration [s. 20.505(3)(a)] consists of funds for: (a) expenses of special committees created by law or executive order; and (b) state membership dues for the state participation in certain national or regional interstate governmental bodies as established by statute or as the Governor otherwise determines. Base level funding for this appropriation is $186,600 GPR of which $159,100 was allotted to association membership dues. The dues portion of this appropriation currently funds a variety of multistate organizations including the Education Commission of the States and the U. S. Advisory Commission on Intergovernmental Relations, both of which are joint legislative branch/executive branch organizations.

9. It could be argued that it would be more appropriate to fund the annual dues of a similar type of multi-branch organization like Council of State Governments from this appropriation under DOA rather than through the Legislature's appropriation which otherwise supports association memberships in organizations which have principally a legislative branch focus.

10. The Committee could reduce the Legislature's national association membership dues appropriation by $102,300 GPR annually; (b) provide an additional $102,300 GPR annually under the appropriation for special and executive committees and interstate bodies; and (c) modify the statutory program purposes of each appropriation to reflect the transfer of dues payment responsibilities for the Council of State Governments from the appropriation for legislative memberships in national associations appropriation to the appropriation for special and executive committees and interstate bodies.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation.

2. Modify the Governor's recommendation by increasing the Legislature's membership in national associations sum sufficient appropriation by $4,400 GPR annually to fully fund scheduled dues payments from the appropriation.

Alternative 2	GPR
1997-99 FUNDING (Change to Bill)	$8,800

3. Modify the Governor's recommendation by: (a) increasing the Legislature's membership in national associations sum sufficient appropriation by $4,400 GPR annually to fully fund scheduled dues payments from the appropriation; and (b) applying an offsetting reduction of $2,200 GPR annually to the appropriations for the Assembly and the Senate, respectively.

4. In addition to Alternative 2 or Alternative 3: (a) reduce the Legislature's national association membership dues appropriation by $102,300 GPR annually; (b) provide an additional $102,300 GPR annually under the DOA appropriation for special and executive committees and interstate bodies; and (c) modify the statutory program purposes of each appropriation to reflect the transfer of dues payment responsibilities for the Council of State Governments from the Legislature's appropriation for national membership dues to the DOA appropriation for special and executive committees and interstate bodies.

MO# AH #2 & 4

Prepared by: Tony Mason

1 JENSEN	~~Y~~	N	A
OURADA	~~Y~~	N	A
HARSDORF	~~Y~~	N	A
ALBERS	~~Y~~	N	A
GARD	~~Y~~	N	A
KAUFERT	~~Y~~	N	A
LINTON	~~Y~~	N	A
COGGS	~~Y~~	N	A
2 BURKE	~~Y~~	N	A
DECKER	~~Y~~	N	A
GEORGE	Y	N	~~A~~
JAUCH	~~Y~~	N	A
WINEKE	~~Y~~	N	A
SHIBILSKI	~~Y~~	N	A
COWLES	~~Y~~	N	A
PANZER	~~Y~~	N	A

AYE 15 NO 0 ABS____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Commission on Uniform State Laws (Legislature)

[LFB Summary: Page 372, #7]

CURRENT LAW

The nine-member Wisconsin Commission on Uniform State Laws advises the Legislature on model laws and uniform acts. The Commission consists of two Senators and two Representatives from the two major political parties, appointed as are members of standing committees in their respective houses, to two-year terms; two public members appointed by the Governor to four-year terms; the Revisor of Statutes; the Chief of the Legislative Reference Bureau or a designee; and the Director of the Legislative Council or a designee. Members of the Wisconsin Commission are automatically members of the National Conference of Commissioners of Uniform State Laws.

Base level funding of $34,600 GPR annually is provided under a separate biennial appropriation for the Commission and supports: (1) the state's annual dues payments ($22,400 GPR annually); and (2) the travel and related expenses for the five nonlegislator members of the Commission who attend its annual National Conference ($12,200 GPR annually). Delegates who are legislators have their expenses funded from the general program operations appropriations of the Assembly and the Senate.

GOVERNOR

Provide an additional $1,500 GPR in 1997-98 and $2,600 GPR in 1998-99 for: (1) increased annual state dues payments ($1,100 GPR in 1997-98 and $2,300 GPR in 1998-99); and

(2) increased travel expenses for nonlegislator delegates' attendance at the annual meetings of National Conference ($400 GPR in 1997-98 and $300 GPR in 1998-99).

DISCUSSION POINTS

1. A separate appropriation to fund both the state's annual dues to Commission on Uniform State Laws and state delegates' travel expenses to the annual National Conference was first created by Chapter 312, Laws of 1957.

2. Subsequently, Chapter 310, Laws of 1967, established an appropriation to fund the costs of the Legislature's annual dues payments to other national associations. Currently, this is a sum sufficient appropriation and supports annual dues payments to such entities as the National Association of State Legislatures, the National Conference of Insurance Legislatures, and the National Committee on Uniform State Traffic Laws and Ordinances.

3. These two appropriations have remained separate since their creation, despite having comparable expenditure purposes: the payment of dues to national associations. There does not appear to be any compelling rationale for why the annual dues payments for the Conference on Uniform State Laws should continue to be paid from one appropriation while all other association dues for the Legislature are paid from another appropriation.

4. Similarly, there does not appear to be any reason why nonlegislator delegate travel expenses for attending the annual National Conference, to the extent that they are to be provided, could not be funded from: (a) the budgets of the legislative service agency offices for the delegates from those offices; and (b) the Revisor of Statutes, for those public member delegates who are appointed by the Governor.

5. With respect to the funding level currently provided for travel expenses, the Commission's appropriation has base level funding of $12,200 GPR annually for such costs incurred by the nonlegislator delegates. The Governor has recommended providing an additional $400 GPR in 1997-98 and $300 GPR in 1998-99 for travel and meeting expense cost increases. The current level of meeting expense funding has been provided since the 1994-95 fiscal year. While the total amount of expenses claimed is dependent on such factors as the meeting site and the number of delegates actually attending the National Conference, the current base level of funding has proven to be sufficient to support all eligible delegates' expenses since 1994-95. (Total meeting related expenses were $6,314 in 1994-95; $8,788 in 1995-96 and $10,736 in 1996-97.) Accordingly, it appears that the additional $400 GPR in 1997-98 and $300 GPR in 1998-99, as recommended by the Governor, would not be required.

6. Further, if current base level meeting expense funds were instead apportioned among the service agencies sending delegates to the National Conference, $2,400 GPR could be provided annually to the respective budgets of the Legislative Council and the Legislative

Reference Bureau and $7,400 GPR annually could be provided to the budget of the Revisor of Statutes for the Revisor, who is a delegate, and for the two public members, whose expenses could be funded from the Revisor's budget.

7. If the Committee believes that annual dues payments for the Commission should be consolidated with and funded from the Legislature's existing appropriation for such payments to national associations and that nonlegislator delegates' meeting expenses should be funded from the appropriate legislative service agency, it could:

• Repeal the separate appropriation for the Commission on Uniform State Laws;

• Transfer the $23,500 GPR in 1997-98 and $24,700 GPR in 1998-99 recommended by the Governor for annual dues payments for the National Conference of the Commission on Uniform State Laws to the Legislature's membership in national associations appropriation and enumerate these payments under the listed purposes of the appropriation;

• Delete $400 GPR in 1997-98 and $300 GPR in 1998-99 recommended by the Governor for increased National Conference travel and meeting expense funding and transfer the remaining base level meeting expense funding as follows: $2,400 GPR annually to the respective budgets of the Legislative Council and the Legislative Reference Bureau and $7,400 GPR annually to the budget of the Revisor of Statutes; and

• Include statutory language specifying that National Conference delegates who are appointed by the Governor would receive travel and meeting expense reimbursement from the appropriation funding the Revisor of Statutes.

8. Finally, the Committee could consider providing travel and meeting expense funding only for the two public members appointed by the Governor. Under this approach, $4,800 GPR annually could be provided to the Revisor's budget (along with the appropriate statutory language) to fund the expenses of the public members and an additional $7,400 GPR annually of base level funding could be deleted. Under this approach, the expenses of delegates from the legislative services agencies would have to be funded from these agencies' base level resources. This approach could be argued on the grounds that any member of the Commission may, but is not required to, attend the annual National Conference. While all members may find it beneficial to attend the annual meeting, requiring that the travel expenses be charged to the appropriate service agency budget would require prioritization of existing travel and conference expenditures by the respective agency. This approach would also be consistent with the manner by which the travel and meeting expenses of the legislative delegates to the National Conference are paid.

9. Opponents of this change would note that travel and meeting expenses have historically been separately provided for service agency delegates. Further, if the affected service agencies' travel budgets were not increased to cover the costs now budgeted to this separate

appropriation, this circumstance could affect the respective agencies' ability to have their delegate representative attend the annual National Conference.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide an additional $1,500 GPR in 1997-98 and $3,600 GPR in 1998-99 for the Commission on Uniform State Laws.

2. Repeal the separate appropriation for the Commission on Uniform State Laws. Transfer the $23,500 GPR in 1997-98 and $24,700 GPR in 1998-99 recommended by the Governor for annual dues payments for the National Conference of the Commission on Uniform State Laws to the Legislature's membership in national associations appropriation and enumerate such payments under the listed purposes of the appropriation. Transfer base level travel and meeting expense funding to the respective budgets of the Legislative Council ($2,400 GPR annually), the Legislative Reference Bureau ($2,400 GPR annually) and the Revisor of Statutes ($7,400 GPR annually). Include statutory language specifying that National Conference delegates who are appointed by the Governor would receive travel and meeting expense reimbursement from the appropriation funding the Revisor of Statutes.

Alternative 2	GPR
1997-99 FUNDING (Change to Bill)	- $700

3. Repeal the separate appropriation for the Commission on Uniform State Laws. Transfer the $23,500 GPR in 1997-98 and $24,700 GPR in 1998-99 recommended by the Governor for annual dues payments for the National Conference of the Commission on Uniform State Laws to the Legislature's membership in national associations appropriation and enumerate such payments under the listed purposes of the appropriation. Delete $7,400 GPR annually of base level funding for National Conference travel and meeting expense costs and transferring the remaining base level meeting expense funding ($4,800 GPR annually) to the budget of the Revisor of Statutes. Include statutory language specifying that National Conference delegates who are appointed by the Governor would receive travel and meeting expense reimbursement from the appropriation funding the Revisor of Statutes.

Alternative 3	GPR
1997-99 FUNDING (Change to Bill)	- $15,500

MO# Alt #2

JENSEN	Y	N	A	2 BURKE	Y	N	A
OURADA	Y	N	A	DECKER	Y	N	A
HARSDORF	Y	N	A	GEORGE	Y	N	A
ALBERS	Y	N	A	JAUCH	Y	N	A
GARD	Y	N	A	WINEKE	Y	N	A
KAUFERT	Y	N	A	SHIBILSKI	Y	N	A
LINTON	Y	N	A	COWLES	Y	N	A
COGGS	Y	N	A	PANZER	Y	N	A

AYE 15 NO 0 ABS ____

Prepared by: Tony Masc[illegible]

 [illegible]ure (Paper #545)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Capitol Offices Relocation Appropriation (Legislature/Miscellaneous Appropriations)

GOVERNOR

Estimate the annual costs during the 1997-99 biennium associated with the relocation of executive branch, legislative branch and judicial branch agencies from the State Capitol during renovation of the building at the current base level of $2,113,500 GPR annually.

MODIFICATION TO BILL

Reestimate Capitol offices relocation costs by $182,300 GPR in 1997-98 and $304,100 GPR in 1998-99 for a total of $2,295,800 GPR in 1997-98 and $2,417,600 GPR in 1998-99.

Explanation: The modification is based on scheduled existing lease rental cost increases, inflation adjusted utilities costs, and miscellaneous services. Miscellaneous services costs include an estimated $50,000 GPR in 1998-99 associated with the completion of the South Wing and the removal of tenants from the East Wing.

Modification	GPR
1997-99 FUNDING (Change to Bill)	$486,400

Prepared by: Tony Mason

MO# Modification to Bill

1 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 15 NO 0 ABS ____

Senator Burke

LEGISLATURE

Determination of Earnings for Retirement Purposes for Certain Elected Officials

Motion:

Move to modify ~~the modify~~ the current statutory definitions of "earnings" and "final average earnings" used for the Wisconsin Retirement System (WRS) to provide:

(1) For the purpose of determining "earnings" for retirement purposes for State Senators only, specify that earnings means any compensation which would have been payable to the WRS participant if the participant had not been prohibited by law from receiving the increase in compensation on the effective date of that increase in compensation; and

(2) For the purpose of determining "final average earnings" for retirement purposes for State Senators only, specify that such WRS participants may elect to have final average earnings computed as an amount equal to one-twelfth of the annual salary which would have been payable to the WRS participant during the last completed month in which the WRS participant was a participating employe in such a position if the participant had not been prohibited by law from receiving the increase in compensation on the effective date of that increase in compensation, but only with respect to service as a state elected official.

Note:

Under current law, for state elected officials who are prohibited by law from receiving an increase in compensation during their term of office, WRS earnings are based on the earnings which would have been payable to the WRS participant if the participant had not been prohibited by law from receiving the increase in compensation during his or her term of office.

Similarly, for state elected officials who are prohibited by law from receiving an increase in compensation during their term of office, such state elected officials have the option of basing their WRS final average earnings amount (used for the purpose of determining a WRS retirement annuity) on one-twelfth of the annual salary which would have been payable to the WRS participant during the last completed month in which the WRS participant was a participating employe in such a position if the participant had not been prohibited by law from receiving the increase in compensation during his or her term of office.

For legislators, the operation of these current law provisions has different effects, depending on whether the individual is a State Representative or a State Senator.

All members of the Assembly are prohibited from receiving an increase in compensation during their two-year term of office. Thus, members who were elected to the 1995 Legislature, for example, received an annual salary of $38,056 upon taking office. Subsequently, the Joint Committee on Employment Relations approved a compensation plan which provided new salary rates for legislators of $38,440 in 1995-96 and $39,111 in 1996-97. Although the members of the Assembly were prohibited from actually receiving more than $38,056 annually during their term, the interim increases in the rates for the office of legislator to $38,440 in 1995-96 and $39,111 in 1996-97 could be used for determining WRS "earnings" and "final average earnings" figures.

Members of the State Senate are affected by Article IV, Section 26(2)(b) of the Wisconsin Constitution, which authorizes hold-over State Senators to receive a mid-term salary increase following a general election and upon the seating of a new Assembly. Thus, State Senators are not deemed to be state elected officials who are prohibited from receiving an increase in compensation during their term of office. Consequently, other than for the single mid-term adjustment for hold-over State Senators, they may not avail themselves of the any other interim increases authorized under a compensation plan in the salary rate for the office of legislator for the purpose of WRS earnings and final average earnings treatment.

This motion would provide that State Senators may have their compensation for the purpose of determining WRS "earnings" and "final average earnings" determined in the same manner as used for State Representatives.

MO# 3068

2 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
1 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 15 NO 0 ABS ____

3068

Motion #~~1642~~

Senator Burke
Representative Jensen

LEGISLATURE

Publications Supervisor Position
for the Revisor of Statutes Bureau

Motion:

Move to authorize 1.0 GPR classified publications supervisor position in the Revisor of Statutes Bureau and increase the Bureau's budget by $28,800 GPR in 1997-98 and $39,600 GPR in 1998-99.

Note:

The Revisor of Statutes Bureau currently has 4.0 publications editors and 1.0 management information specialist position involved in the editing the Wisconsin Statutes and the Wisconsin Administrative Code. This motion would authorize an additional position to supervise this existing staff.

[Change to Bill: $68,400 GPR and 1.0 GPR position]

MO# 1647

1 JENSEN	~~Y~~	N	A
OURADA	~~Y~~	N	A
HARSDORF	~~Y~~	N	A
ALBERS	~~Y~~	N	A
GARD	~~Y~~	N	A
KAUFERT	~~Y~~	N	A
LINTON	~~Y~~	N	A
COGGS	~~Y~~	N	A
2 BURKE	~~Y~~	N	A
DECKER	~~Y~~	N	A
GEORGE	Y	N	~~A~~
JAUCH	~~Y~~	N	A
WINEKE	~~Y~~	N	A
SHIBILSKI	Y	N	A
COWLES	~~Y~~	N	A
PANZER	~~Y~~	N	A

AYE 15 NO 0 ABS ____

Motion #1647

Senator Burke
Representative Jensen

LEGISLATURE

Funding Increases for Reclassification Costs of Legislative Data Processing Staff (WILIS)

Motion:

Move to provide $64,900 GPR annually for reclassification costs for current WILIS staff.

Note:

The Wisconsin Integrated Legislative Information Service (WILIS) staff provide data processing services for the Legislature. Base level staffing for WILIS is 18.0 FTE positions. This motion would provide funding for reclassification costs for existing staff.

[Change to Bill: $129,800 GPR]

MO# 1646

2 JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	X	N	A
1 BURKE	X	N	A
DECKER	X	N	A
GEORGE	Y	N	X
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	X	N	A

AYE 15 NO 0 ABS ____

Representative Kaufert

LEGISLATURE

Retirement Research Committee Study of the Feasibility of Reopening the Variable Trust Fund to Participants of the Wisconsin Retirement System

Motion:

Move to include a session law provision directing the Retirement Research Committee, in cooperation with the Department of Employe Trust Funds and the State Investment Board, to study the feasibility and cost implications of reopening the variable retirement investment trust to Wisconsin Retirement System (WRS) participants. Direct that the study include: (1) an assessment of the impact of the reopening the variable retirement investment trust fund on employer-required contribution rates; (2) an examination of the potential impact on fixed retirement investment trust fund investments, if assets are transferred to the variable retirement investment trust fund; (3) an evaluation of whether there would be additional administrative workload associated with reopening the variable fund; and (4) a review of the implications for active participants on selecting the option of participating in the variable trust. Specify that a report containing a summary of the Committee's findings and recommendations be submitted to the Joint Committee on Finance by January 1, 1998.

Note:

Prior to the enactment of Chapter 221, Laws of 1979 (April 30, 1980), participants in the WRS had a one-time option (upon initial employment) of crediting up to 50% of their retirement contributions and matching employer contributions to the variable retirement investment trust fund, where such contributions received interest credits based on the actual earnings of the fund. The remaining contributions were credited to the fixed retirement investment trust fund. Since April 30, 1980, the variable trust has been closed to new WRS participants. Currently, all new WRS participants have their contributions credited only to the fixed trust. Participants hired prior to 1981 receive fixed trust interest credits at the effective (actual) rate of earnings, while participants hired after that date receive annual interest credits equal to 5.0% of the balances on account.

This motion would direct the Legislature's Retirement Research Committee, in cooperation with ETF and the Investment Board, to study the feasibility of reopening the variable trust to all WRS participants. Since reopening the variable fund could potentially have contribution rate, investment management, administrative and participant decision consequences, the RRC is requested to specifically include in its study a review of these matters and provide a report, including recommendations, to the Joint Committee on Finance by January 1, 1998.

Motion #3040

VOTE OVER

MO# 3040

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
2 GARD	Y	N	A
1 KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 12 NO 3 ABS____

Senator Jauch

LEGISLATURE

Funding for Staff Analyst Position on the Legislative Council Staff

Motion:

Move to increase the Legislative Council budget by $37,400 GPR in 1997-98 and $48,800 GPR in 1998-99 to fund an analyst position for the Legislative Council Staff.

Note:

This motion would fund a vacant, unfunded position on the Legislative Council Staff. Funding would be provided for the vacant position to function as a staff analyst and to be assigned to staff the Joint Committee on Information Policy.

[Change to Bill: $86,200 GPR]

MO# 1636

JENSEN	Y	~~N~~	A
OURADA	Y	~~N~~	A
HARSDORF	Y	~~N~~	A
ALBERS	~~Y~~	N	A
GARD	~~Y~~	N	A
KAUFERT	~~Y~~	N	A
LINTON	~~Y~~	N	A
COGGS	~~Y~~	N	A
2 BURKE	~~Y~~	N	A
DECKER	~~Y~~	N	A
GEORGE	Y	N	~~A~~
1 JAUCH	~~Y~~	N	A
WINEKE	~~Y~~	N	A
SHIBILSKI	~~Y~~	N	A
COWLES	~~Y~~	N	A
PANZER	~~Y~~	N	A

AYE 12 NO 3 ABS 1

Motion #1636

Senator Jauch

ADMINISTRATION/LEGISLATURE

Large Information Technology Systems Oversight

Motion:

Move to require the Department of Administration (DOA), to submit, semiannually, a report to the Joint Committee on Information Policy and the Joint Committee on Finance which identifies and describes all existing or planned information technology system development and procurement projects which will cost the state more than $1 million in any fiscal biennium. Require that the first such report be submitted no later than September 1, 1997.

Further, authorize the Joint Committee on Information Policy and the Joint Committee on Finance, to jointly direct DOA to submit a semiannual report to the Joint Committees on any specific IT system which is being designed, developed, implemented or tested and which will cost the state more than $1 million in any fiscal biennium. Require that any such report shall include all of the following:

a. The major stages and substages of the project, including the assessment of need, design, implementation and testing stages and their major substages.

b. The scheduled, estimated and actual completion dates for each major stage and substage.

c. The budgeted amounts and amounts actually expended on each major stage and substage.

d. An evaluation of the project, including problems encountered and risks associated with proceeding to the next stage of the project.

Note:

This motion would provide procedures for legislative oversight of large IT projects by the Joint Committee on Information Policy and the Joint Committee on Finance. The Joint Committee on Information Policy unanimously adopted a similar motion on May 8, 1997, and recommended its consideration by the Joint Committee on Finance for inclusion in the budget.

Motion #1599

VOTE OVER

MO# 1599

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
1 JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 14 NO 1 ABS____

Representative Albers

LEGISLATURE

Prohibit Elective State Officials from Holding Any Other Salaried State Position

Motion:

Move to include statutory language prohibiting any elective state official from holding any other position or being retained in any other capacity with any agency or authority in state government, other than an unsalaried position or unpaid service with such entities that is compatible with the official's duties and the emoluments of which are limited to reimbursement for actual and necessary expenses incurred in the performance of those duties.

Note:

This motion would incorporate the provisions of 1995 Assembly Bill 206 into the budget bill.

Under current law, no individual who is employed or retained in a full-time position or capacity with a state agency (including the Legislature) or authority (other than the World Dairy Center Authority) may hold any position or be retained in any capacity with any other state agency or authority from which the individual receives more than $12,000 as compensation during the same year. Current law does not apply to an individual who has a full-time appointment for less than twelve months, during a period of time that is not included in the appointment.

This motion would prohibit such employment for elected state officials; however, such officials would be able to perform unpaid or unsalaried services, for which expenses could be paid. The currently law exception for an individual who has a full-time appointment for less than twelve months, during a period of time that is not included in the appointment would also be eliminated as it relates to elected state officials.

MO# 1641

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 8 NO 7 ABS 1

Motion #1641

Representative Jensen

INFORMATION TECHNOLOGY INVESTMENT FUND/LEGISLATURE

Creation of a Wisconsin Information Service Council and
Wisconsin Information Service Plan

Motion:

Move to include statutory language to:

1. Create an 11-member Wisconsin Information Services Council, attached to the Department of Administration for administrative purposes. Provide that the Council would sunset on June 30, 1999.

2. Specify that the Council would consist of the following members: (a) six members appointed by the Governor; (b) five additional members, one of whom shall be appointed by each of the following: the Chief Justice of the Supreme Court, the President of the Senate, the Senate Minority Leader, the Speaker of the Assembly and the Assembly Minority Leader. Stipulate that the members appointed to the Council must have an interest in: (a) creating a private sector service to televise the proceedings and activities of the three branches of Wisconsin state government and public events of statewide interest; and (b) raising nonstate funds for the operation of the service.

3. Require the Council to: (a) develop, or contract for the development of, a plan for one or more private sector entities to operate a Wisconsin Information Service to televise the proceedings and activities of the three branches of Wisconsin state government and public events of statewide interest; and (b) raise nonstate funds or in-kind contributions to cover the costs of developing the plan if the plan is prepared by a contractor.

4. Specify that the Council's plan must include all of the following: (a) details on the governance of the Wisconsin Information Service, rules of operation, recording and maintaining signals, and providing nonstate sources of funding for operation of the service; (b) a requirement that the entity operating the Service operate it in a nonpartisan manner, distribute its video and audio transmissions as broadly as possible, and allow use of excerpts of its video and audio transmissions by representatives of news media that regularly publish or broadcast reports available to the general public; (c) a description of what equipment will need to be purchased for the operation of the Service; and (d) a description of how the activities of the Service would relate to broadcasting activities of state government, including the Educational Communications Board and the University of Wisconsin-Extension.

5. Specify that the Council must submit its plan to the Secretary of the DOA and the Joint Committee on Legislative Organization by June 30, 1999.

6. Provide that DOA shall lease state equipment and space needed for the Service, for a nominal fee, to one or more private corporations that will operate the Service, subject to the plan described above, and following approval of the plan by the Secretary of DOA and the Joint Committee on Legislative Organization.

7. Require DOA to purchase equipment and wiring for the Wisconsin Information Service and create in DOA a new SEG-funded, continuing appropriation funded from the Information Technology Investment Fund (ITIF) for this purpose. Provide that no funds be appropriated from the ITIF at this time. Instead, authorize the Joint Committee on Finance to provide funds from the ITIF to this new appropriation upon receiving a recommendation to do so from the Joint Committee on Legislative Organization, based on a determination by the Joint Committee on Legislative Organization that there are one or more private corporations that will operate the Service.

8. Authorize the Joint Committee on Legislative Organization to approve a plan for the operation of the Service and to recommend the expenditure of funds from the new SEG-funded appropriation established to purchase equipment and wiring to be used for the Service.

Note:

This motion would incorporate provisions similar to those that were included in 1995 Senate Bill 397, which was introduced by the Legislative Council. The provisions that were included in SB 397 would be modified only to the extent of modifying the sunset date for the Wisconsin Information Service Council and changing the procedure for appropriation of funds from the ITIF.

This motion would establish a temporary, two-year Wisconsin Information Service Council to develop or contract for the development of a plan to have one or more private entities operate the Wisconsin Information Service. The Service would televise the proceedings and activities of the three branches of Wisconsin state government and public events of statewide interest. A new SEG-funded, continuing appropriation would be created under DOA to fund the equipment and wiring costs associated with the establishment of the Service. The Joint Committee on Finance would be authorized to provide funding from the ITIF to the new appropriation once it had received a recommendation from the Joint Committee on Legislative Organization to do so based on JCLO's determination that one or more private corporations that will operate the Service.

It is estimated that the cost of purchasing equipment and wiring for the Wisconsin Information Service would total $800,000 and that this cost would be funded from the ITIF under a three-year master lease arrangement. Depending upon the final actual cost of the equipment and wiring and when the purchases are actually made, an appropriation of approximately $300,000 from the ITIF might be required in 1998-99 for the first of a three-year master lease payment requirement.

MO# 3062

1 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
2 PANZER	Y	N	A

AYE 7 NO 8 ABS ____

LEGISLATURE

LFB Summary Items for Which No Issue Papers Have Been Prepared

Item #	Title
5	NCSL Milwaukee Meeting Appropriation
8	Legislative Reference Bureau

LFB Summary Item for Introduction as Separate Legislation

Item #	Title
9	Legislative Audit Bureau

Compensation Reserves

(LFB Budget Summary Document: Page 161)

No Issue Papers Have Been Prepared

COMPENSATION RESERVES

LFB Summary Item for Which No Issue Paper Has Been Prepared

Item #	Title
1	Compensation Reserves

Information Technology Investment Fund

(LFB Budget Summary Document: Page 340)

LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #	Title
1,2,3	Information Technology Investment Fund Operations (Paper #500)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Information Technology Investment Fund Operations (Information Technology Investment Fund)

[LFB Summary: Page 340, #1 and #2 and Page 341, #3]

CURRENT LAW

The information technology investment fund (ITIF) is a segregated fund from which grants are provided to state agencies for information technology projects and upgrades. Revenue for the fund is generated from the bidders list registration fee which was established under 1995 Act 351 as the funding mechanism for ITIF grants and administrative costs. Base funding for the grants program is $5,000,000 SEG annually.

GOVERNOR

Transfer $2,000,000 GPR in 1997-98 and 1998-99 from the general fund to the ITIF. The 1997-98 transfer would occur on the effective date of the bill and the 1998-99 transfer would occur on July 1, 1998. Further, reduce base level funding for grants from the ITIF by $1,900,000 SEG in 1997-98 and $2,500,000 SEG in 1998-99.

Create nonstatutory language allowing DOA, notwithstanding current law, to award additional grants from the ITIF in 1997-98, based on applications received by the Secretary of DOA by March 1, 1997, or a later date as specified by the Secretary. Subsequent to the awarding of any such grants, the Secretary would be required to notify the Co-chairs of the Joint Committee on Finance, under a 14-day passive review process, of any proposed supplementation of agency appropriations required to allow expenditure of these subsequent grant awards.

DISCUSSION POINTS

1. The information technology investment fund (ITIF) was created in the 1995-97 biennial budget to provide grants to state agencies for information technology purchases related to improving state agencies' IT capabilities. Under the ITIF program, DOA annually awards grants to state agencies by May 15, for the following fiscal year. Following the award of grants, DOA is required to notify the Committee under s. 16.515, of any proposed supplementation of agency appropriations necessary to allow expenditure of the grant funds.

2. Revenue for the ITIF is provided from a voluntary $125 per year bidder's list registration fee charged to individuals who wish to automatically be notified of state bids in particular commodity areas and to have on-line access to bid specifications and vendor information. The fee for minority vendors and sheltered work centers is $65 annually. Vendors not wishing to register with the state may still bid on contracts, but are not automatically notified of bid announcements.

3. Table 1 below presents the estimated fund condition statement for the ITIF based only on the current expenditure commitments of the fund and using revenues from the bidders list registration fee at the collection levels currently estimated by DOA.

TABLE 1

Information Technology Investment Fund
Estimated Condition Statement Under Current Law

	1996-97	1997-98	1998-99
Revenues			
Opening Balance	$0	-$3,760,300	-$4,296,400
Bidders List Registration Fees	200,000	500,000	750,000
Total Available	$200,000	-$3,260,300	-$3,546,400
Expenditures			
Administration	$121,300	$121,300	$121,300
ITIF Grants	1,080,700	0	0
ITIF Master Lease Payments	1,308,400	914,800	914,800
VendorNet	552,100	0	0
Infrastructure Support Services	897,800	0	0
Total Expenditures	$3,960,300	$1,036,100	$1,036,100
Ending Balance	-$3,760,300	-$4,296,400	-$4,582,500

3. For 1997-98 and 1998-99, the estimated condition statement includes only those expenditures required to provide for administrative costs of the ITIF (bidders list registration fee mailings, fee collection and VendorNet assistance) so that fees can continue to be collected and

for the second and third years of 1996-97 grant commitments that were funded over three years through the state's master lease program. Further, these 1997-99 funding commitments have been adjusted to reflect the Governor's budget recommendation that 1996-97 grant commitments previously made to the Department of Revenue ($104,800 annually), the Department of Corrections ($177,500 annually) and several smaller agencies be converted to non-ITIF funding sources.

4. Under the Governor's budget recommendations, $2,000,000 GPR annually would be transferred from the general fund to the ITIF. Under this recommendation, the above estimated condition statement would then be recalculated as indicated in Table 2.

TABLE 2

Information Technology Investment Fund
Estimated Condition Statement with General Fund Transfer

	1996-97	1997-98	1998-99
Revenue			
Opening Balance	$0	-$3,760,300	-$2,296,400
Bidders List Registration Fees	200,000	500,000	750,000
General Fund Transfer	0	2,000,000	2,000,000
Total Available	$200,000	-$1,260,300	$453,600
Expenditures			
Administration	$121,300	$121,300	$121,300
ITIF Grants	1,080,700	0	0
ITIF Master Lease Payments	1,308,400	914,800	914,800
VendorNet	552,100	0	0
Infrastructure Support Services	897,800	0	0
Total Expenditures	$3,960,300	$1,036,100	$1,036,100
Ending Balance	-$3,760,300	-$2,296,400	-$582,500

5. Because of the current negative cash balance in the fund, DOA has made in 1996-97 an interfund transfer of $3,957,700 from its telecommunications appropriation to the ITIF to provide adequate operating cash balances until the revenues to the ITIF increase.

6. The following questions may be raised regarding the condition of the ITIF, projection of future revenues and the appropriate level of expenditures to be set for the ITIF for the 1997-99 biennium:

- What is the likely amount of revenues to be generated from the fees established to support grants from the ITIF?

• What is the purpose of the Governor's transfer of the $2 million GPR in each year of the next biennium to the ITIF? and

• Since the level of grants and other releases made from the ITIF in 1996-97 have already created funding commitments far in excess of the current and projected level of revenue collections to the fund, should any additional grant funding be made until sufficient revenues have been collected to place the fund in a positive situation?

The above questions are examined in the following discussion points.

Future Level of Revenues

7. The source of revenue for the ITIF is the bidders list registration fee. DOA currently estimates that the fee will generate a total of $200,000 in 1996-97, $500,000 in 1997-98 and $750,000 in 1998-99. Through May 9, 1997, the fee had generated $124,120. Service charges from the investment pool reduce the total available to the fund to $119,082. Given the fund's current pattern of revenue collection this year, it appears unlikely that $200,000 will be generated in 1996-97. Based on year-to-date trends, total revenues of approximately $160,000 would be estimated for 1996-97. If current collection trends are projected forward, estimated total fee collections of $240,000 annually would be projected for 1997-98 and 1998-99.

8. The Department's revenue estimates for the 1997-99 biennium are premised on the use of a "more aggressive marketing strategy" for the bidder's list registration. DOA intends to make vendors more aware of the benefits of registering (electronic notification of bids, access to the state's internet procurement system (VendorNet), the ability to download bid documents, e-mail service to state purchasing managers and the ability to register only once to do business with all state agencies). Through this marketing strategy, DOA expects to increase the number of bidders paying the registration fee and therefore the amount of revenue to the ITIF.

9. Information technology investment fund grants for 1996-97 were made based estimated revenues ($4.3 million) that have not materialized. The lower revenues may be explained to some degree by the fact that collection of the bidder's list registration fee did not begin until November, 1996. More fundamentally, however, the lower revenues are simply the result of participation being significantly less (996 registered vendors through April, 1997) than the level anticipated (35,000 registered vendors during the year).

10. While the fee has only been collected for six months, participation to date is dramatically less than anticipated. Therefore, a more cautious approach to estimated revenues could be taken. Further, the impact of DOA's "marketing strategy" on the amount of revenue raised is unknown. As a result, the Committee could consider using revenue estimates for the next biennium based on current trends ($240,000 per year). This would mean that under the estimated condition statement portrayed in Table 1 above, the projected negative June 30, 1999, ending balance of the fund would be about $770,000 larger than shown in that table.

Governor's Proposed General Fund Transfer

11. As noted, the fund condition statements shown in Tables 1 and 2 above do not reflect the fiscal effect of any new ITIF grants being made in 1997-98 or 1998-99. The bill provides total expenditure authority from the ITIF of $3,100,000 SEG in 1997-98 and $2,500,000 SEG in 1998-99. Given the already committed expenditures from the fund (ITIF administration costs and master lease payments totalling $1,036,100 SEG annually), only $2,063,900 SEG in 1997-98 and $1,463,900 SEG in 1998-99 in expenditure authority would be available for additional ITIF grants.

12. DOA indicates that in order to support these costs, the Governor has recommended transferring $2,000,000 annually from the general fund to the ITIF. It is argued that the transfer represents a "reasonable" investment that will allow existing master lease costs to be funded and some agency information technology needs to be addressed through additional grants. But even using the higher level of revenue collections estimated by DOA for 1997-99 and the $2 million GPR per year transfer to the ITIF recommended by the Governor, the balance in the fund would not be sufficient to support this level of grant expenditures since the fund would still have a negative balance of $582,500 without any additional expenditure for new grant awards.

Continued Operation of the ITIF

13. The ITIF was created to provide funding to state agencies for information technology projects that address legislatively-identified priorities based on a review and approval of grant applications by DOA. In particular, it was aimed at providing a source of revenue for smaller agencies, particular GPR-funded agencies who had limited resources, to finance IT improvement in the face of the increasingly limited availability of additional GPR funding for such agencies. It was hoped that the creation of a separate fund, with its own source of revenue, would be able to assist these agencies in upgrading their IT infrastructure. In 1996-97, 27 different agency received ITIF grants for information technology projects including basic technology infrastructure, interactive voice response systems, scheduling and distance education.

14. However, concerns about the ITIF's solvency can be raised. Without additional supplemental support in the 1997-99 biennium, the fund will continue to be in deficit relative to collected revenues. Given that master lease costs are contractual arrangements and that ITIF administration provides services to vendors who pay the bidder's list registration fee, the $1,036,100 annually for these items identified in the condition statement is necessary. However, the use of GPR funds to support a fund whose whole concept was to have an independent funding stream seems contradictory to the purpose of having the separate fund. The question may be raised that if some of the $4 million GPR is to be expended on new IT projects, why not appropriate those funds directly to the requesting agencies?

15. On March 6, 1997, the Secretary of DOA notified state agencies that nonstatutory language had been included in the budget bill that would allow DOA, notwithstanding current

law, to award ITIF grants in 1997-98, based on applications received by the Secretary of DOA by March 1, 1997, or a later date as specified by the Secretary. Under the bill, subsequent to the awarding of any such grants, the Secretary would be required to notify the Co-chairs of the Joint Committee on Finance, under a 14-day passive review process, of any proposed supplementation of agency appropriations associated with the awarded grants. In his March 6 letter, the Secretary indicated that, in accordance with the budget bill provision, DOA would therefore not begin the grant application process for 1997-98 until after passage of the budget bill. According to the letter, the provision was included to have the grant cycle for 1997-98 be aligned with the passage of the budget.

16. The experience to date regarding revenues raised from the bidder list registration fee indicates that the initial revenue estimates were substantially overstated and consequently expenditure commitments already made have created a negative balance in the fund. With more experience and DOA's planned enhancement of its marketing efforts, it is possible that, over time, the number of bidders participating may increase substantially. At this point, however, the fund has a substantial debt that needs to be repaid from fee revenues.

17. The Committee could adopt the following alternative approach for ITIF operation for the 1997-99 biennium:

- Do not provide for the transfer of $2,000,000 GPR per year from the general fund to the ITIF.

- Assume revenue collections of $160,000 in 1996-97 and $240,000 in 1997-98 and in 1998-99.

- Reduce expenditure authority for the ITIF by a total of $3,963,900 SEG in 1997-98 and in 1998-99.

- Do not include the session law language allowing DOA to make supplemental grants from the ITIF.

- Create session law language providing that, notwithstanding the ITIF statutory grant provisions, no new grants under the ITIF may be made after May 1, 1997, until the revenues to the fund from bidder's list registration fees have restored the fund to a positive balance and are sufficient to support a new round of grants. Provide that DOA may request approval from the Joint Committee on Finance under a 14-day passive review process to initiate a new round of grants under the statutory requirements when it can demonstrate to the Committee's satisfaction that fund revenues are sufficient to meet these requirements.

18. The following condition statement for the ITIF would be projected under this alternative approach:

TABLE 3

Information Technology Investment Fund
Estimated Condition Statement Under Alternative

	1996-97	1997-98	1998-99
Revenues			
Opening Balance	$0	-$3,800,300	-$4,596,400
Bidders List Registration Fees	160,000	240,000	240,000
Total Available	$160,000	-$3,560,300	-$4,356,400
Expenditures			
Administration	$121,300	$121,300	$121,300
ITIF Grants	1,080,700	0	0
ITIF Master Lease Payments	1,308,400	914,800	914,800
VendorNet	552,100	0	0
Infrastructure Support Services	897,800	0	0
Total Expenditures	$3,960,300	$1,036,100	$1,036,100
Ending Balance	-$3,800,300	-$4,596,400	-$5,392,500

19. The above table is based on the following: (a) revenues in 1997-99 at the current annualized level of collections ($240,000); (b) grant expenditures in 1997-98 and 1998-99 only for: (1) the cost of administering the ITIF ($121,300 SEG per year) and (2) the second and third year payments of the master lease commitments ($914,800 SEG per year) made as a part of the ITIF grants awarded in 1996-97. Grant expenditure authority from the fund would be set at $1,036,100 SEG per year.

20. The argument for this approach would be that no future grant awards should be made until sufficient revenues have been collected to cover the past funding commitments (the projected negative balance in the table above) and to cover another round of grants. Exactly how long the grant suspension would remain in effect would depend on the revenue collection experience. However, in the event that higher revenue collections do not develop in the next biennium, the continued operation of the ITIF might have to be further examined in the succeeding biennial budget. Under this alternative, DOA would be required to address any difference between revenues collected and expenditures using additional interfund transfers.

21. Another alternative approach the Committee could consider would be to suspend further grant activities, directly fund with GPR the required ITIF expenditures in the 1997-99 biennium and allow the ITIF to continue to accrue future revenues to offset its current negative balance. Under this alternative, a separate GPR appropriation would be created, for 1997-98 and 1998-99 only, for 1997-99 ITIF required expenditures and $1,036,100 GPR annually would be provided. Further, DOA would be directed to suspend further grant activities from the ITIF until the negative balance in the fund has been eliminated and the Committee approves the restoration

of ITIF grant activities. As a result, commitments of the fund in 1997-99 for previously-made grant commitments and for ITIF administrative costs in 1997-99 could be addressed and yet not increase the fund deficit, while the future solvency of the fund would depend on DOA's actions to generate additional revenues.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to transfer $2,000,000 GPR in 1997-98 and 1998-99 from the general fund to the information technology investment fund on the effective date of the bill and on July 1, 1998. Further, reduce base level funding for ITIF grants from the fund by $1,900,000 SEG in 1997-98 and $2,500,000 SEG in 1998-99. Also, create nonstatutory language allowing DOA, notwithstanding current law, to award additional grants from the ITIF in 1997-98, based on applications received by the Secretary of DOA by March 1, 1997, or a later date as specified by the Secretary. Specify that subsequent to the awarding of any such grants, the Secretary would be required to notify the Co-chairs of the Joint Committee on Finance, under a 14-day passive review process, of any proposed supplementation of agency appropriations associated with the awarded grants.

2. Modify the Governor's recommendation by: (a) deleting the proposed transfer of $2,000,000 GPR per year from the general fund to the ITIF; (b) estimating SEG revenue collections of $240,000 in 1997-98 and 1998-99; (c) further reducing base level expenditure authority for the ITIF by $2,063,900 SEG in 1997-98 and $1,463,900 SEG in 1998-99; (d) deleting the session law provision allowing DOA to make supplemental grants in 1997-98 from the ITIF; (e) including session law language to provide that, notwithstanding the ITIF statutory grant provisions, no grant awards from the ITIF may be made after May 1, 1997, except for continuation of commitments made in awarding 1996-97 ITIF grants and awards for the continued cost of administering the ITIF; and (f) specifying in the session law provision that new grants may be awarded under the ITIF only after DOA has received approval from the Joint Committee on Finance under a 14-day passive review process to initiate a new round of grants and that such approval by the Committee shall be conditioned on DOA demonstrating to the Committee's satisfaction that sufficient revenues from bidders list registration fees have been collected to restore the fund to a positive balance and will be sufficient to support a new round of grants.

Alternative 2	GPR	SEG	TOTAL
1997-99 REVENUE (Change to Bill)	$4,000,000	- $770,000	$3,230,000
1997-99 FUNDING (Change to Bill)	$0	- $3,527,800	- $3,527,800

3. Modify the Governor's recommendation by: (a) deleting the proposed transfer of $2,000,000 GPR per year from the general fund to the ITIF; (b) creating a GPR appropriation,

for the 1997-99 biennium only, to fund current previously-made 1997-99 grant commitments of the fund and for fund administrative costs, and provide $1,036,100 GPR annually in the new appropriation; (c) further reducing base SEG expenditure authority for the ITIF by $3,100,000 SEG in 1997-98 and by $2,500,000 SEG in 1998-99; (d) estimating SEG revenue collections of $240,000 in 1997-98 and 1998-99; (e) deleting the session law provision allowing DOA to make supplemental grants in 1997-98 from the ITIF; (f) including session law language to provide that, notwithstanding the ITIF statutory grant provisions, no grant awards from the ITIF may be made after May 1, 1997; and (g) specifying in the session law provision that new grants may be awarded under the ITIF only after DOA has received approval from the Joint Committee on Finance under a 14-day passive review process to initiate a new round of grants and that such approval by the Committee shall be conditioned on DOA demonstrating to the Committee's satisfaction that sufficient revenues from bidders list registration fees have been collected to restore the fund to a positive balance and will be sufficient to support a new round of grants.

Alternative 3	GPR	SEG	TOTAL
1997-99 REVENUE (Change to Bill)	$4,000,000	- $770,000	$3,230,000
1997-99 FUNDING (Change to Bill)	$2,072,200	- $5,600,000	- $3,527,800

MO# Alt #3

Prepared by: Jere Bauer

	Y	N	A
JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	X	N	A
2 BURKE	X	N	A
DECKER	X	N	A
GEORGE	Y	N	X
1 JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	X	N	A

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INFORMATION TECHNOLOGY INVESTMENT FUND

LFB Summary Item for Introduction as Separate Legislation

Item #	Title
4	Grant Criteria and Administrative Rules

Corrections

Departmentwide

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LFB Summary Items for Which Issue Papers Have Been Prepared

Item #	Title
4	Rent (Paper #290)
9,10&11	Information Technology Funding (Paper #291)
14	Correctional Training Center (Paper #292)
18	Community Confinement and Control Pilot (Paper #293)