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To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Division of Trust Lands and Investments -- Treatment of Unencumbered Year-End Operating Balances (Board of Commissioners of Public Lands)

[LFB Summary: Page 561, #10]

CURRENT LAW

At the end of each fiscal year, an amount is to be lapsed to the general fund from the Division of Trust lands and Investment's PR-funded general program operations account to reimburse the state for the indirect costs of administrative, budgeting and personnel services provided to the Division. Thereafter, any remaining unencumbered balances would normally revert to the underlying program revenue accounts for the Division. Division operations are currently funded from earnings credited primarily to the Common School Fund, and in lesser amounts to the Normal School Fund, the University Fund and the Agricultural College Fund.

GOVERNOR

Clarify that, at the end of each fiscal year, after first lapsing the required indirect cost reimbursement amounts to the general fund, any unencumbered balances remaining in the Division's annual program revenue general program operations appropriation would be transferred to the balances of the trust funds in proportion to the gross receipts collected for each fund during the year.

DISCUSSION POINTS

1. A review of accounting practices governing the treatment of the Division's unencumbered year-end balances has determined that these monies are currently being returned to the balances of the trust funds in proportion to the gross receipts collected for each fund during the year. The proposed modification, in effect, would serve to conform the statutes to the current year-end accounting practices being followed.

2. However, as part of this review, it has been determined that the statutory annual lapse to the general fund to reimburse the state for its costs of administrative and related services provided to the Division has not actually been made in recent years. The existing reimbursement provision stipulates that at the end of each fiscal year DOA shall apply its federal indirect cost reimbursement rate to the Division's total salary costs. The amounts generated as a result of this calculation are then to be lapsed to the general fund.

3. This required annual reimbursement mechanism was originally proposed by the Governor during the 1991-92 fiscal year and was enacted as part of 1991 Wisconsin Act 269 (the 1991-93 budget adjustment act). During the 1991-93 biennium, the relevant federal reimbursement rate during each fiscal year was 9.7%, and as a result, the Division lapsed \$25,100 to the general fund in both 1991-92 and in 1992-93. During the 1993-95 biennium, the relevant federal reimbursement rate during each fiscal year was 6.0%, and during the current biennium, the relevant federal reimbursement rate during each fiscal year is 6.4%. However, there has been no actual lapse to the general fund in any fiscal year after 1992-93.

4. Based upon the total salary expenditures in the Division from 1993-94 through the 1995-96 fiscal years, the total amount of foregone lapses to the general fund are computed as follows:

**Division of Trust Lands and Investments
Lapses Foregone (1993-94 through 1995-96)**

<u>Fiscal Year</u>	<u>Salary Expenditures</u>	<u>Reimbursement Rate</u>	<u>Calculated Lapse Amount</u>
1993-94	\$148,105	6.0%	\$8,886
1994-95	263,535	6.0	15,812
1995-96	370,459	6.4	23,709

The total amount of lapses due from the Division for these three fiscal years is \$48,407.

5. For the 1996-97 fiscal year, the Division's budgeted permanent position salary level is \$336,200, which would result in an estimated required lapse to the general fund of \$21,517.

based on the current DOA federal reimbursement rate of 6.4%. It is expected that the required lapse for 1996-97 will be billed by DOA.

6. With respect to the prior years' lapses which were never made to the general fund, DOA indicates that it currently has the authority to recoup these amounts; however, the Division has insufficient available expenditure authority for it to make these payments to the general fund. Accordingly, the Committee may wish to provide \$48,400 PR of additional expenditure authority to the Division's general program operations appropriation in 1997-98 and include language requiring the transfer of this amount to the general fund no later than 30 days after the general effective date of the budget act. This would result in increased GPR-Earned collections of \$48,400 in 1997-98.

7. Further, the Committee may wish to consider providing for a different, more generalized reimbursement mechanism for the Division that is less cumbersome to administer than the existing procedure which applies a varying percentage rate only to the agency's salary expenditure amounts. Currently, the two most common mechanisms under which program revenue funded agencies are required to deposit a portion of their revenues to the general fund for overhead costs are as follows:

- The Commissioner of Insurance, the Public Service Commission, the Department of Regulation and Licensing, and the Ethics Board are annually required to deposit 10% of their program revenue receipts to the general fund.

- The Department of Financial Institutions, the Office of Credit Unions and the Office of the Secretary of State are required to lapse to the general fund any year-end balances in their program revenue appropriations in excess of 10% of the prior year's expenditures.

8. In basic concept, the Division's existing reimbursement mechanism is analogous in approach to that currently used for the Commissioner of Insurance, the Public Service Commission, the Department of Regulation and Licensing, and the Ethics Board. Further, the Division's historic reimbursement rate since 1991-92 has ranged from 6.0% to 9.7% (but was only applicable to salary expenditures). Accordingly, the Committee could adopt the same requirement that the Division annually deposit 10% of its program revenue receipts to the general fund. Under this approach, GPR-Earned collections of \$125,300 in 1997-98 and \$91,000 in 1998-99 would be estimated, based on the agency's proposed budget.

9. If the Committee chooses not to modify the current reimbursement mechanism, GPR-Earned collections from the current lapse requirement should be estimated at \$22,600 annually, based on budgeted salary amounts and the current DOA federal indirect cost reimbursement rate.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation by providing \$48,400 PR in 1997-98 of additional expenditure authority to the Division of Trust Lands and Investments' general program operations appropriation to enable it to reimburse the general fund for required lapses which were not made from 1993-94 through 1995-96. Include nonstatutory language requiring the transfer of this amount to the general fund no later than 30 days after the general effective date of the budget act and estimate GPR-Earned amounts of \$48,400 in 1997-98.

<u>Alternative 2</u>	<u>GPR</u>	<u>PR</u>
1997-99 REVENUE (Change to Bill)	\$48,400	
1997-99 FUNDING (Change to Bill)		\$48,400

3. *In addition to Alternative 2*, modify the Governor's recommendation by repealing the current required general fund reimbursement mechanism for the Division and providing instead that the amounts in the agency's appropriation schedule would constitute 90% of the funds deducted from the gross receipts of trust fund investments and the remaining 10% would be credited to the general fund. Estimate additional GPR-Earned collections under this revised reimbursement mechanism of \$125,300 in 1997-98 and \$91,000 in 1998-99.

<u>Alternative 3</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	\$216,300

4. *In addition to Alternative 2*, maintain the current law reimbursement mechanism but estimate additional GPR-Earned collections under the existing mechanism of \$22,600 annually.

<u>Alternative 4</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	\$45,200

Prepared by: Tony Mason

MO# _____

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
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

AYE _____ NO _____ ABS _____

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Division of Trust Lands and Investments -- Apportionment of Revenues from the Sale of Sunken Logs (Board of Commissioners of Public Lands)

[LFB Summary: Page 562, #12]

CURRENT LAW

Applicants who are residents of the state may obtain a permit from the Board of Commissioners of Public Lands to raise logs from submerged lands owned by the state. Permits cost \$50, are valid for a period of one year from the date of issuance and give the permit holder exclusive rights to the submerged logs within the boundaries covered by the permit. The Board receives, on behalf of the state, 30% of the appraised market value of the recovered logs upon their sale. However, the Board may authorize an offset of up to 100% of the state's share of the market value of the logs raised if the permit holder agrees to undertake projects that would do at least two of the following: (1) increase tourism revenues in the state; (2) increase employment in the state; or (3) contribute to increased economic development and activity in the state. All monies received by the Board from the issuance of permits or the sales of submerged logs are deposited to the Common School Fund.

GOVERNOR

Provide that the amount of revenues receivable by the state be reduced from 30% of the appraised market value of the logs upon their sale to 20%. Repeal the current authority of the Board to authorize an offset of up to 100% of the state's share of the sale proceeds if the permit holder undertakes specified economic development or tourism-related projects.

DISCUSSION POINTS

1. The current procedures governing the raising and sale of sunken logs were established by 1991 Wisconsin Act 206. The logs in question rest primarily at the bottom of Chequamegon Bay and are the remnants of massive logging operations in the last century. These operations floated large amounts of virgin timber across Lake Superior to lumber mills in the Ashland area. During this process, some of the logs became waterlogged and sank to the bottom of the Bay where they have remained almost perfectly preserved.

2. From 1992 through 1996, the amount of log-raising activity was negligible and very little in permit fees and sale proceeds flowed to the state. A small number of permits were issued, primarily to one operator, for the purpose of testing various log-raising techniques.

3. During this period, a large number of logs were identified on the floor of Chequamegon Bay, and at least one operator has begun renovating a sawmill in the Ashland area in anticipation of starting up large-scale commercial processing of submerged logs. Further, recent national publicity on the existence of the sunken logs has prompted both an increase in enquiries from commercial interests and a sharp rise in the number of permits requested.

4. The state's current authority to receive 30% of the appraised market value of the recovered logs is similar to that authority under which the state receives a percentage of the proceeds (as determined by competitive bids) from the sale of timber from lands held by the Board of Commissioners of Public Lands. The total amounts of permit fees and sale proceeds received by the state since the enactment of 1991 Wisconsin Act 206 are listed below:

Sunken Log Permit Fee and Sales Revenues (1992-93 through 1996-97)

<u>Fiscal Year</u>	<u>Permits Issued</u>	<u>Permit Revenues</u>	<u>Sale Proceeds</u>
1992-93	3	\$150	\$200
1993-94	10	500	2,267
1994-95	8	400	1,776
1995-96	7	350	1,051
1996-97 ^a	<u>190</u>	<u>9,500</u>	<u>3,000</u>
Totals	218	\$10,900	\$8,294

^aThrough March 31, 1997

5. In its budget submittal, the Board requested that its authority to offset up to 100% of the state's share of the appraised market value of recovered submerged logs be repealed. The Board made two arguments in support of its request: (a) returning less than 30% of the market

value of the raised logs to the state reduces the amount of revenues that would otherwise accrue to the Common School Fund; and (b) the existing language allowing a permit holder to return less than 30% of the market value of the raised logs if those revenues are used for statutorily specified purposes is "sufficiently vague and can be so broadly construed that the Board cannot accurately measure against any verifiable criteria whether or not a permittee's activities demonstrate a potential for increased tourism, increased employment, and contributions to economic development and activity." Further, the Board indicated that as a result, it felt that "virtually any project could be represented to the Board as qualifying for the maximum offset of 100% [of the state's 30% share]."

6. The Governor's budget would repeal the offset language and would also reduce the current 30% state share to 20%. The apparent rationale for reducing from 30% to 20% the Common School Fund's share of the market value of recovered sunken logs is that the reduced rate will serve to stimulate commercial interest in raising the logs. Presumably, it is felt that the Common School Fund would ultimately benefit more at the reduced rate than under current law, since additional permits would likely result and sale revenues then would increase as more commercial interests became involved.

7. It is not clear that the current 30% rate actually represents a disincentive to commercial interest in raising sunken logs. As the above table highlights, permit activity under current law requirements has increased markedly in 1996-97 with at least four different companies now involved. Further, sales proceeds (from the summer of 1996) have also increased and presumably will increase further this fiscal year, once open water returns to Chequamegon Bay.

8. The Division of Trust Lands and Investments indicates that, to date, it has had only one instance where a permit holder sought an offset reduction due to undertaking specified economic development or tourism-related projects. But the Division is concerned that it will have additional requests and indicates that it has little expertise to monitor and ensure that the funds are being properly held in escrow by the permit holder and are actually being used appropriately for at least two of the required statutory purposes [increasing tourism revenues in the state; increasing employment in the state; or contributing to increased economic development and activity in the state].

9. It could be argued that although the Division may not have the staff or expertise to monitor many of the specifics of the offset process, the day-to-day monitoring of compliance may not necessarily be required. The Division would have some capability to monitor compliance on a retrospective basis if a permit holder were required to submit sufficient evidence that he or she had actually complied with all offset requirements as a condition of any subsequent permit renewal.

10. If the Committee believes that retention of the current optional offset provision is desirable as a matter of public policy and is more important than enhancing revenues for the

Common School Fund, it could delete the proposed repeal of the provision. However, if the Committee believes that the optional offset provision is too cumbersome to administer and that all revenues (at either the current 30% level or the recommended reduced level of 20%) should accrue to the Common School Fund, it could approve the Governor's recommendation and repeal the provision.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation by retaining the state's share of revenues received from the sale of logs recovered from state-owned submerged lands at 30% of their appraised market value.
3. Modify the Governor's recommendation by deleting the proposed repeal of the current authority of the Board of Commissioners of Public Lands to authorize an offset of up to 100% of the state's share of the sale proceeds if the permit holder undertakes specified economic development or tourism-related projects.
4. Maintain current law.

Prepared by: Tony Mason

MO# _____

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
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

AYE ____ NO ____ ABS ____

BOARD OF COMMISSIONERS OF PUBLIC LANDS

LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Transfer of the Division of Trust Lands and Investments from the Office of the State Treasurer
-	Division of Trust Lands and Investments -- Information Technology Initiatives (LFB Summary Item #7 listed Under State Treasurer)
-	Division of Trust Lands and Investments -- Additional Clerical Staff (LFB Summary Item #8 listed under State Treasurer)
-	Division of Trust Lands and Investments -- Land Management Activities (LFB Summary Item #9 listed under State Treasurer)
-	Division of Trust Lands and Investments -- Administrative Attachment to DOA (LFB Summary Item #13 listed under State Treasurer)

LFB Summary Item for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
-	Division of Trust Lands and Investments -- Denial and Suspension of Permits for Delinquent Child Support (LFB Summary Item #11 listed under State Treasurer)

Board on Aging and Long-Term Care

(LFB Budget Summary Document: Page 94)

LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #

Title

4

Ombudsman and Volunteer Coordinator Positions (Paper #)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Ombudsman and Volunteer Coordinator Positions (BOALTC)

[LFB Summary: Page 95, #4]

CURRENT LAW

Board Responsibilities and Staffing. The mission of the Board on Aging and Long-Term Care (BOALTC) is to serve as an advocate for elderly and disabled long-term care consumers. The Board's ombudsman program investigates and resolves complaints on behalf of persons receiving nursing home and community-based services. The Board has the responsibility, as part of the federally-specified requirements for the ombudsman program, to analyze, comment on, and monitor the development and implementation of laws, regulations, and other governmental policies and actions that pertain to the adequacy of long-term care facilities and services in the state. The Board operates the medigap hotline, which is staffed by three counselors that provide callers with information and counseling, primarily on medigap insurance policies.

In 1996-97, the Board is budgeted, exclusive of the private grant for the volunteer coordinator, \$856,900 (all funds), including \$532,500 is GPR and \$324,400 PR. Program revenue budgeted for the Board includes federal funds the Department of Health and Family Services (DHFS) receives under the federal Older Americans Act and the federal Health Insurance Information, Counseling and Assistance Grant transferred to the Board by DHFS under contract (\$161,400) and insurance industry fees collected by the Office of the Commissioner of Insurance (\$163,000).

Ombudsman Program. The Board administers an ombudsman program that investigates and resolves complaints on behalf of residents of nursing homes and community-based residential facilities (CBRFs) and participants of the community options program (COP). The Board

currently employs 10 full-time positions--one ombudsman supervisor, eight regional ombudsman positions and a volunteer ombudsman coordinator. In addition, \$91,500 GPR is authorized in 1996-97 for the Board to contract for ombudsman services.

The duties of the ombudsman supervisor include providing technical assistance and training to the regional ombudsman staff and interacting with other state agencies in coordinating the activities of the ombudsman program and related programs.

The volunteer ombudsman coordinator position is supported by a private grant from the Helen Bader Foundation, which expires at the end of the 1996-97 fiscal year.

GOVERNOR

Provide 2.0 GPR positions in 1997-98 to increase staff for the regional ombudsman program. Salary and fringe benefit funding to support these positions (\$55,800 GPR in 1997-98 and \$74,300 GPR in 1998-99) would be reallocated from the Board's \$91,500 supplies and services base for contracting for ombudsman services.

DISCUSSION POINTS

Ombudsman Positions

1. In order to receive the state's allotment of federal funds for the ombudsman program, the Older Americans Act requires that the state establish and operate an Office of the State Long-Term Ombudsman that meets a number of requirements, including:

a. The Office must be independent of any agency responsible for licensing or certifying long-term care services in the state or any association of long-term care facilities or any other residential facilities for older individuals;

b. The Office must identify, investigate and resolve complaints made by, or on behalf of, residents of long-term care facilities;

c. The Office must ensure that residents have regular and timely access to the services provided through the Office and that the residents and complainants receive timely responses;

d. The Office must analyze, comment on, and monitor the development and implementation of laws and regulations that pertain to the health, safety, welfare, and rights of residents, with respect to the adequacy of long-term care; and

e. The Office must provide for training representatives of the Office, promote the development of citizen organizations, and provide technical support for the development of resident and family councils.

2. The ombudsman program has the responsibility to provide services to residents of nursing homes, CBRFs and COP participants. Currently, there are 454 nursing homes, 1,304 CBRFs, and approximately 15,000 COP participants. Although the number of residents in nursing homes has been fairly stable in recent years, the number of CBRFs with five or more beds has increased from 942 in 1990 to 1,159 in 1993 and to 1,304 in 1997. The number of persons served under the COP program has increased from 10,464 in 1990 to 13,173 in 1993, and 15,103 in 1995.

3. Table 1 shows several measures of the level of activity under the ombudsman program for federal fiscal year 1987-88 through 1995-96. In federal fiscal year 1994-95, as a result of federal requirements, changes were adopted in the collection of information. First, the definitions of complaints and informational and counseling requests were narrowed. Second, the Board begin collecting statistics on the number of unannounced visits and the number of surveys attended. Prior to 1995, the ombudsman program conducted few unannounced visits and attended few surveys.

TABLE 1

**Ombudsman Program Activity
Federal Fiscal Years 1987-99 through 1995-96**

Federal Fiscal Year	Cases Closed		Complaints		Information and Counseling Requests		Presentations		Unannounced Visits		Surveys Attended	
	Number	Percent Change	Number	Percent Change	Number	Percent Change	Number	Percent Change	Number	Percent Change	Number	Percent Change
1988	567	--	1,017	--	4,718	--	229	--	*	--	*	--
1989	727	28.2%	1,547	52.1%	5,436	15.2%	299	30.6%	*	--	*	--
1990	699	-3.9	1,709	10.5	5,328	-2.0	189	-36.8	*	--	*	--
1991	788	12.7	2,101	22.9	6,753	26.8	329	74.1	*	--	*	--
1992	1,004	27.4	3,115	48.3	8,671	28.4	301	-8.5	*	--	*	--
1993	1,184	17.9	4,330	39.0	8,937	3.1	368	22.3	*	--	*	--
1994	1,130	-4.6	3,894	-12.1	7,117	-20.4	421	14.4	*	--	*	--
1995	1,410	24.8	4,135	6.2	5,277	-25.9	281	-33.3	85	--	38	--
1996	1,407	-0.2	3,339	-19.3	7,822	48.2	394	40.2	109	28.2%	59	55.3%

Note: Beginning in the second quarter of the 1994-95 federal fiscal year, statistics for complaints and information and counseling requests reflect a change in definition that decreased the numbers reported in these categories. Also, the Board began collecting statistics on the number of unannounced visits and surveys attended.

4. From 1988 to 1993 the Board employed six ombudsman positions. The 1993-95 biennial budget act increased the number of regional ombudsman positions from six to eight, beginning in 1994-95. Although 1995 Wisconsin Act 464 authorized \$91,500 GPR in 1996-97

for the Board to contract for ombudsman services, this funding will not be expended. The Board went through the state's required bidding process to seek a contractor to provide ombudsman services. However, only one bid was received, and that bid was found unsatisfactory by the Department of Administration.

5. Based on the number of complaints received by the Board in 1996, each of the eight ombudsman positions, on average, closed 3.5 cases per week, responded to 8.3 complaints and 19.6 requests for information and counseling, made 1.0 presentation per week, made 0.3 unannounced visits per week and attended 0.1 surveys per week.

6. In the most recent state fiscal year, ombudsman staff were unable to visit approximately 27% of the state's licensed nursing facilities and 89% of CBRFs licensed for the elderly and persons with Alzheimer's disease.

7. Most of an ombudsman staff's time (approximately 85%) is spent with nursing homes while the remaining time is primarily spent with CBRFs. Of all complaints received by the ombudsman program, 81% are related to nursing homes, 17% to CBRFs and 2% to COP participants.

8. The current geographic distribution of the Board's ombudsman staff is as follows:

<u>Region</u>	<u>Office Location</u>	<u>Number of Ombudsmen</u>
Northern	Rhineland	1
Western	Eau Claire	1
Central	Stevens Point	1
Eastern	Green Bay	1
Southwest	Madison	1
Southeast	Milwaukee	3

Under the Governor's recommendations, one of the new ombudsman positions would be located in the Southwest region (Madison office) and the second position would be placed in the Southeast region (Milwaukee office).

9. Two additional ombudsman positions would enable program staff to: (a) increase participation in the annual survey of nursing homes (federal law requires that ombudsman be provided a opportunity to participate); (b) visit nursing homes that have not been seen by ombudsman staff in complaint investigations and other activities; (c) improve the response time to complaints; and (d) spend more time addressing complaints with a lower priority. Currently, the ombudsmen staff can respond to all complaints received although with complaints that are deemed to be less serious, the ombudsman will suggest a course of action rather than be directly involved.

10. There is a difference between funding provided in 1995 Act 464 for the Board to contract ombudsman services (\$91,500 GPR annually) and the estimated costs of supporting 2.0 additional ombudsman positions in 1997-98 (\$70,800 GPR). Consequently, all of the alternatives presented in this paper include reestimates of funding required to support these positions.

Volunteer Ombudsman Coordinator Position

11. In its 1997-99 budget submission, the Board requested funding to support 1.0 GPR position, beginning in 1997-98, to maintain support for the volunteer ombudsman program that will no longer be funded from the Helen Bader Foundation. The Helen Bader Foundation provided financial support of \$66,600 in 1995-96 and \$64,500 in 1996-97 for the Board to hire a volunteer director and to support other costs to expand the volunteer program to 80 volunteers visiting 40 nursing homes by the end of the grant period. The grant expires June 30, 1997. Funding of \$2,000 annually was included for evaluation of the volunteer program.

12. The volunteer program began in August, 1994, with six volunteers visiting nursing homes in Monroe County, and in September, 1994, an additional eight volunteers began visiting facilities in Milwaukee County. Currently, four counties (Monroe, Milwaukee, Dane, and Rock) are served by 70 ombudsman volunteers. Table 2 below shows the growth in the volunteer program. The Board plans to expand the volunteer program to Marathon County in May, 1997.

TABLE 2

Volunteer Ombudsman Program Growth

<u>Date</u>	<u>Counties Served</u>	<u>Volunteer Ombudsmen</u>	<u>Nursing Homes Residents With Volunteer Services Available</u>	<u>Nursing Homes Served</u>
8/94	1	6	420	6
7/95	2	18	980	17
8/96	3	40	2,800	26
3/97	4	59	7,672	41
4/97	4	70	--	--

13. The Board expects that every volunteer visit his or her assigned facility at least once a week for a minimum of three hours. The volunteer also agrees to commit to the project for at least six months. The volunteer must file a monthly report indicating any problems that were found or need to be followed-up by a professional ombudsman. Volunteers, on average, resolve 7.1 complaints per month. More involved complaints are forwarded to the professional ombudsman.

14. The eight professional ombudsman staff provide 320 (8 x 40) hours of services per week at a cost of approximately \$36 per hour. In comparison, the current 70 volunteer ombudsman staff will provide 210 hours (3 x 70) of service per week at a current cost of \$5.90 per hour (this cost is primarily a fixed cost that will decline as the number of volunteers increase). Although a volunteer ombudsman cannot perform all the functions of a professional ombudsman staff, the volunteer program currently increases the number of hours that an ombudsman is in a nursing home by at least 55%. The Board's staff estimates that a single volunteer ombudsman coordinator can supervised up to 250 volunteers, which would represent 750 hours of service per week at an hourly cost of \$1.65.

15. Since the beginning of the volunteer program in August, 1994, one volunteer has left the program and one volunteer was dismissed.

16. The Board is currently conducting an evaluation of the volunteer program. As part of that evaluation, volunteers and nursing home administrators have been surveyed on the program. Although the evaluation is not complete, the Board's Executive Director has indicated that the volunteers have expressed satisfaction with the program and that nursing home administrators have been either positive, or at least not negative.

17. One advantage that is cited for the volunteer program is that problems can be identified when they are small, allowing staff to resolve complaints before they develop into more serious situations.

18. Although providing additional staff for the ombudsman program would enable the Board to increase activities as described in Discussion Point 9, denial of the additional positions would generate savings of \$91,500 GPR annually to meet other state needs. Since the Board has not been able to contract for ombudsman services, these savings could be generated without reducing the current level of ombudsman services.

19. The volunteer ombudsman program is more of a complement than a substitute for the professional regional ombudsman program. However, the Committee could consider reallocating one of the ombudsman positions that would be provided in the Governor's bill to serve as the director of the volunteer ombudsman program so that the volunteer program can be maintained. Although it cannot replace the services of professional ombudsman staff, the volunteer program may be a very cost-effective complement to the professional ombudsman activities and providing a permanent director would ensure that the investment in the developing the current volunteer program would not be lost as a result of the volunteer program being phased-out or not further developed due to a lack of a director.

20. In recent months, concerns have been raised over the adequacy of the state's regulation of long-term care providers. A series of articles that appeared in the Milwaukee Journal Sentinel during March, 1997, focused attention on incidents of resident abuse in long-term care facilities. The Department of Health and Family Services is currently developing

recommendations to address inconsistencies in the state's requirements relating to background checks for persons employed in the long-term care industry. However, implementing these and other proposals designed to assure quality of care for persons who use long-term care services, including the provision of additional staff for the Board's ombudsman program, will require additional funding not provided in the Governor's bill.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide 2.0 GPR positions in 1997-98 to increase staff for the regional ombudsman program. In addition, reduce funding by \$22,900 GPR in 1997-98 to reflect reestimates of the costs of supporting these positions.

<u>Alternative 1</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	- \$22,900

2. Delete the Governor's recommendation to provide 2.0 GPR professional ombudsman positions, beginning in 1997-98. In addition, reduce the Board's base funding by \$91,500 GPR in 1997-98 and 1998-99 to maintain the current number of professional ombudsmen staff (8.0 positions) for the Board.

<u>Alternative 2</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	- \$183,000
1998-99 POSITIONS (Change to Bill)	- 2.00

3. Modify the Governor's recommendation by deleting 1.0 GPR regional ombudsman position. Delete \$57,200 GPR in 1997-98 and \$45,800 GPR 1998-99.

<u>Alternative 3</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	- \$103,000
1998-99 POSITIONS (Change to Bill)	- 1.00

4. Modify the Governor's recommendation by deleting funding for 2.0 ombudsman positions and instead, providing 1.0 GPR position beginning in 1997-98 as a permanent, full-time volunteer director. Delete \$43,100 GPR in both 1997-98 and 1998-99.

<u>Alternative 4</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	- \$86,200
1998-99 POSITIONS (Change to Bill)	- 1.00

5. Modify the Governor's recommendation by providing 1.0 GPR position in 1997-98 for the regional ombudsman program and 1.0 GPR position in 1997-98 as a permanent, full-time volunteer director. Reduce funding by \$8,800 GPR in 1997-98 and increase funding by \$2,700 GPR in 1998-99 to reflect the estimated costs of these positions.

<u>Alternative 5</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	- \$6,100

6. Modify the Governor's recommendation by providing \$25,500 GPR in 1997-98 and \$48,400 GPR in 1998-99 to support 1.0 GPR full-time director for the volunteer program beginning in 1997-98.

<u>Alternative 6</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$73,900
1998-99 POSITIONS (Change to Bill)	1.00

MO# _____

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
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

Prepared by: Richard Megna

AYE _____ NO _____ ABS _____

BOARD ON AGING AND LONG-TERM CARE

Ombudsman Positions

Motion:

Move to provide \$34,300 PR in 1997-98 and \$91,500 PR in 1998-99 to fund 1.0 PR ombudsman position in 1997-98 and 2.0 PR ombudsman positions in 1998-99 to provide ombudsman services for persons residing in assisted living facilities.

Require all certified and registered assisted living facilities to pay, in addition to any other required fees, an annual fee of up to \$100 per bed, which would first be applicable at the time that 500 assisted living beds have been registered or certified, as determined by the Department of Health and Family Services. Require the Department to set the fee at a rate that would generate sufficient revenues to support the costs of the positions in the Board that would be funded from this source. Specify that all revenue collected from this fee be credited to a new continuing appropriation for the Department and that the Department transfer funds credited to this appropriation to support activities of the Board on Aging on Long-Term Care.

Authorize the Board to expand the ombudsman program to include providing services to persons in assisted living facilities. Also, require all certified or registered assisted living facilities to post in a conspicuous location in each wing or unit and on each floor of the assisted living facility a notice, provided by the Board, of the name, address and telephone number of the Board's long-term care ombudsman program.

Note:

This motion would fund 1.0 PR ombudsman position in 1997-98 and an additional 1.0 PR ombudsman position in 1998-99 (a total of 2.0 PR ombudsman positions in 1998-99), to provide ombudsman services for persons residing in assisted living facilities. These positions would be supported by revenues from a new, \$100 per bed fee that would be paid annually by assisted living facilities certified or registered by DHFS. This fee would be deposited in a new DHFS appropriation, and transferred to support ombudsman activities of the Board. The additional revenue that would be generated from the fee is unknown, since assisted living facilities were first created as a class of providers on March 1, 1997. However, DHFS would be limited to collecting an amount necessary to fund the Board's positions (\$125,900 PR in 1997-99 biennium).

In addition, the motion would authorize the Board to expand the ombudsman program to assisted living facilities and require all certified or registered assisted living facilities to post the name, address and telephone number of the Board's long-term care ombudsman program.

[Change to Bill: \$125,900 PR, \$125,900 PR-REV and 2.0 PR positions]

MO# 1005

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
JENSEN	Y	(N)	A
OURADA	(Y)	N	A
/ HARS DORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 11 NO 6 ABS

BOARD ON AGING AND LONG-TERM CARE

Ombudsman and Volunteer Coordinator Positions

Motion:

Move to modify the Governor's recommendations relating staff positions for the Board on Aging and Long-Term Care by: (a) providing \$34,300 GPR in 1997-98 and \$45,800 GPR in 1998-99 to support 1.0 GPR additional ombudsman positions for the Stevens Point office; (b) providing \$48,400 GPR annually to support 1.0 GPR volunteer coordinator position, beginning in 1997-98; and (c) reducing funding by \$22,900 GPR in 1997-98 to reflect a reestimate of funding required to support 2.0 GPR ombudsman positions recommended by the Governor.

Note:

This motion would increase the number of professional ombudsman staff recommended by the Governor by 1.0 GPR positions, beginning in 1997-98, so that a total of 3.0 additional professional ombudsman staff would be provided for the Board. The additional position that would be provided under this motion would be placed in the Steven's Point office. In addition, the motion would provide 1.0 GPR volunteer coordinator position for the Board, beginning in 1997-98. Finally, the motion would reduce funding by \$22,900 GPR in 1997-98 to reflect a reestimate of the costs of funding the 2.0 ombudsman positions recommended by the Governor.

[Change to Bill: \$154,000 GPR and 2.0 GPR positions]

MO# 430

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
LOURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

Motion #430

AYE 11 NO 5 ABS

BOARD ON AGING AND LONG-TERM CARE

LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
2	Miscellaneous Adjustments
3	Information Technology

Building Program

(LFB Budget Summary Document: Page 98.1)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
13,15&17	Increase of Enumeration Requirement to \$500,000 (Paper #195)
14,15&16	Exceptions to Enumeration Requirement (Paper #196)
3&4	Enumeration of Projects in 1999-2001 Biennium (Paper #197)
3&4	Enumeration of Secure Treatment Center (Paper #198)
9	Funding for Planning and Design of Projects (Paper #199)
5	WISTAR Funding (Paper #200)
6	Healthstar Funding (Paper #201)
-	Moveable Equipment Master Lease (Paper #202)
34	Local Inducements for State Building Projects (Paper #203)
22	Construction Contract Bids (Paper #204)
19	Bid Requirements for Projects Less Than \$100,000 (Paper #205)
20	Percent-for-Art Program (Paper #206)
1&18	State Fair Park Capital Budget (Paper #207)
1&7	Nash Automobile Museum (Paper #208)
1	Thompson Correctional Center Fence (Paper #209)
-	Veterans Home Bonding Appropriations (Paper #210)
-	Submission of the Capital Budget (Paper #211)
1,2&4	Minor Policy and Technical Changes -- Adjustments to a Project Enumeration and Bonding Amounts (Paper #212)
23	Minor Policy and Technical Modifications -- Debt Service on UW-Madison Athletic Facilities Maintenance (Paper #213)
1	Minor Policy and Technical Modification -- Ethan Allen Gatehouse (Paper #214)
-	Excess General Obligation Bonding (Paper #215)
-	Debt Service Estimates (Paper #216)

Agency: Building Program

Staff Recommendations:

(this is a base-level agency)

Paper No. 195: Alternative 2 (No action needed) 1 a b i c

Comments: Why give up this review authority, i.e., maintain current law. See paragraphs 1, 2 and 4.

Paper No. 196: Alternative 2 (No action needed)

Comments: See paragraphs 3, 4 and 6, and especially paragraph 14.

Paper No. 197: Alternative 2 (No action needed)

Comments: These can be enumerated in the next budget. See paragraphs 3, 4 and 5 and paragraphs 7 and 8 in next paper (No. 198.)

Paper No. 198: Alternative 3 (No action needed)

Comments: If Alt. 2 is passed in previous paper (No. 197), then this paper isn't needed—the issue is resolved. However, if Alt. 1 in Paper 197 is passed, then only Alt. 2 on this paper is appropriate for consideration—if anybody cares to go for it. (See paragraphs 6 and 7)

Paper No. 199: Alternative (No action needed)

Comments: See paragraphs 7 and 8. Alt. 2 is really a good alternative, if the next biennium enumerations aren't provided in Paper 197, i.e., there probably won't be as much need for advanced planning then.

Paper No. 200: Alternative 2

Comments: See paragraphs 3 and 4.

Paper No. 201: Alternative 2

Comments: More legislative oversight. See paragraph 6. Don't let the UW get away with blackmail once again, i.e., that's what Alt. 1 would do. See paragraph 7.

Paper No. 202: Alternative 2

Comments: FB seems to make a good case for Alt. 2 in paragraphs 11, 13, 14 and 15. But, Alt. 1 would also be okay. Do whatever Jensen wants.

Paper No. 203: Alternative 2 (No action needed)

Comments: See paragraphs 2 and 3.

Paper No. 204: Alternative 2 (No action needed)

Comments: This is a big one for DOJ. Make sure the gov's recommendation isn't approved. See paragraph 5. Frankly, we think this should have been identified as a policy item and removed.

Paper No. 205: Alternative 2 (No action needed)

Comments: See paragraphs 3, 4 5, 8 and especially 9. Also, note DFD's arguments in paragraph 7 are bogus. They just want to give out these nice contracts without public process or review.

Paper No. 206: Part A -- Alternative 2

Comments: See paragraph 2.

Part B -- Alternative 2

Comments: See paragraph 7. Alt. 3 would also be okay here.

Part C -- Alternative 2

Comments: See paragraph 8.

Paper No. 207: Part A -- Alternative 2

Comments: This is the State Fair Park capital budget. Have FB explain alternative carefully so as not to mess anything up. See paragraph 4 for Alt. 2 above.

Part B -- Alternative 1

Comments: See paragraph 15. Again, check with FB to be sure this sounds okay.

Part C -- Alternative ↴

Comments: See paragraphs 18 and 21.

Paper No. 208: Alternative 1

Comments: Hold your nose and do this one for Senator Wirch. Again, just supporting the gov.

Paper No. 209: Approve Modification to Base

Note: There is no Paper No. 210. Ask FB where it is. It was not included in our packets.

Paper No. 211: Alternative 1 and 2 (together)

Comments: See paragraphs 5 and 6. This gives the legislature and FB more time to review their budget submission.

Paper No. 212: Approve modification to base

Paper No. 213: Approve modification to base

Paper No. 214: Approve modification to base

Paper No. 215: Approve modification to base

Paper No. 216: Approve modification to base

Burke/Jensen Motion: For WILIS, Don Schneider has allegedly cut deal with Brancel. Tony Mason drafted it.

Burke Motion: Funding for East Wing of Capitol planning. Talk to Don Schneider.

*For items FB didn't prepare papers for, action is needed to include them.
Note: Ask FB to explain item #30, we got a letter saying AB 185 is supposed to be a compromise to what's in item #30. See if you think it should be taken out.*

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Increase of Enumeration Requirement to \$500,000 (Building Program)

[LFB Summary: Page 98.10 #13 and Page 98.11 #15 and Page 98.12 #17]

CURRENT LAW

In general, the Building Commission can authorize construction of a project costing more than \$250,000 only if the project is enumerated by the Legislature in the authorized state building program. Enumeration involves the Legislature approving a list of major projects, including the proposed budget and funding source for each project.

Other provisions relating to some aspect of the building program currently use a \$250,000 limit or threshold, including:

- (a) the total project budget for minor transportation projects funded from a Department of Transportation (DOT) segregated appropriation cannot exceed \$250,000;
- (b) the State Fair Park Board can approve privately owned or operated facilities on State Fair Park grounds if the cost is \$250,000 or less; and
- (c) in general, projects costing more than \$250,000 must include an amount for fine arts of at least 0.2% of the estimated project costs. Certain types of projects are excluded from this requirement, including: (1) repair and renovation, health, safety and environmental, energy conservation, handicapped access and advance property acquisition; (2) sheds, warehouses, highways and streets, utility projects or other buildings or spaces which are not open for public entry in the normal use of the building space; and (3) game farms, fish hatcheries, nurseries and other production facilities operated by the Department of Natural Resources.

BUILDING COMMISSION

Increase from \$250,000 to \$500,000 the amount of construction costs that could be authorized by the Commission without approval of the Legislature.

Further, increase other limits and thresholds from \$250,000 to \$500,000 as follows for: (a) DOT minor transportation projects from a DOT appropriation; (b) the State Fair Park Board for privately owned or operated facilities on state-owned property; (c) the threshold for the percent for the arts program.

DISCUSSION POINTS

1. The general requirement that construction projects costing over \$250,000 must be enumerated by the Legislature in the authorized state building program was established with Chapter 154, Laws of 1969. It is intended to ensure legislative review of each major project. A project enumeration simply lists the project and budget amount as part of the 1997-99 building program. In this way, the Legislature has some measure of oversight relating to the total capital budget. Project enumerations serve as a budgetary control similar to the appropriations process for operating budgets and establish the amount and purpose of funds that are provided for a project.

2. Increasing the exception to the enumeration requirement from \$250,000 to \$500,000 would increase Commission discretion over the building program. The Commission could authorize any project that is under \$500,000, within available funding.

3. The enumeration requirement has not changed since 1969. The type of project that could be built in 1969 for \$250,000 differs from a project costing \$250,000 today. The consumer price index for all urban consumers has increased over 300% during that period. If the \$250,000 amount were adjusted by the change in CPI, it would be equivalent to approximately \$1,000,000 in 1997.

4. However, it could be argued that it was not intended that the \$250,000 threshold increase with inflation. The change in the type of project that can be constructed with \$250,000 may accurately reflect the current attitude about the types of projects that can be authorized without approval by the Legislature.

Minor DOT Projects

5. Under current law, minor transportation projects can be funded from a Department of Transportation (DOT) segregated appropriation for amounts of \$250,000 or less. This provision was enacted in 1993 Wisconsin Act 16 as part of the biennial budget.

6. Under the recommendation, the appropriation could be used for projects that cost up to \$500,000.

State Fair Park Facilities

7. Generally, the Commission must approve construction of all projects on state owned property, even when the construction is funded by private entities. However, 1993 Wisconsin Act 16 authorized the State Fair Park Board to approve construction of privately owned or operated facilities up to \$250,000 without project enumeration.

8. The State Fair Park Board is comprised of seven members and must include the Secretaries of the Departments of Development and Agriculture, Trade and Consumer Protection (DATCP), or their designees. All other members are appointed by the Governor with consent of the Senate for staggered five-year terms. The State Fair Park Board was created in 1971 as a three-member board and was attached to DATCP. The Board became an independent body in 1990.

9. Under the recommendation, the Board could authorize construction costs up to \$500,000 on state-owned property without Commission approval. Although these are constructed as privately owned or operated facilities, the state could at some point be responsible for the facilities, if the private funding were to fail, since the facilities are located on state property.

Percent-for-Arts Program

10. The percent-for-arts program in state buildings was instituted in Chapter 221, Laws of 1979, to purchase original works of art for display in or around state buildings. A representative from the Building Commission, selected by the Chair, serves on all advisory committees responsible for selecting works of art. The Arts Board is the contracting agency for acquisition of art works. Preference is given to Wisconsin artists. Fine arts are funded from the source of funds for the projects. Participating agencies assume responsibility for the installation and preservation of the work.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to:
 - a. Increase from \$250,000 to \$500,000 the size of the project that could be authorized by the Commission without approval of the Legislature.
 - b. Increase from \$250,000 to \$500,000 the project size that can be funded from a DOT segregated appropriation.

c. Increase from \$250,000 to \$500,000 the amount of construction costs that could be authorized without Commission approval by the State Fair Park Board for privately owned or operated facilities on state-owned property.

d. Increase from \$250,000 to \$500,000 the threshold for the percent-for-arts program.

2. Maintain current law.

Prepared by: Al Runde

MO#

1abcd

BURKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
DECKER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
GEORGE	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
JAUCH	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
WINEKE	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
SHIBILSKI	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COWLES	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
PANZER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
JENSEN	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
OURADA	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
HARSDORF	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
ALBERS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
GARD	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
KAUFERT	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
LINTON	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COGGS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

AYE

NO

ABS

11 5 0

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Exceptions to Enumeration Requirement (Building Program)

[LFB Summary: Page 98.10, #14 and Page 98.11, #15 & #16]

CURRENT LAW

In general, the Building Commission can authorize construction of a project costing more than \$250,000, only if the project is enumerated by the Legislature in the authorized state building program.

BUILDING COMMISSION

Establish an exception to the requirement that projects exceeding the enumeration threshold (\$250,000 under current law, \$500,000 under the proposed building program) be enumerated by the Legislature. Under the proposed building program, an exception would apply to three categories of projects: (1) projects for which at least 50 percent of the project is funded from federal grants or private gifts or grants which could be built without enumeration if the Commission determines that the construction is in the best interests of the state and if the Joint Committee on Finance approves the project; (2) projects to replace or repair facilities destroyed or damaged by fire, flood, windstorms or other natural disasters, if the Joint Committee on Finance approves the project; (3) if the project is financed from federal funding received under the Federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), as amended, together with any special assessments or other matching funding as may be available for the project; a project could include: (a) site development; (b) improvements to land or facilities; and (c) other elements eligible for funding under the Act.

DISCUSSION POINTS

Projects 50 Percent Funded from Gifts or Grants

1. The general requirement that construction projects costing over \$250,000 must be enumerated by the Legislature in the authorized state building program is intended to ensure legislative review of each major project. A project enumeration simply lists the project and budget amount as part of the 1997-99 building program. In this way, the Legislature has some measure of oversight relating to the total capital budget. Project enumerations serve as a budgetary control similar to the appropriations process for operating budgets and establish the amount and purpose of funds that are provided for a project.
2. Historically, the Legislature has delegated authority to implement the state's building program to the Building Commission. However, the Legislature has maintained control over the approval process for the building program by generally enumerating projects costing over \$250,000, and by authorizing the bonding needed to fund capital projects in separate, agency-specific bonding appropriations established for this purpose.
3. Under this proposal, if 50 percent of the funds for a major project are from gifts, grants or other funds, approval by the Legislature would not be necessary, even though up to 50 percent of the costs would be funded by the state. This could significantly reduce the level of legislative oversight for building program projects.
4. Prior to 1991, session law provisions exempted projects from enumeration requirements if they were funded entirely from gifts, grants or federal funds and if the Joint Committee on Finance along with the Building Commission approved the project. In the 1991-93 biennial budget, the Governor vetoed the requirement that the Committee approve projects during the 1991-93 biennium that were funded fully by non-state funds. In the 1993-95 biennium, the Finance Committee deleted a provision that would have allowed the Commission to authorize projects funded with 50% gifts or grants without approval of the Legislature. During deliberations on the 1995-97 biennial budget, the Committee deleted a similar provision that would have exempted any project 65 percent funded from gifts, grants or federal funds from enumeration in the state building program.
5. One argument for this proposal is that it would allow the Commission to move quickly on its own authority to approve a project, if federal or gift and grant monies become available. Further, the recommendation would continue to require Joint Committee on Finance approval for such projects. However, the Legislature has many floor periods during its legislative session, so that a project could be enumerated in a timely manner in separate legislation, if necessary.
6. An argument against this proposal is that major projects should generally be reviewed by the Legislature, because there are debt service costs associated with any bonds

issued for the project. Further, even if a project is largely funded from gifts, grants or federal funds, the state could incur future expenses in staffing, operating and maintaining a structure once constructed. A major project constructed under the sole authority of the Building Commission could limit consideration of the state-wide implications of the construction, maintenance and ongoing operating cost of the facility.

Facilities Damaged by Natural Disaster

7. Chapter 39, Laws of 1975, provided that the Governor could authorize up to \$50,000 from the building trust fund to replace or repair facilities destroyed or damaged by fire, flood, windstorms or other natural disasters without having the projects enumerated in the state building program. In 1991 Act 39, the amount was increased to \$250,000 from the building trust fund or any other funding source and the Governor was required to report any exercise of authority under this section to the Commission at its next regular meeting.

8. Staff at the Division of Facilities Development within the Department of Administration indicate that if a natural disaster destroys state-owned property, state services may be restored more quickly if the Commission would be allowed to move on its own authority to repair or restore the facility. However, the Governor currently has authority to spend up to \$250,000 for this purpose without legislative approval, and it could be argued that more substantial use of state monies should be approved by the Legislature.

9. Retaining the enumeration requirement would allow the Legislature to deliberate whether a facility destroyed by natural disaster should be rebuilt in the same fashion, expanded upon or whether the purpose for which the building was initially constructed continues to exist. Further, if the building being repaired or rebuilt is a state facility, the state would be responsible for the future operation and maintenance of the facility, which would require state funds and therefore should be reviewed by the Legislature.

10. The recommendation would require Joint Committee on Finance approval for projects destroyed by natural disaster, before the Commission could proceed in repairing or restoring a facility with a project budget exceeding the \$250,000 enumeration requirement.

Projects Funded With Federal ISTEA Monies

11. As part of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), the Surface Transportation Program (STP) was created. The Act will expire on September 30, 1997. Under STP, federal funds are provided to implement state and local plans for highways, transit and other non-highways programs. STP requires 10% of funding be used for transportation enhancements, such as scenic beautification, historic preservation and environmental-related activities. The Wisconsin Department of Transportation (DOT) administers the program in the state.

12. The University of Wisconsin has been involved with DOT for a number of projects. In the past, these projects have generally involved beautifying the streets, or putting in visitor/information centers and bike or pedestrian paths through the campuses.

13. Under current law, the Building Commission has discretion over minor projects, since projects costing under \$250,000 (\$500,000 under the proposed building program) could be constructed without enumeration. The Legislature may want to consider larger projects in the context of the entire building program. A similar provision was recommended as part of the 1995-97 building program and was deleted by the Joint Committee on Finance.

14. One factor that warrants consideration is that the Governor could use a partial veto to convert these proposed limited exceptions to the current requirement for legislative approval of projects to, instead, authorize the Commission to build any project without approval by the Legislature.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to allow the Commission to authorize construction of projects costing in excess of the enumeration requirement (\$250,000 under current law), without approval of the Legislature, if:

(a) at least 50% of the project is funded from federal grants or private gifts or grants and the Commission determines that the construction is in the best interests of the state and the Joint Committee on Finance approves the project.

(b) the project repairs or replaces a building, structure or facility destroyed or damaged by fire, flood, windstorms or other natural disasters if the Joint Committee on Finance approves the project.

(c) the project is financed from federal funding received under the Federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), as amended, together with any special assessments or other matching funding as may be available for the project. A project could include: (a) site development; (b) improvements to land or facilities; and (c) other elements eligible for funding under the Act.

2. Take no action.

Prepared by: Al Runde

<p>To: Joint Committee on Finance</p> <p>From: Bob Lang, Director Legislative Fiscal Bureau</p>

ISSUE**Enumeration of Projects in 1999-2001 Biennium (Building Program)**

[LFB Summary: Page 98.6, #3, Page 98.7, #4]

BUILDING COMMISSION

Provide \$59,885,000 from all funding sources and enumerate the following projects for the 1999-2001 biennium.

Building Commission

Secure Treatment Center	\$30,000,000
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University of Wisconsin

Green Bay Academic Building	16,000,000
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Oshkosh Halsey Science Center	<u>13,885,000</u>
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Total	\$59,885,000
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Of the total, \$57,885,000 would be funded from general fund supported, general obligation bonding.

DISCUSSION POINTS

1. Enumerating projects for the next biennium would provide reasonable certainty that the projects would be built and those agencies that would use the building could plan accordingly. Further, knowing that the facility is approved to be built would allow DOA to

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Enumeration of Secure Treatment Center (Building Program)

[LFB Summary: Page 98.6, #3 and Page 98.7, #4]

BUILDING COMMISSION

Recommend the enumeration of a Secure Treatment Center under the Building Commission in the 1999-2001 biennium that would be used as treatment facility to house persons with mental illness. Increase the Building Commission's housing state departments and agencies, general fund supported, general obligation bonding authority by \$30,000,000.

DISCUSSION POINTS

1. 1993 Wisconsin Act 479 established the involuntary civil commitment procedures for sexually violent persons (SVPs). The proposed secure treatment center would be used to assist with the commitment and treatment of SVPS committed under the act.
2. Currently, the Wisconsin Resource Center (WRC) provides mental health services to two groups of individuals: (a) persons who have been involuntarily committed under civil law as a SVP; and (b) prison inmates who have been transferred for treatment of mental health problems from the state's correctional institutions.
3. In the previous legislative session, a total of \$18.5 million in bonding was authorized to construct a second WRC building with 300 beds to accommodate the growing population of SVPs and to maintain services for prison inmates. Construction of the new WRC facility has begun and is expected to be completed by December, 1997 or January, 1998.

4. At present, mental health services for SVPs and inmates are provided at two different facilities. At the current 160-bed WRC facility, 140 beds are allocated for treatment of SVPs and one, 20-bed unit has been retained for treatment of prison inmates. In addition, WRC staff use several buildings at the Oshkosh Correctional Institution, which provides 140 beds for the treatment of prison inmates. The Oshkosh units are only intended to be used on a temporary basis. The new facility on the WRC grounds is being constructed to serve prison inmates who require mental health services.

5. Prior to 1994-95, the current 160-bed Wisconsin Resource Center (WRC) facility was used exclusively to serve prison inmates. However, with the enactment of Act 479, the current WRC facility has been increasingly used to support services for SVPs, and has served fewer prison inmates. In order to maintain treatment services for prison inmates, the Oshkosh Correctional Institution units were established as a temporary facility until the new WRC became available.

6. On December 8, 1995, the Wisconsin Supreme Court upheld the constitutionality of Wisconsin's SVP commitment law. However, a case is currently before the U.S. Supreme Court that challenges the State of Kansas' SVP commitment law. Because Wisconsin's SVP commitment law is similar to the Kansas law, the Supreme Court decision may affect the status of Wisconsin's law.

7. The proposed Secure Treatment Center project would assist with providing treatment and housing of SVPs without diminishing the treatment services provided prison inmates. However, it could be argued that the project would not have to be enumerated at this time because: (a) the decision on the constitutionality of state SVP commitment laws similar to 1993 Act 497 could impact the need for the project; and (b) under the Building Commission's recommendations, the facility could not be constructed until the 1999-2001 biennium.

8. Conversely, enumerating the project for the 1999-2001 biennium at this time would provide more certainty that if needed the building would have legislative authorization to be built. Further, knowing that the facility is in line to be built would allow DOA to conduct more extensive design and planning for the facility to ensure that the facility could be constructed more quickly in the next biennium. However, the Legislature has many floor periods during its legislative session, so that a project could be enumerated in a timely manner in separate legislation, if necessary.

9. Despite being a Department of Health and Family Service's (DHFS) capital building program request, the secure treatment center project is being recommended for enumeration in the 1999-2001 biennium under the Building Commission's housing state departments and agencies appropriation. By enumerating the facility as a Building Commission project and providing additional bonding authority to the Building Commission, if the project is not built the Commission could use the bonding authority for other purposes related to projects in the category of housing state departments and agencies. Specifically enumerating the project

under DHFS would reduce the Commission's ability to use this bonding authorized for the project in 1999-2001 for other purposes, without legislative oversight, in the event the facility is not needed.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to enumerate a Secure Treatment Center under the Building Commission in the 1999-2001 biennium that would be used as treatment facility to house persons with mental illness. Further, increase the Building Commission's housing state departments and agencies, general fund supported, general obligation bonding authority by \$30,000,000.

2. Modify the Building Commission's recommendation and enumerate the facility as a Department of Health and Family Services facility. Further, reduce the Building Commission's housing state departments and agencies authorization and make a corresponding increase to DHFS's mental health facilities bonding authorization.

3. Take no action (if needed, the facility could be enumerated through subsequent legislation or in the next biennial budget process).

Prepared by: Al Runde

MO# 1142

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
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

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Funding for Planning and Design of Projects (Building Program)

[LFB Summary: Page 98.9, #9]

CURRENT LAW

Planning and design funds are currently provided from the building trust fund. Revenues to the building trust fund are any GPR funds provided by the Legislature as well as interest earnings which are retained by this segregated fund. Balances from the building trust fund are allocated by the Building Commission for advanced planning, among other activities, and the fund is reimbursed from bond proceeds for funds advanced for project planning and design once the projects are built.

BUILDING COMMISSION

Provide \$390,000 GPR in 1997-98 in an annual GPR appropriation that would be created for this purpose for transfer to the building trust fund. Modify an existing continuing SEG appropriation from the building trust fund to specify that the GPR funds transferred could be used for the advanced planning, preliminary studies and design or be transferred to other accounts within the building trust fund.

DISCUSSION POINTS

1. Including the WISTAR and Healthstar projects, for which much of the bonding could not be released until the 1999-2001 biennium, the recommended 1997-99 state building program would enumerate approximately \$641.3 million in projects to be funded from all

sources. If enumerated, these projects (excluding out-year WISTAR and Healthstar projects), with the Building Commission approval, could be planned for and constructed during the 1997-99 biennium.

2. Planning funds are generally advanced from the building trust funds, and when a project is constructed, a portion of the bonding proceeds or other funds used to finance the project are reverted back to the building trust fund to cover the costs of planning and design. DOA Division of Facilities Development (DFD) staff indicate that approximately \$8.7 million in planning funds would be needed for planning and design associated with proposed project enumerations for the 1997-99 biennium.

3. Although the Building Commission is requesting \$390,000 in planning funds to be deposited to the building trust fund and used for project planning and design purposes, DFD staff indicate a need of approximately \$1.9 million in additional planning funds in the biennium. However, DFD staff indicate that approximately \$1.7 million of this amount is attributable to advance planning for projects that are recommended to be, or may be, enumerated in the next biennium.

4. DFD staff indicate that current planning cost estimates and bonding reversions to the fund are only estimates and they believe that the Commission could have sufficient funds to plan for all the projects recommended for enumeration in the 1997-99 state building program. However, if the Commission would advance plan for projects not yet enumerated, the fund would likely end the biennium in a negative cash position.

5. Generally, the highest priority for the release of planning funds is for a building project that has been enumerated for construction in the current biennial state building program. Further, similar to concerns over enumerating projects in the out years, planning for projects in the next biennium could limit the ability of the 1999 Legislature to establish its priorities for the 1999-2001 building program. This could occur because once a project is planned for, there may be pressure on the subsequent Legislature to enumerate and construct the facility.

6. Advanced planning of future projects offers potential advantages to the state. Project implementation in the 1999-2001 biennium could be significantly accelerated if advanced planning funds would be released in the 1997-99 biennium. In addition, the Building Commission would have more detailed design and cost information available to it when considering these projects for the 1999-2001 building program.

7. If the \$390,000 in funding would not be provided, the Commission could likely meet its planning needs for projects enumerated in previous biennia and those proposed for enumeration in the 1997-99 state building program. However, providing no additional funding would limit the ability of DFD and the Commission to conduct advanced planning for projects yet to be enumerated or those proposed for enumeration in the 1999-2001 building program.

8. One other factor that warrants consideration is that the Commission currently has approximately \$490,000 available to it in the Joint Committee on Finance's GPR supplemental appropriation from the sale of surplus lands. If the Commission requests release of these monies before the end of the fiscal year, they would be deposited to the building trust fund and could be used to support advanced planning, or for other Commission activities.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to provide \$390,000 GPR in 1997-98 in an annual GPR appropriation that would be created for this purpose for transfer to the building trust fund. Further, modify an existing continuing SEG appropriation from the building trust fund to specify that the GPR funds transferred could be used for the advanced planning, preliminary studies and design or be transferred to other accounts within the building trust fund.

<u>Alternative 1</u>	<u>GPR</u>
1997-99 FUNDING (Change to Base)	\$390,000
[Change to Bill]	\$390,000

2. Maintain current law (no additional funding would be provided, however, the Commission and DOA could advance plan for projects to extent revenues in building trust fund allow).

MO# _____

Prepared by: Al Runde

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
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

___ AYE ___ NO ___ ABS ___

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

WISTAR Funding (Building Program)

[LFB Summary: Page 98.7, #5]

CURRENT LAW

The Wisconsin Initiative for State Technology and Applied Research (WISTAR), was created in 1991 Act 39 (the 1991-93 budget), as an eight-year statewide program to fund research and technology projects. The program includes projects relating to the construction of new research facilities, renovation and remodeling of existing research facilities, upgrading the infrastructure supporting research facilities and renovation of facilities which house applied research programs. Under current law, the amount of general obligation bonding authorized for the program increases from \$130 million in 1996-97 to \$150 million on July 1, 1997, which is the full amount of funding identified at the time the program was created in 1991. In addition, Act 39 created an enumeration for \$75 million of gifts and grants related projects for the WISTAR program.

BUILDING COMMISSION

Decrease the amount of general fund supported borrowing authorized for the Wisconsin Initiative for Technology and Applied Research (WISTAR) program prior to July 1, 1998, from \$150 million to \$130 million. Restore the amount of bonding authorized for the WISTAR program to \$150 million between July 1, 1998 and June 30, 1999, and increase the WISTAR bonding to \$170 million thereafter. Currently, \$150 million in bonding is available for the program as of July 1, 1997, and thereafter. The overall amount authorized for the program would be increased by \$20 million to \$170 million.

Specify that the general fund borrowing authorized (\$170 million after July 1, 1999) could be used for either WISTAR or the proposed Healthstar program. Further, provide that the Building Commission could authorize projects under WISTAR without specific enumeration in the state building program.

Provide that the Building Commission could adjust the amount enumerated for any WISTAR project listed in 1991 Act 39, provided the total amount of general fund supported borrowing for all WISTAR projects does not exceed the authorized amount. Further, require the Building Commission to determine, before authorizing any WISTAR project, that there are sufficient gifts, grants and other receipts received for the project so that those receipts account for at least 50% of the total funding for all WISTAR projects enumerated as partially funded from gifts and grants.

DISCUSSION POINTS

1. The Building Commission's recommendations would extend the WISTAR program into a ninth year and would provide an additional \$20 million of general obligation bonding, which could be used for WISTAR or Healthstar projects. In addition, the Commission could authorize other WISTAR and Healthstar projects without enumeration in the state building program.
2. Summaries relating to WISTAR indicate that there would be the need for an additional \$12.5 million of general obligation bonding to fund remaining projects in this area. In addition, \$7.5 million would be utilized for a project that is currently viewed as part of the Healthstar proposal. Further, the UW has indicated that it believes it can generate additional gift and grant funding for WISTAR projects, and needs an increase to the project enumeration to allow these monies to be utilized. The Building Commission recommendations represent one approach to accommodate this program expansion.
3. The Legislature uses project enumerations to maintain a degree of legislative oversight over the state building program. The recommendation which would allow the Commission to authorize WISTAR projects without enumeration would significantly reduce the role of the Legislature in reviewing these projects. Using this language, the Commission could build any project categorized as WISTAR or Healthstar, subject to the limit of available funding.
4. An alternative that would utilize project enumerations would be to: (a) establish a project enumeration for WISTAR projects with \$12.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; (b) establish a project enumeration for Healthstar projects with \$7.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; and (c) create a project enumeration for \$25 million of WISTAR projects with gift and grant funding. This alternative would provide project enumerations that are general in nature, so that the Commission would have flexibility in

implementing these WISTAR projects, but that would be more specific than providing Commission authority to build any WISTAR or Healthstar project without enumeration.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation.
2. Delete the Building Commission's recommendation and, instead: (a) establish a project enumeration for WISTAR projects with \$12.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; (b) establish a project enumeration for Healthstar projects with \$7.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; and (c) create a project enumeration for \$25 million of WISTAR projects with gifts and grants funding.
3. Take no action.

Prepared by: Dave Loppnow

MO#	<u>MTZ</u>			
1	BURKE	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	DECKER	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input checked="" type="radio"/> A
	GEORGE	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	JAUCH	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	WINEKE	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
	SHIBILSKI	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	COWLES	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	PANZER	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
2	JENSEN	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	OURADA	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
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	ALBERS	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	GARD	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	KAUFERT	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	LINTON	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	COGGS	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
	AYE	<u>14</u>	NO	<u>1</u> ABS