

1997-98 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance  
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR\_RCP\_pt01a
- 97hrAC-EdR\_RCP\_pt01b
- 97hrAC-EdR\_RCP\_pt02

- Appointments ... Appt
- 
- Clearinghouse Rules ... CRule
- 
- Committee Hearings ... CH
- 
- Committee Reports ... CR
- 
- Executive Sessions ... ES
- 
- Hearing Records ... HR
- 
- Miscellaneous ... Misc
- 97hr\_JC-Fi\_Misc\_Sept 24,1998\_pt08
- Record of Comm. Proceedings ... RCP
-

Sept. 24 1998

13.10 mty.

0-X1

IX-a. Department of Administration -- Richard G. Chandler, State Budget Director

Pursuant to s. 20.907 (1) the department requests the Committee's approval to accept gifts of \$10.00 and \$2.00, that have been given to the State of Wisconsin. The donors of the gifts have requested that the gifts be deposited in the budget stabilization fund. Until approval is given these funds have been deposited in the general fund.

Governor's Recommendation

Approve the request but deposit a total of \$12.31 to the budget stabilization fund, to reflect interest earned on the gifts since the date they were received by the state.



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864



IX-a

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

**Date:** September 18, 1998  
**To:** Members, Joint Committee on Finance  
**From:** Mark D. Bugher, Secretary  
Department of Administration  
**Subject:** Section 13.10 Request from the Department of Administration for Deposit of Gift Funds to the Budget Stabilization Fund

### Request

Pursuant to s.20.907 (1) the department requests the Committee's approval to accept gifts of \$10.00 and \$2.00, that have been given to the State of Wisconsin. The donors of the gifts have requested that the gifts be deposited in the budget stabilization fund. Until approval is given these funds have been deposited in the general fund.

### Background

Under s.20.907 (1), gifts to the State Of Wisconsin "...shall be legal and valid when approved by the joint committee on finance and shall be executed and enforced according to the instrument making the same...". Thus any financial donations to the state need the approval of the committee before they can be applied for the purposes they were given for.

In April 1998, the State Treasurer received checks of \$10.00 and \$2.00 from two Wisconsin citizens asking that the donations be deposited into the budget stabilization fund. Since that time, the checks have been deposited into the general fund awaiting Joint Committee on Finance approval of the receipt of the gifts.

### Analysis

The budget stabilization fund (s. 25.60) was created in 1985 Wisconsin Act 120, the 1986 budget adjustment bill. The stabilization fund was created after the state and much of the nation endured a difficult economic downturn during the early 1980's that necessitated budget reductions in a variety of state programs and agencies. This was true in many states and many of these states created "rainy day" or budget stabilization funds for the purpose of setting aside funds for a time period when state revenues may grow much more slowly than estimated or actually decrease.

In Wisconsin, a budget stabilization fund was established but there was no agreement on how monies would be put into the fund, nor under what conditions

9-XI

IX-b. Department of Administration and Legislative Fiscal Bureau -- Richard G. Chandler,  
State Budget Director

DOA and LFB request the Committee's approval of parameters for a study on the redesign of the state budget system and the release of \$60,000 GPR in one-time funding from the reserved portion of the Committee's appropriation under s.20.865(4)(a) to the DOA appropriation under s.20.505(1)(a) to hire a consultant to conduct the study.

Governor's Recommendation

Approve the request.

# STATE OF WISCONSIN

Department of Administration

101 East Wilson Street  
10<sup>th</sup> Floor  
Madison, WI 53703



Legislative Fiscal Bureau

One East Main Street  
Suite 301  
Madison, WI 53703

DATE: September 15, 1998

TO: Members  
Joint Committee on Finance

FROM: Richard G. Chandler, State Budget Director  
Department of Administration

Bob Lang, Director  
Legislative Fiscal Bureau

SUBJECT: Budget System Redesign Study Parameters and Funding

In accordance with 1997 Act 27, the Department of Administration and the Legislative Fiscal Bureau have jointly developed the parameters for a study on redesign of the state budget system. Upon approval of the study parameters by the Joint Committee on Finance, DOA and the Fiscal Bureau request the release of \$60,000 GPR placed in the Committee's supplemental appropriation to hire a consultant to conduct the study.

As directed by Act 27, the Department of Administration and the Legislative Fiscal Bureau have worked together to prepare the study parameters. We believe that the study, as outlined in the attached document, will allow the executive and legislative branches to fully evaluate the current budget system and develop strategies for future budget system redesign efforts.

Thank you for your consideration.

RGC/BL/lah/dls  
Attachment

system (PMIS). The budget computer system provides detailed appropriation information on a line item basis and is directly related to the Chapter 20 appropriation schedule in the statutes. The separate WisMart and PMIS systems are detailed tracking systems for all daily agency financial transactions and position related activities.

Because the current budget system developed incrementally, executive branch agencies, DOA and the Legislature do not fully utilize the benefits of improved information technology (IT) systems that are now available. DOA originally programmed, and currently maintains, the official automated state budget system. In addition, other executive branch agencies have developed automated systems for biennial budget development and implementation of operating budgets. The systems are not consistent and do not interface with the state budget system. The needs of each of the budget process participants are currently being met by individual systems which only minimally share data. This results in: (a) limited access to data; (b) duplicative data entry; and (c) limitations on the kind of budget information that could be used to evaluate spending proposals and monitor spending. Some of the important computer programs needed to create and maintain the budget are outdated and lack adequate documentation.

During the 1990's, the current central and agency budget systems have not been systematically evaluated for adequacy and efficiency or evaluated as to whether they are addressing the budget informational needs of executive and legislative decision makers. Benefits which could accrue from data sharing between the various participants in the state's budget process have also not been studied.

In general, the state has established an approach toward IT issues which examines these issues on a state governmentwide basis, rather than agency by agency. Since the budget system serves all of state government, the system is a good candidate for a review of how a redesign could address several significant needs from a statewide perspective. Leaders in both the executive and legislative branches have shown interest in bringing innovation into budgeting. For example, 1997 Act 27 requires that performance measurement be used by two pilot agencies (the Department of Transportation and the TEACH Board) for preparation of their 1999-01 budget requests.

Currently, the data entry and control functions of the state budget system are performed by DOA. Yet, staff in both executive branch agencies and the LFB have their own interests and needs which relate to differing responsibilities in the budget process. Each of these parties, however, also shares common interests in how the budget system functions and what goes into and comes out of these systems as it relates to these parties' respective work products. One of the focuses of this study would be to look at a shared data base concept, where the stewardship responsibilities for the system could migrate among the main participants in the budget process, giving each hands-on control and operation of the system at appropriate times.

### **Proposed Goals and Scope of Study**

- Verify the core data and information needs of executive and legislative branch participants in budget development and implementation.
- Document how or if these needs are being addressed by agency and statewide procedures and systems.

5. Identify problems and limitations executive and legislative branch users of the budget system currently experience. In this phase, the consultant would survey executive branch agencies, DOA and the LFB. Each of the survey participants would review and respond to the information generated.

6. Assess the adequacy of executive branch agency systems and their outputs in meeting the analysis needs of DOA and the Legislature. In this phase, the consultant would survey executive branch agencies and conduct on-site evaluations as necessary to determine system adequacy.

7. Identify alternate budget information which may be reasonably generated from the budget system that the executive and legislative branches may want to require agencies to collect; for example, performance or outcome measures.

8. Survey budget systems used by other state governments, utilizing the services of national governmental organizations, including the National Governor's Association and the National Conference of State Legislatures. In this phase, the consultant would analyze selected systems of other state governments with innovative and advanced budget systems that meet the needs of both the executive and legislative branches of government. The consultant would then develop detailed information from the selected states and incorporate this information into the final report.

9. Propose a continuum of changes and improvements that could be made, including feasibility, cost, timeline and environmental adaptations that would be needed for each. In this phase, the consultant would make recommendations on the modification of the budget system based on information generated in earlier phases of the study. DOA and the LFB would review the recommendations generated by the consultant.

### **Implementation Plan**

The following table provides a timeline for implementation of the budget system reengineering study. In order to meet the needs of both the executive and legislative branches of government, the study will be jointly administered by DOA's State Budget Office and the Legislative Fiscal Bureau.

September, 1998	DOA/LFB request funds for consultant
November, 1998	Request for Proposals developed by DOA/LFB
December, 1998	DOA distributes Requests for Proposals to potential consultants
February, 1999	Consultant is selected by DOA/LFB
April, 1999	Consultant delivers detailed implementation plan for addressing goals
May-July, 1999	Consultant surveys and interviews executive branch agency participants in the budget process and conducts other research activities
July-September, 1999	Consultant surveys and interviews legislative branch participants in the budget process and conducts other research activities
October, 1999	Consultant produces preliminary report for DOA and LFB review
November, 1999	Final report submitted to Governor and Legislature

X

X. Department of Employment Relations -- Jon E. Litscher, Secretary

The department requests an increase of \$149,300 PRO in spending authority and 1.0 PRO FTE project position in 1998-99 for the employe development and training services appropriation under s. 20.512(1)(jm). Of this amount, \$83,900 PRO is an annualized, ongoing increase in spending authority to support departmental training activities. This request was originally submitted under s. 16.515. An objection was raised by the Committee and the request was scheduled for a meeting under s. 13.10.

Governor's Recommendation

Approve the request.



XI. Department of Veterans Affairs -- Raymond Boland, Secretary

The department requests a base-building supplement of \$285,000 SEG in 1998-99 from the Veterans Trust Fund, through the Committee's appropriation under s. 20.865(4) (u), to the health care aids grant appropriation under s. 20.485(2)(vg), to cover the additional costs of increasing the denture cap to 25% of the funding authorized for this purpose in the Health Care Aid Grant Program.

Governor's Recommendation

Approve the request as one-time financing and direct the agency to keep a complete record of applications for the future. The agency should address permanent expenditure authority needs for the Health Care Aid Grant program in the biennial budget.



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864



XI

**Date:** September 18, 1998

**To:** Members, Joint Committee on Finance

**From:** Mark D. Bugher, Secretary  
Department of Administration

**Subject:** Section 13.10 Request from the Department of Veterans Affairs for Increased Expenditure Authority for the Health Care Aid Grant Program.

### Request

The Department of Veterans Affairs requests a base-building supplement of \$285,000 SEG in 1998-99 from the Veterans Trust Fund, to the health care aids grant appropriation s. 20.485(2)(vg) to cover the additional costs of increasing the denture cap to 25% of the funding authorized for this purpose in the Health Care Aid Grant Program (HCAG).

### Background

The Department of Veterans Affairs is authorized under ss. 45.351 (1g) to make grants to eligible veterans from the appropriation under s. 20.485 (2)(vg), health care aid grants for the following purpose: to provide temporary health care aid as the department deems advisable to prevent want or distress. The department defines the uses for the grants to include payment for all types of essential medical services, such as hospital and physician charges, some dental care, including dentures and denture repair, eye glasses or contact lenses, and hearing aids.

1997 Wisconsin Act 27 (the 1997-99 Biennial Budget) made the health care aid grant permanent, funded by the Veterans Trust Fund. Previously, the health care aid grant was due to sunset on June 30, 1997. The health care aid grant helps pay for medical treatment and hospitalization if the veteran and their family is unable to pay for such costs. The maximum amount for a grant is limited to a payment of up to \$5,000 per veteran or dependent for a 12-month period beginning with the first day of care for which the person seeks reimbursement. The department may not grant health care aid grants to an applicant if the combined liquid assets of the applicant and the applicant's dependents who are living in the same household with the applicant are in excess of \$1,000.

In FY91, a substantial portion of the funding available for the HCAG program was expended for dentures. To insure that funding would be available for other types of medical care, the amount available for dentures was capped at \$35,000 in FY92 and \$50,000 beginning in FY93. While demand for the HCAG program has increased from \$222,100 in FY92 to \$885,900 in FY98, the amount of the denture cap has not

who may send in their applications in at any time. They must wait for funding to be available to pay for their grant, often during the next fiscal year. Applicants gain their positions on the list through a lottery system. The total awaiting grants always exceeds the \$50,000 available. The waiting list of applicants, however, may not be a valid indicator or demand in 1999 and beyond. The reason is that DVA, when it nears exhausting its \$50,000 allocation, may notify County Veteran Service Officers (CVSO's) to stop referring applicants. Those veterans who apply get on the formal waiting list. The true demand therefore is probably understated.

An alternative to adding spending authority at this time would be for DVA to determine that a larger share than 5% of the current \$915,700 appropriation should be allocated for dentures. The department has indicated that it will not do this, suggesting that non-denture needs command a relatively higher priority. Given the growth in demand for all services in this program in recent years, it may be appropriate to evaluate the need for all services funded from the program in the context of the 1999-01 budget. Therefore, spending authority provided under s. 13.10 could be designated as non-base building, with the issue of appropriate ongoing expenditure authority for the program as a whole addressed in the biennial budget.

### **Recommendation**

Approve the request as one-time financing and direct the agency to keep a complete record of applications for the future. The agency should address permanent expenditure authority needs for the Health Care Aid Grant program in the biennial budget.

Prepared by: Deborah Uecker  
267-0371

result, the denture care needs of a substantial number of veterans and their families are not being met. This has a significantly negative effect on the health and welfare of the affected veterans. To address this problem, the department will be initiating an emergency administrative rule change that establishes a denture cap of 25% of the amount appropriated for the HCAG program. This action is strongly supported by the County Veterans Service Officers and the veteran community. The Wisconsin Board of Veterans Affairs has approved both the rule change and promulgation as an emergency rule pending the approval of the additional expenditure authority.

**How Request Meets Statutory Criteria for s. 13.10**

The request meets the criteria under s. 13.101 (3) because of the following reasons:

- Without the requested increase in expenditure authority, the department could not meet FY 99 additional demand for HCAGs that would result from raising the denture cap.
- Meeting those obligations is consistent with the legislative intent for the economic assistance provided under s. 45.351, Wis. Stats., including Health Care Aid Grants.
- No other funds are available to fund the increase in FY99 Health Care Aid Grant obligations related to dentures that would result from raising the denture cap.

Thank you for your consideration of this matter. If you have any questions or need additional information, please contact John Scocos at 266-3081.

Sincerely,

DEPARTMENT OF VETERANS AFFAIRS



RAYMOND G. BOLAND  
SECRETARY



STATE OF WISCONSIN  
DEPARTMENT OF VETERANS AFFAIRS



30 West Mifflin Street, P.O. Box 7843, Madison, WI 53707-7843  
(608) 266-1311 FAX (608) 267-0403  
1-800-947-8387 (WIS VETS)  
Tommy G. Thompson, Governor  
Raymond G. Boland, Secretary

June 1, 1998

Senator Timothy Weeden, Co-Chair  
Representative John Gard, Co-Chair  
Joint Committee on Finance

Dear Senator Weeden and Representative Gard:

From the appropriation under s. 20.485 (2) (vg), the Department of Veterans Affairs (DVA) makes grants to eligible veterans for health care aid to needy veterans. Under Chapter VA 2.01(2)(b), Wisconsin Administrative Code, not more than \$50,000 of the funding authority for the Health Care Aid Grant (HCAG) program can be expended for dentures. Although the demand for HCAGs has increased from \$222,100 in FY 92 to \$885,900 in FY 98, the cap on dentures has remained the same. The department is proposing to implement an emergency rule change that would increase the denture cap to 25-percent of the amount of expenditure authority appropriated for the program.

### Request

The Department of Veterans Affairs requests Joint Committee on Finance approval of an increase in expenditure authority in FY 99 of \$285,000 SEG in Appropriation 20.485 (2) (vg), Health Care Aid Grants. The requested expenditure authority is needed to cover the additional costs related to increasing the denture cap to 25% of the funding authorized for the program. The total amount of expenditure authority available for the program would be \$1,200,000. It is projected that FY 99 demand for non-denture related care will be approximately \$900,000. This means that \$300,000 would be available to fund dentures. Based on past experience, it is expected that \$300,000 should be sufficient to cover the demand for dentures. It is also requested that the increase in expenditure authority be base building. This will insure that the department will be able to meet future demand as well. There is no negative impact on the Veterans Trust Fund as a result of the request. The cash balance of the Trust Fund as of June 30, 1998 was at \$28.8 million.

### Background

Under the Health Care Aid Grant (HCAG) program, veterans and their families may qualify for a grant that helps pay for medical treatment and hospitalization if they are unable to pay for such costs. The maximum amount for a grant is \$5,000 per person per 12-month period. The grant may be used to cover payments for all types of essential medical services, such as hospital and physician charges, some dental care, including dentures and denture repair, eye glasses or contact lenses, and hearing aids. This is a financial needs based program where an applicant must have exhausted all of his/her financial resources in order to qualify for a grant.

In FY 91, a substantial portion of the funding available for the HCAG program was expended for dentures. To insure that funding would be available for other types of medical care, the amount available for dentures was capped at \$35,000 in FY 92 and \$50,000 beginning in FY 93. The amount of the denture cap has not been increased since that time. Based on the current cap, only about 5-percent of the available funding could be used for dentures. As a



XII. University of Wisconsin System, UW-Madison, Division of Intercollegiate Athletics  
-- John Torphy, Vice Chancellor, UW-Madison

The Governor recommends approving 15.0 permanent FTE positions of the 20.83 FTE positions requested by the UW System and further recommends approving \$247,418 in increased expenditure authority (of the \$304,377 requested) in FY99 in the agency's PR appropriation under s. 20.285 (5) (h), auxiliary enterprises. The recommended expenditure authority includes funding for 4.17 FTE to expand staff in the Division of Intercollegiate Athletics and for additional fringe benefit costs associated with the conversion of an equivalent of 10.83 FTE from LTEs to permanent FTE. This request was originally submitted under s. 16.515. An objection was raised by the Committee and the request was scheduled for a meeting under s. 13.10.



XIII. State Historical Society of Wisconsin -- George Vogt, Director

The State Historical Society requests the transfers of 1.0 GPR FTE unclassified position from the executive and administrative services general program operations appropriation under s. 20.245(4)(a) to the historic and burial sites preservation general program operations appropriation under s. 20.245(3)(a) and 1.0 GPR FTE classified position from the appropriation under s. 20.245(3)(a) to the appropriation under s. 20.245(4)(a).

Governor's Recommendation

Approve the request.



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

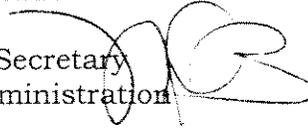
Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864



XIII

**Date:** September 18, 1998

**To:** Members, Joint Committee on Finance

**From:** Mark D. Bugher, Secretary  
Department of Administration 

**Subject:** Section 13.10 Request from the State Historical Society of Wisconsin for transferring unclassified position between appropriations.

### Request

The State Historical Society requests the transfer of 1.0 FTE unclassified GPR position from the executive and administrative services general program operations appropriation (s. 20.245(4)(a)) to the historic and burial sites preservation general program operations appropriation (s. 20.245(3)(a)) and 1.0 FTE classified GPR position from the appropriation under s. 20.245(3)(a) to the appropriation under s. 20.245(4)(a).

### Background

The Division of Historic Preservation (DHP) is responsible for administering a comprehensive program of historic preservation. Duties of DHP include identifying places of architectural, historical, and archaeological significance, administering federal grants, and the restoration and rehabilitation of historic properties.

In August 1997, the DHP Administrator retired. The retiring administrator was a classified employe funded under the agency's historic and burial sites preservation general program operations appropriation (s.20.245(3)(a)). Once the position was vacant, the State Historical Society (SHS) concluded that the position should be changed to unclassified for two reasons. First, the position requires a great deal of public relations skill and sensitivity to issues surrounding preservation projects. Second, the other division administrators in the SHS that serve similar public functions are unclassified.

Based on these conclusions, the SHS advertised the position vacancy as unclassified. After a competitive search, the SHS offered the position to a candidate. The candidate accepted and will start in late September.

Section 230.08 (2)(e), Wis. Stats., limits the SHS to no more than six unclassified division administrators. All six unclassified positions are currently filled, leaving the SHS without an unclassified position to use in DHP. However, the SHS is currently using one of its unclassified positions to direct its Office of Human

Finally, does the request constitute an emergency? Since the SHS advertised and offered the position as unclassified, and had the offer accepted with that understanding, denying the request could put the SHS in a difficult position with respect to the individual who was offered the position. Conversely, the Society's strategy in filling this position, in large part, created the situation in which it now finds itself. Although the SHS had apparently discussed having an unclassified administrator of DHP since the time of the 1997 reorganization, it did not discuss options with DOA until after the position had been advertised, offered and accepted as unclassified. This makes it difficult for both DOA and the Joint Committee on Finance to evaluate the request purely on its merits. It should be made clear to the SHS that future requests like this should be submitted and approved prior to implementation.

Despite the unfortunate timing of the SHS, the request reflects sound policy and appears not to violate the state Compensation Plan. Therefore, it is reasonable to recommend that the request be approved.

**Recommendation**

Approve the request.

Prepared by: Joshua Hummert (4-8259)



# State Historical Society of Wisconsin

816 State Street ♦ Madison, Wisconsin 53706-1488 ♦ 608/264-6400 ♦ Fax: 264-6404

September 2, 1998

TO: Senator Timothy Weeden, Co-Chair  
Representative John Gard, Co-Chair  
Joint Committee on Finance

FROM: George Vogt, Director  
State Historical Society

SUBJECT: Request to Transfer GPR Positions Between Appropriations

## Brief Summary of the Request

Transfer 1.0 unclassified GPR position [that of the head of the Office of Human Resources] from the appropriation under section 20.245(4)(a) of the Statutes to the appropriation under section 20.245(3)(a) of the Statutes [to become the head of the Division of Historic Preservation] and 1.0 classified GPR position from the appropriation under section 20.245(3)(a) of the Statutes [that of the head of the Division of Historic Preservation] to the appropriation under section 20.245(4)(a) of the Statutes [to become the head of the Office of Human Resources].

## Background of the Request

Following the retirement of the Society's Administrator of the Division of Historic Preservation in August, 1997, consideration was given to proposing the position be converted from its classified status to unclassified status. Because of the public relations and sensitivity skills needed for the position, it was concluded the position should be unclassified. In addition, all other Society division administrators in charge of divisions providing "external" services were unclassified.

Section 230.08(2)(e) of the Statutes allows the Society no more than six unclassified division administrators. Presently, the Society has six unclassified administrator positions in charge of the Archives, Library, Museum, Historic Sites, Human Resources and Development functions. In addition, the unclassified State Historian position heads the Division of Public History. That position is designated as an unclassified position under section 230.08(2)(c) of the Statutes. Because of these authorizations for the number of Society unclassified positions, if the Historic Preservation division administrator position would become unclassified, an existing unclassified division administrator position would have to become classified.

As the result of a recent reorganization, the Division of Management Support Services became the Office of Human Resources. Since positions typically in charge of such functions are classified, it seemed appropriate to consider converting the position in charge of the Office from



XIV. Department of Workforce Development -- Linda Stewart, Secretary

The department requests the transfer of \$338,500 GPR from the Committee's appropriation under s. 20.865(4)(a) and \$83,600 GPR from the vocational rehabilitation services general program operations appropriation under s. 20.445(5)(a) to the vocational rehabilitation services purchased services for clients appropriation under s. 20.445(5)(bm), to prevent federal funds for vocational rehabilitation from lapsing.

Governor's Recommendation

Approve the request for FY99.



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864



XIV

**Date:** September 18, 1998

**To:** Members, Joint Committee on Finance

**From:** Mark D. Bugher, Secretary   
Department of Administration

**Subject:** Section 13.10 Request from the Department of Workforce Development for transfer of GPR to Division of Vocational Rehabilitation.

### Request

The department requests the transfer of \$338,500 GPR from the Committee's appropriation under s. 20.865(4)(a) and \$83,600 GPR from the vocational rehabilitation services general program operations appropriation under s. 20.445(5)(a) to the vocational rehabilitation services purchased services for clients appropriation under s. 20.445(5)(bm), to prevent federal funds for vocational rehabilitation from lapsing.

### Background

The Division of Vocational Rehabilitation (DVR) is responsible for administering programs and providing services that enable disabled people to obtain the skills needed to secure employment and function independently. Services include basic vocational rehabilitation services, supported employment, independent living services, rehabilitation teaching programs, a business enterprise program, and home based enterprise. DVR's revenue comes through a federal matching funds program that provides money based on a 78.7% federal funds / 21.3% state funds formula. The resources used to provide the matching dollars come from three DWD appropriations: vocational rehabilitation services (VRS) general program operations (s.20.445(5a)), VRS purchased services for clients (s.20.445(5)(bm)), and VRS contractual services aids (s.20.445(5)(gp)).

State funding is primarily of two types, GPR and Program Revenue. The PR funds available to DVR are generally in the form of third party match. Third party match refers to funds used to match federal funds that come from 1) a state agency other than the DVR, 2) a local government agency such as a county social services department, or 3) a non-profit organization such as a United Way agency. Over time DVR has come to rely more heavily on third party match. In the last two budgets, \$1,000,000 of DVR's GPR authority has been converted into program revenue authority. The Governor's and Legislature's intent was for DWD to increase the amount of matching funds it receives from third party sources while maintaining the expected level of service to DVR clients. Between 1991 and 1998, the percentage of total service funds that come from third party match has

third party match strategy. Even if the appeal results in an unfavorable ruling, DVR is free to pursue other strategies for securing third party funds. One new strategy that DVR and DWD are currently exploring is the possibility that existing state funding in other departments may be eligible for use as match.

RSA raised concerns about DVR's pursuit of donated funds contracts. The RSA is questioning DVR's approach of requiring non-state agencies to provide third party match as a condition of receiving federal funds. These donated fund contracts currently represent a major part of DVR's long-term third party match strategy, but a temporary transfer should allow DVR time to modify its strategy. It is also important to note that the funds DWD is requesting to reallocate are one-time only funds. Should the federal government deny the appeal, the state would need to develop a long-term solution.

Third, what are the consequences of denying DWD's request?

- *Loss of federal funding:* Denying DWD's request will not have an immediate impact on DVR's funding. DVR will renew enough existing third party contracts to fully capture the federal allotment for FFY 1998. However, denying the request would move the unmet need forward into FFY 1999. If DVR cannot secure more third party contracts before the end of FFY 1999, they will lapse a total of \$1,559,950 in federal funds.

RSA has expressed concern to DVR over lapsing funds late in the fiscal year and has requested DVR take measures in the future to minimize its unobligated balances. It is uncertain at this time what action RSA will take if DVR does not follow this request.

- *Closing an OOS:* To cope with reduced federal funds, DVR may close an order of selection (OOS). OOS generally refers to the process of ranking DVR clients in categories by the severity of their disabilities to determine what services clients receive and the levels of service. By closing an order of selection, DVR would stop serving the least disabled clients.
- *Failure to meet MOE:* In the long-term, denying this request could cause RSA to rule that DVR has not met its maintenance of effort (MOE) requirement. For DVR the MOE is equal to the level of spending in the FFY two years ago. For FFY 1998, DVR is required to have at least as much non-Federal match as it did in FFY 1996 or risk having federal funding for that FFY cut by the same amount that the MOE is deficient.

Fourth, do the funds requested by DWD meet the needs of DVR? The \$338,500 transferred from the KIDS appropriation (s.20.865(4)(a)) can serve as non-Federal matching funds. Transferring the \$83,600 from general program operations (s.20.445(5)(a)) will not result in additional federal match, however. As part of DVR's general program operations (s.20.445(5)(a)), these funds already accumulate match. Moving these funds will not reduce DVR's state match deficit.

Tommy G. Thompson  
Governor  
  
Linda Stewart  
Secretary



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

State of Wisconsin

Department of Workforce Development

September 2, 1998

The Honorable Tim Weeden  
Senate Chair, Joint Committee on Finance  
1 East Main Street, Room 203  
Madison, WI 53702

The Honorable John Gard  
Assembly Chair, Joint Committee on Finance  
315 North State Capitol  
Madison, WI 53702

Dear Senator Weeden and Representative Gard:

The Department of Workforce Development (DWD) requests approval of the Joint Committee on Finance under s. 13.10 to transfer \$338,500 GPR in 1998-99 from the Committee's appropriation under s. 20.865(4)(a) and \$83,600 GPR from the appropriation under s. 20.445(5)(a) to the Department's appropriation under s. 20.445(5)(bm) for vocational rehabilitation services. This request is to make the transfer a permanent adjustment to the appropriation's base budget.

The Committee currently has \$338,500 GPR in its appropriation that was reserved for KIDS systems changes in 1997-98. In June, the Department presented a s. 13.10 request that asked that these funds remain in the JFC appropriation as a reserve. The Committee approved this request. The Department now requests that the \$338,500 be transferred to the Division of Vocational Rehabilitation (DVR) case aids appropriation.

Costs of operating and maintaining the state accounting system (WISMART) in DOA are charged back to agencies proportionately across respective funding sources. Recently, the method for transmitting financial transactions to (WISMART) has been changed and as a result, costs have decreased for the Department. When allocated across department funding sources, the GPR costs of these financial service chargebacks for DVR will be less than the amount budgeted for this purpose. The Department requests that \$83,600 GPR saved as a result of these reduced charges be transferred from the state operations appropriation to the aids appropriation for services to individuals with disabilities.

During development of the 1997-99 biennial budget, the legislature anticipated the possibility that vocational rehabilitation services might need a supplement. Therefore, Wisconsin Act 27, section 9126 (3m), created a specific nonstatutory provision detailing criteria which the Division of Vocational Rehabilitation could use to assess the need for seeking an adjustment. Section 9126 (3m) states that:



*In the event that amounts appropriated ... are insufficient ... and matching funding is not available ... the department may make a request under section 13.10...*

Budget adjustments in the last two biennia have converted \$1.0 million in GPR authority for DVR into program revenue authority. Since DVR's primary funding mechanism is a federal-state matching program with a match ratio of 78.7% to 21.3%, this conversion has translated into an increased need for obtaining third-party matching funds.

At this time, financial records and increased experience with third-party issues, indicate that the combination of appropriated GPR plus program revenue and third-party matching funds will not be sufficient to fully capture the federal funds being made available to Wisconsin. The table below summarizes the current structure for matching the federal allotment.

**Federal Allotment and Associated Match**

FFY	Initial Allotment	Total Match Required	GPR & PR Match Available	3rd-Party Needed	3rd-Party Commitments	Unmet Need
1998	\$45,834,500	\$12,405,000	\$ 10,924,000	\$1,481,000	\$ 1,245,800	\$235,200
1999	\$46,934,750	\$12,702,800	\$ 10,899,500	\$1,803,300	\$ 1,616,400	\$186,900
<b>Total Unmet Need</b>						<b>\$422,100</b>

The SFY99 statutory authority for GPR alpha aids appropriation 20.445 (5)(bm) is \$5,354,500. This appropriation allows for the purchase of goods and services related to vocational rehabilitation as authorized under chapter 47, Wis. Stats. Because this is an aids appropriation, there are no budgeted FTE's. There have been no prior 13.10 requests on behalf of DVR.

Before the conversion of \$1.0 million in GPR authority to PR authority, DVR's standard third-party partnerships took place with government entities. Many of these relationships have been maintained. However, the necessary expansion of third-party agreements is governed by federal regulations. These regulations place restrictions on the source of funds and require that funds supplement, not supplant, existing services or be used to provide new services. The effect of these conditions, in practice, is that third-party funds are generally not a direct replacement for discretionary GPR and PR matching funds.

While DVR has increased the amount of third-party activity through renewal of existing contracts and development of new contracts, recently enacted federal regulations related to 'contributed funds' have created contracting limitations that make further expansion difficult. In August, the US Department of Education's Rehabilitation Services Administration informed DVR that the use of contributed funds would not qualify as match due to reversion to donor restrictions.

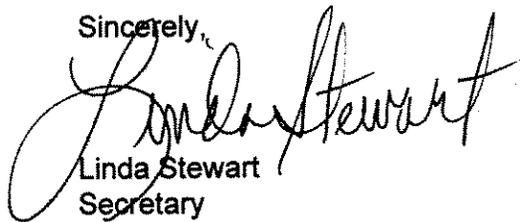
The Honorable Tim Weeden  
The Honorable John Gard  
September 2, 1998  
Page 3

DVR's plan for covering the unmet need, as shown above, was to make use of contributed funds as match. Because this option is not available, DVR will renew \$235,200 in expiring third-party agreements on September 30, 1998. This will prevent the lapsing of federal funds in FFY98. The effect, however, is to simply move the unmet need forward into FFY99. Therefore, under the current structure for matching the federal allotment, DVR will lapse a total of \$1,559,590 in federal funds in FFY99.

Since the federal allocation is greater than the resources available to match it, reallocation of the base budget is not an option. For the same reason, waiting for the biennial budget is not a viable alternative due to the resulting lapse of federal funds. Should this request not receive Joint Committee on Finance approval, the immediate effect will be the lapse of federal funds. Longer term impacts of not approving the request will include decreased federal allocations due to not meeting maintenance of effort requirements and closure of additional order of selection categories to ensure funding is available to provide full vocational rehabilitation services to eligible consumers.

I will be representing the Department at the September 24, 1998 s. 13.10 meeting.

Sincerely,



Linda Stewart  
Secretary

24

XV. Department of Natural Resources – H. Stan Druckenmiller, Executive Assistant

The department requested approval of the purchase of 80 acres in Washington County from Mark and Susan Landt for the Kettle Moraine State Forest – Loew Lake Unit under the 14-day passive review required under s. 23.0915(4).

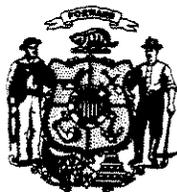
The department requested approval of the purchase of 94.94 acres near Baileys Harbor in Door County from Edward and Marian Augustine under the 14-day passive review required under s. 23.0915(4).

Due to an objection from a committee member, these requests are now before the committee under s. 13.10.

# STATE OF WISCONSIN

SENATE CHAIR  
**TIMOTHY WEEDEN**

Room 203, 1 East Main Street  
P.O. Box 7882  
Madison, WI 53703  
Phone: 266-2253



ASSEMBLY CHAIR  
**JOHN GARD**

315 North, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-2343

## JOINT COMMITTEE ON FINANCE

September 17, 1998

Secretary George Meyer  
Department of Natural Resources  
101 S. Webster St., 5<sup>th</sup> Floor  
Madison, WI 53703

Dear Secretary Meyer:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated August 28, 1998, pursuant to s. 23.0915(4), Stats. The request concerns a proposed 80-acre state land purchase from Mark and Susan Landt in the amount of \$485,000.

The Committee will consider this request at its September 24, meeting to be held at 1:30 p.m. Therefore, the request is not approved at this time.

Sincerely,

Handwritten signature of Tim Weeden in black ink.

TIM WEEDEN  
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD  
Assembly Chair

TW:JG:dh

cc: Members, Joint Committee on Finance  
George Meyer, DNR Secretary  
Robert Lang, Legislative Fiscal Bureau  
Vicky LaBelle, Department of Administration

# STATE OF WISCONSIN

SENATE CHAIR  
**TIMOTHY WEEDEN**



ASSEMBLY CHAIR  
**JOHN GARD**

Room 203, 1 East Main Street  
P.O. Box 7882  
Madison, WI 53703  
Phone: 266-2253

315 North, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-2343

## JOINT COMMITTEE ON FINANCE

September 17, 1998

Secretary George Meyer  
Department of Natural Resources  
101 S. Webster St., 5<sup>th</sup> Floor  
Madison, WI 53703

Dear Secretary Meyer:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated August 28, 1998, pursuant to s. 23.0915(4), Stats. The request concerns a proposed 94.94-acre state land purchase from Edward and Marian Augustine in the amount of \$1,120,000.

The Committee will consider this request at its September 24, meeting to be held at 1:30 p.m. Therefore, the request is not approved at this time.

Sincerely,

Handwritten signature of Tim Weeden in black ink.

TIM WEEDEN  
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD  
Assembly Chair

TW:JG:dh

- cc: Members, Joint Committee on Finance
- George Meyer, DNR Secretary
- Robert Lang, Legislative Fiscal Bureau
- Vicky LaBelle, Department of Administration