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
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Sept. 24 1998 13.10 mtg.

Legislative Fiscal Bureau
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development: Section 13.10 request to Transfer Funding to the Division of Vocational Rehabilitation Client Services Appropriation – Agenda Item XIV

The Department of Workforce Development (DWD) requests the transfer of $338,500 GPR from the reserve in the Joint Committee on Finance's GPR appropriation [20.865(4)(a)] and $83,600 GPR from the Department's Division of Vocational Rehabilitation (DVR) general program operations appropriation [20.445(5)(a)] to the Division's purchased services for clients appropriation [20.445(5)(bm)] in 1998-99.

BACKGROUND

Under current law, DVR is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Rehabilitation services provided by Division staff include individual assessments and evaluations, developing individualized rehabilitation programs, obtaining physical and psychiatric treatment, and securing and supervising other services, such as vocational training, that are part of an individual's vocational rehabilitation program. The individual rehabilitation programs are designed to assist the person to become capable to compete in the labor market, practice a profession, be self-employed, raise a family and make a home, and participate in sheltered employment or other gainful work.

Under Title I-B of the federal Vocational Rehabilitation Act, state funding of 21.3% is required as a match to federal funding of 78.7% for vocational rehabilitation services which move a disabled person toward employment.

ANALYSIS

Disabled individuals apply for services at one of the 21 DVR field offices and staff counselors arrange medical, psychological and vocational evaluations to determine eligibility and for subsequent rehabilitation services for those deemed eligible. The field staff develop individual rehabilitation plans, provide guidance and counseling, and in some cases, job placement services. Other services that are provided can include medical treatment, transportation, training and education at technical schools, and occupational licenses, tools, equipment and supplies. DVR counselors purchase required services and materials for individual clients from local vendors.

DVR also provides for certain rehabilitation services that are needed for individual rehabilitation plans through contracts with other governmental agencies. Counselors develop plans for services for individual clients and the plans are reviewed to determine client needs. In certain cases, DVR contracts with governmental units to provide ongoing, new or expanded services based on these client needs. For example, DVR could contract for interpreter or job training services offered by a technical college. The governmental units can contract with private, nonprofit organizations to provide these services. Typically the DVR client is given a purchase order for the services and the agency is reimbursed for services provided.

The primary source of funds for DVR rehabilitation services is Federal Title I-B funds. Each year the federal government allocates a certain amount of these funds to each state. A match of 21.3% state funds to 78.7% federal funds is required to receive federal monies. A state must provide the required amount of matching funds or it will not receive its total federal allotment for that year. This funding is used to provide services to disabled individuals and to cover related administrative and operational expenses. The total amount of Title I-B funds allocated to Wisconsin is $45,834,500 for federal fiscal year 1998 and $46,934,750 for federal fiscal year 1999.

State matching funds are provided through DVR program revenue and GPR appropriations and third-party contracts. DVR funding of $10,390,200 GPR and $376,500 PR in state fiscal year 1997-98 and $10,330,400 GPR and $380,300 PR in state fiscal year 1998-99 was appropriated to match federal Title I-B funds.

Third-party contracts generally involve an agreement between DVR and another governmental agency. The governmental agency typically agrees to provide a rehabilitation service and the 21.3% in matching funds required to capture the federal funds. As a result, the services that a vocational rehabilitation counselor might otherwise purchase for a client with state GPR funds would be provided through a contract with the third-party agency.

Historically, DVR has used third-party contracts to provide a portion of the state match used to capture federal vocational rehabilitation funds. Often, the third-party governmental agencies can provide general, new or expanded services to DVR clients. However, in recent years, DVR has increased its use of third-party contracts as a source of state matching dollars. The percentage of total client service funding provided through third-party contracts will increase from 2.3% in federal fiscal year 1992 to an estimated 24.1% in federal fiscal year 1999. A significant factor in the increased reliance on third-party dollars is the reduction of GPR matching funds. In both the 1995-97 and 1997-99 biennial budgets, annual base level GPR funding for client services was reduced by $500,000. In both cases, DVR increased the amount of third-party matching funds to offset the loss of GPR. As a result, DVR relies on obtaining a certain amount of third-party matching dollars to capture the total amount of federal rehabilitation funds that are allocated to Wisconsin.

how it works

The increasing use of third-party matching funds has proven to be controversial. The GPR matching funds that are appropriated to DVR for client services are typically distributed to vocational rehabilitation counselors in the Division's district offices. The counselors use this money to purchase services and materials for individual clients. The decrease in base level GPR funding reduced the amount of funds available for individual counselor budgets. Instead, matching funds from third party contracts was substituted. The provision of some services through contracts with governmental agencies rather than individual purchases can be workable. However, a number of advocates and officials believe there are serious problems with the current situation.

A primary criticism of the use of third-party contracts is that the services that are purchased through the contracts do not always match the needs of individual clients. Also, many of the contracted services are not directed at severely disabled individuals. For example, a contract for interpreter services will not benefit people with orthopedic impairments. In some cases, the services may match individual needs but be provided at a location some distance from the client. In these instances, the transportation costs can further reduce counselor budgets. On the other hand, counselors can often avoid these problems by purchasing individual services and materials with the GPR funding. Many also believe that the GPR reduction caused a temporary shortfall of funding for individual client services earlier this year and led to the temporary denial or delay of services to disabled persons.

Conversely, some have criticized DVR for not fully exploring all possible methods for capturing third-party funding that would match client needs. Federal regulations allow the use of matching funds from cooperative agreements, establishment grants and contributions. DVR has primarily relied on cooperative agreements for third party matching funds. It could be argued that the Division should attempt to obtain matching funds through establishment grants and contributions. However, the Division has entered into a memorandum of agreement with Rehabilitation for Wisconsin to provide matching funds for establishment grants. DVR also attempted to establish an agreement for contributions with Badger Association of the Blind but the federal Rehabilitation Services Administration found that the agreement did not comply with federal regulations.

RFW agreement

DWD is requesting the transfer of GPR funding to DVR's client services appropriation. The Department indicates that the current appropriated amount of state GPR and PR funding and expected third party matching funds will not be sufficient to capture the total amount of federal funding allocated to Wisconsin for federal fiscal years 1998 and 1999. The Department does not expect to be able to generate the amount third part matching funds that would be necessary given the level of GPR and PR funding. In addition, a provision included in the 1997-99 budget gives DVR specific authority to request GPR funding if third-party matching funds are not available to offset the reduction in GPR matching funds. DWD has requested transfer of $338,500 GPR from the Committee's GPR appropriation and $83,600 GPR from the DVR's state operations appropriation.

The $338,500 GPR in the Committee's appropriation was part of a larger amount of 1997-98 funding that was placed in the appropriation in 1997 Wisconsin ACT 27 (the 1997-99 budget) to fund the KIDS computer system. That amount was left in the appropriation after the Committee voted to transfer the remaining balance of KIDS funding at the December 1997, s. 13.101 meeting. The Committee voted to maintain the $338,500 as a reserve at the June 1998, s.13.101 meeting. DWD now indicates that it does not anticipate using the funding for the KIDS system.

The $83,600 GPR in DVR's general program operations appropriation is funding that was appropriated to cover the costs of transmitting financial transactions to the state computerized accounting system (WISMART). The method of transmitting the information has changed and the related costs have decreased. As a result, that funding is not needed to pay transmission charges.

In its request, DWD indicates that the total of $422,100 in GPR funding that would be transferred should be sufficient to provide a match for the state's entire federal allotment of vocational rehabilitation funds for federal fiscal years 1998 and 1999. In addition, the funding would increase DVR's GPR base level funding for client services to increase the amount of GPR matching funds for future years. Since the Department submitted its request, the expected amount of GPR and PR matching funds has changed. As a result, the additional amount of GPR funding that would be required in 1998-99 to provide a sufficient match for federal funds has increased to $669,800.

The table below shows the Federal allotments and the related matching funds for federal fiscal years 1998 and 1999. The table shows state GPR and PR matching funds and the expected third party matching dollars. Note that the state GPR and PR match are state fiscal year amounts while all other amounts in the table are for federal fiscal years. Also, fiscal year 1998-99 GPR and PR amounts include the expected pay plan and rent supplements. As the table shows, the client services appropriation would need $669,800 GPR in additional funding in 1998-99 to have sufficient matching funds to capture the entire federal allotments for 1998 and 1999.

Federal Vocational Rehabilitation Allotment and State Matching Funds*

Fiscal Year	Federal Allotment	Total Required Match	State GPR and PR Matching Funds	Third Party Matching Funds	Additional Required Matching Funds
1998	$45,834,500	$12,405,000	$10,766,700	$1,245,800	$392,500
1999	46,934,750	12,702,800	10,809,100	1,616,400	277,300
Total Additional Required Funding					$669,800

*These are federal fiscal year amounts except for state GPR and PR matching funds which are state fiscal year amounts.

1 As noted, the total amount of additional matching funds required receive to all federal Title I-B funds for 1998 and 1999 is $669,800 rather than the requested $422,100. In addition, $83,600 of the $422,100 that would be transferred to the client services appropriation would come from the Division's general program operations appropriation which is also used to provide matching funds. 2 Although this funding transfer would increase case services funding, it would not capture additional federal funds. As a result, approval of the Department's request would provide DVR with an additional $338,500 GPR to offset an expected $669,800 shortfall in available matching funds.

discuss with John Conway - DWD:

The table shows that of the total amount of $669,800 in additional matching funds that are required, $392,500 is necessary to obtain the full 1998 federal allotment and $277,300 is required to obtain the 1999 federal allotment. If the Department's request is approved, the $338,500 GPR that would be transferred from the Committee's GPR appropriation would be used to provide a match for the 1998 federal allotment. DVR would still need $54,000 to capture the entire 1998 federal allotment and $277,300 to capture the 1999 allotment. This latter amount indicates that DWD would project a permanent shortfall of matching funds of this magnitude. The actual future shortfalls would depend upon the federal allotment, the amount of third party matching funds and base level GPR and PR matching funds in future years.

DWD staff indicate that the Department will obtain the additional $54,000 in matching funding for the 1998 federal allotment from state matching funds that would otherwise be used to match the 1999 federal allotment. However, this means that an additional $54,000 in matching funds or a total of $331,300 would be required to fully match the state's 1999 allotment of federal vocational rehabilitation funds. The total includes the $277,300 additional funds needed to match the 1999 allotment plus the $54,000 that would be shifted to match the 1998 federal allotment. Because federal fiscal year 1999 overlaps the first quarter of state fiscal year 1999-2000, state GPR funding for 1999-2000 year could be used to make up the shortfall in matching funds for the 1999 federal allotment. DWD staff estimate that if the $338,500 GPR transferred from the Committee's appropriation is included as base level funding, DVR will eventually have sufficient matching funds (including third party matches) to stop using current state fiscal year monies to match prior year federal allotments.

I doubt it!

Under the provisions of s. 13.101(3), the Committee is authorized to provide supplemental funding in cases where an emergency exits and where no funds are available. DWD has requested a supplement that would be used to capture federal funds that would otherwise probably be lost on October 1. However, the Department has requested that the supplement be included as base level funding which would carry over into future years. Adjusting the Department's permanent funding level could be given a more comprehensive review during budget deliberations. As an alternative, the Committee could approve the transfer of the $338,500 from its GPR appropriation as a one-time transfer of funds. This would allow DVR to capture most of the 1998 federal allocation of vocational rehabilitation funds. A second alternative would be to provide DVR with a $392,500 GPR supplement. This would be the entire amount of additional funding that would be necessary to capture all of the 1998 federal allotment. Changes to the Division's base level appropriations could be considered during the 1999-2000 budget process. In addition, during the current state fiscal year the DVR could pursue other avenues to obtain third party matching, such as obtaining matching funds through establishment grants or contributions.

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ALTERNATIVES

DWD want one time basis

1. Approve the Department's request to transfer $338,500 GPR in 1998-99 from the Committee's GPR appropriation [20.865(4)(a)] and $83,600 GPR in 1998-99 from DVR's state operations appropriation [20.445(5)(a)] to DVR's client services appropriation [20.445(5)(bm)].

I do this

2. Modify the Department's request to provide a one-time supplement of $338,500 GPR in 1998-99 from the Committee's GPR appropriation [20.865(4)(a)] to DVR's client services appropriation [20.445(5)(bm)].

3. Modify the Department's request to provide a one-time supplement of $392,500 GPR in 1998-99 from the Committee's GPR appropriation [20.865(4)(a)] to DVR''s client services appropriation [20.445(5)(bm)].

assumes 3rd party will be fully used - typically 10% less

4. Deny the request.

Prepared by: Ron Shanovich

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Historical Society: Section 13.10 Request to Create and Abolish Positions Related to Central Administration and Historic Preservation – Agenda Item XIII

REQUEST

The Historical Society requests the creation of 1.0 classified position and the deletion of 1.0 unclassified position, under 20.245(4)(a), to reflect the elimination of the unclassified status of the head of the Office of Human Resources. In addition, the Society requests the deletion of 1.0 classified position and the creation of 1.0 unclassified position, under 20.245(3)(a), to reflect the creation of the unclassified administrator position of the Division of Historic Preservation.

ANALYSIS

The net effect of this request is to transfer an unclassified position from the former Division of Management Support Services to the Division of Historic Preservation and transfer a classified position from the historic preservation program to the Office of Human Resources, created in July, 1997. The Society has indicated that there is no need to move expenditure authority associated with these proposed position changes.

Society staff indicate that the proposed realignment of positions would represent a more efficient and effective means of aligning the types of positions heading the Division of Historic Preservation and the Office of Human Resources. The Society believes that the division administrator position has important policy-making and regulatory responsibilities and accountability would be increased with an unclassified position. In addition, Society staff indicate that a classified position would typically supervise the functions currently located within the Office of Human Resources. Prior to July, 1997, the Office of Human Resources was a program within the Division of Management Support Services, headed by an unclassified division administrator.

The existing classified administrator position of the Division of Historic Preservation is vacant. The Society intends to fill this position in the Fall of 1998. Currently, the funding budgeted for the position includes $67,200 for salary and $25,300 for fringe benefits, for a total of $92,500. The existing unclassified Office of Human Resources position is filled with a current salary obligation of $66,800 and fringe benefits of $25,100, for a total of $91,900. Because these total amounts differ by only $600 and the Society has neither filled the current division administrator vacancy nor completed the process of reclassifying the current head of the Office of Human Resources position, insufficient detail exists at this time to justify the transfer of monies between appropriations. If the Committee approves this request, the funding amounts could be properly aligned as part of the Society's 1999-2001 standard budget adjustments.

ALTERNATIVES

1. Approve the Historical Society's request for the creation of 1.0 classified position and the deletion of 1.0 unclassified position, under 20.245(4)(a), to reflect the elimination of the unclassified status of the current head of the Office of Human Resources. In addition, the Society requests the deletion of 1.0 classified position and the creation of 1.0 unclassified position, under 20.245(3)(a), to reflect the creation of the unclassified administrator position of the Division of Historic Preservation.

2. Deny the request.

Prepared by: Bob Soldner

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13-2

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Employment Relations: Sections 16.515/16.505(2): Request for Increased Employe Development and Training Project Staffing and Program Support—Agenda Item X

On July 30, 1998, the Department of Administration (DOA) approved a request under ss. 16.515/16.505(2) of the statutes from the Department of Employment Relations (DER) and submitted the approved request to the Joint Committee on Finance for its review. The request approved by DOA would provide increased expenditure authority of $149,300 PR in 1998-99 and would authorize 1.0 PR one-year project position under DER's employe development and training services appropriation [s. 20.512(1)(jm) of the statutes]. The one-year project position and associated increased expenditure authority (one-time funding of $65,400 PR in 1998-99) would be used to direct the development and implementation of a strategic plan for DER's statewide training programs. The remaining increased expenditure authority (ongoing funding of $83,900 PR in 1998-99) would support costs associated primarily with a projected higher number of training course offerings during the year.

The Co-chairs of the Committee, in a letter to Secretary Bugher on August 19, 1998, indicated that this request should receive further review by the Committee and that the Committee would schedule a meeting to consider the matter.

BACKGROUND

Agency Training Function. Under provisions of s. 230.046(10) of the statutes, DER is authorized to offer employe development and training programs to state and local units of government, coordinate state-sponsored employe development and training and charge fees for such undertakings. An employe development and training services appropriation available to DER currently supports two principal employe development and assistance functions: (1) the Office of Employe Development and Training (OEDT), which formulates, coordinates and offers training programs for state and other governmental employes, including supervisory training and advanced labor management training, coordination of state-sponsored training programs and monitoring of state agency training programs; and (2) the State Employment Options (SEO) program which provides training to W-2 participants in order to help them obtain state civil service employment. Currently, this appropriation has an authorized expenditure level of $342,300 PR in 1998-99. A total of 3.0 PR positions is currently authorized under the appropriation. Of the 3.0 FTE training officer positions currently supported from this appropriation, 1.0 PR position is assigned to the OEDT function, and 2.0 PR positions are assigned to the SEO program function.

Revenues to support these activities derive from the fees charged to state and other governmental agencies whose employes participate in employe development and training programs and from reimbursement received under a contract with the Department of Workforce Development for costs associated with the operation of the SEO program.

Biennial Budget Actions Affecting DER's Training Function. During the course of the Finance Committee's deliberations on the 1997-99 biennial state budget, an evaluation of the general operation and adequacy of funding of DER's training function was undertaken. As part of that review, the following findings were noted:

- Based on an analysis of actual program receipts for the training function through the 1995-96 fiscal year, training revenues were found to have declined in each of the preceding three fiscal years.

- This trend appeared to be attributable to several factors: (1) state agencies had been setting aside reduced amounts of their budgets for employe training; (2) there had been a reduced rate of hiring of new employes and slower turnover at the supervisory level resulting in a decline in demand for basic supervisory training; and (3) alternative training opportunities outside DER were available to state agencies;

- Of the 152 scheduled courses offered during the 1995-96 fiscal year, some 63 (41.4%) had to be canceled because of insufficient enrollments; an additional 33 had fewer than 10 enrollees each; and six of the courses lost money; and

- Largely as a result of declining training revenues, 1.25 PR of the 2.25 PR positions that were than authorized for the OEDT function at that time had not been filled for more than three years.

Based on these considerations, the Committee acted to delete the 1.25 PR long-term vacant positions for the OEDT and further eliminated $43,900 PR of salary, fringe benefits and permanent property expenditure authority. As a result of this action, only 1.0 PR position remains assigned to the OEDT function.

Also during this period, the Governor's Commission on the Reform of the State Human Resource System issued its final report and made a number of recommendations relating specifically to state employe training functions. Among the Commission's recommendations in this area were the following:

1. DER should provide centralized coordination of statewide employe training but should minimize its role in the direct provision of training;

2. A state agency training council should be established by DER to explore the consolidation of training functions;

3. DER and the proposed training council should explore the development of training programs to provide core basic skills to supervisors, managers and executives; and

4. While DER should coordinate the provision of these training programs, the actual training itself should be provided by other agencies and organizations.

At the time, DER had not completed its review of these and other recommendations of the Commission to determine what, if any, changes should be incorporated into its current training functions. Nor had the Legislature addressed any of the policy or priority changes proposed by the Commission. In light of these circumstances and the continuing funding concerns associated with the training functions, the Committee included a session law provision requesting that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to conduct a financial and performance evaluation audit of DER's training activities. Specifically, the audit would have addressed the following: (1) whether DER should continue to have any role in the direct provision of training courses; (2) what DER's role should be in employe training and whether its current statutory requirements in this area should be modified; (3) whether continued staffing should be provided in DER for training activities; and (4) how any such training functions might be made reliably self-supporting. The audit was to be submitted by September 1, 1998, so that the Legislature could use the audit findings in making funding decisions for the 1999-2001 biennial budget.

This financial and performance evaluation audit provision was subsequently item vetoed by the Governor.

Subsequent Budget Developments. In December, 1997, DER submitted a request to DOA for additional resources for the OEDT function for possible inclusion in the budget adjustment bill being developed at the time. The needs for the agency's training function at that time were identified as the following: increased expenditure authority of $27,000 PR and authorization for 0.5 PR program assistant position for OEDT activities. The stated rationale for the position was the need to assist the existing OEDT training officer position in handling such matters as class registrations, processing course cancellations, preparing class-related handouts, invoicing state agencies and performing general clerical duties. DER further indicated at the time that it believed there would be sufficient program receipts to fund the increased expenditure authority associated with the position.

The Department's OEDT proposal was not included in the Governor's recommendations contained in the budget adjustment bill.

ANALYSIS

The Components of the Recommended Request. Under DER's s. 16.515/16.505(2) request, as recommended by DOA, increased expenditure authority is requested in 1998-99 for the following purposes.

Project Position Funding. The first component of DER's recommended request is for increased one-time expenditure authority of $65,400 PR in 1998-99 and authorization of 1.0 PR one-year project position to enable DER to undertake the development and implementation of a "Strategic Plan" for the agency's statewide training programs. The requested increased expenditure authority for 1998-99 would be sufficient to support 10 months of salary and fringe benefits ($63,900 PR) and associated supplies and services ($1,500 PR) of what the agency describes as "high-level project position." Under DER's request, additional one-time expenditure authority of $11,600 PR in 1999-2000 would also be required to support the remaining two months of salary and fringe benefits funding for this position. However, any increased one-time expenditure authority for the 1999-2000 fiscal year (if the additional costs could not be supported within current base level expenditure authority levels) would have to be acted on by the Committee during the next fiscal biennium.

Revenues in the amount of $60,000 PR to support the position would not be derived from increased course receipts but rather would come from three, separate one-time $20,000 funding commitments from the following state agencies: the Departments of Commerce, Health and Family Services and Transportation. The remaining balances required to support the project position would be provided from DER training function revenues.

As indicated in DER's request narrative, the project position would engage in the following activities:

1. Development and implementation of measurement devices to determine the quality and effectiveness of state training efforts;

2. Review of alternative training methods that are complementary, most cost effective or are enhancements to current methods;

3. Development and implementation of methods to integrate training into the state's workforce;

4. Creation of a state "learning plan" to provide guidelines for state business practices and core competencies for employes;

5. Development of a comprehensive education program for state managers;

6. Development of ways to better service small agencies;

7. Ensure that close collaboration between state agencies to achieve effective and efficient training efforts statewide; and

8. Direct the efforts of the State Training Council, a coordinating body recommended by the Commission on the Reform of the State Human Resource System.

This proposed project position would be in addition to the 1.0 PR training officer permanent position already authorized for OEDT activities. DER indicates in its request that the current permanent position is required to provide basic supervisory development training, perform administrative and course scheduling tasks and oversee LTE support staff. This permanent position has been vacant since November 7, 1997.

Increased Expenditure Authority for Training Course Activities. The second component of DER's recommended request is for increased base building expenditure authority of $83,900 PR annually (commencing in the 1998-99 fiscal year) to support increased spending associated with the following specific training activities:

Requested Increased Base Building
Expenditure Authority for Training Activities in 1998-99

Activity	Current Budget	Proposed Expenditure Authority	Net Increase
OEDT Training	$133,700	$168,900	$35,200
State Employment Options Program	168,800	188,800	20,000
Advanced Labor Management Training	30,000	45,000	15,000
Summer Affirmative Action Intern Training	800	2,500	1,700
Merit Recruitment and Selection Training	4,000	5,000	1,000
Classification and Compensation Training	0	1,000	1,000
Special Projects Training	5,000	15,000	10,000
Totals	$342,300	$426,200	$83,900

The additional expenditure authority requested for the OEDT training component would apparently be utilized to employ LTE staff to provide general class registration, course materials preparation and billing activities. The additional expenditure authority requested for the State Employment Options program component is associated with a higher level of contract funding provided for the 1998-99 fiscal year under the Department of Workforce Development's contract with DER for the operation of the program. All of the other training activities for which increased expenditure authority is being requested are projected by DER to experience future increased demand. For the just-concluded 1997-98 fiscal year, the total expenditure authority for the agency's training appropriation was also $342,300 PR. Total expenditures during 1997-98 for all training activities funded from the appropriation were $313,100 PR. Total training program revenues received in 1997-98 amounted to $385,400, of which $167,300 was attributable to the State Employment Options program contract.

Discussion of Authorizing and Funding the Project Position. DER has indicated that it would utilize the one-year project position to prepare a "Strategic Plan" for the agency's statewide training programs. The components of that strategic plan were enumerated above.

While the development of an extensive strategic plan may be desirable, it is important to note that the Governor's Commission on the Reform of the State Human Resource System envisioned [Recommendation EDT-1] that "DER should minimize its role in the direct provision of training and focus on coordination, program development and clearinghouse functions." Nonetheless, the Commission recognized elsewhere in its report [the rationale for Recommendation EDT-2] that "employe training is a responsibility shared by operating agencies and the Department..."

At this writing, however, there continues to be a concern over the long-term viability of the Department's Office of Employe Development and Training function. In the 1996-97 fiscal year, the agency's training revenues from OEDT and quality improvement activities continued to decline relative to the preceding fiscal year. The 1997-98 fiscal year did show a recovery, however, with revenues increasing for the first time in recent years. But as noted above, the training officer position attached to the OEDT function has now been vacant since last November, with most staffing functions being performed by LTE's. There may be some preliminary evidence that this staffing pattern is having an adverse impact of the ability of the Department to successfully offer training courses. For example, from the beginning of the current fiscal year through late August, the Department has been able to successfully offer 10 classes conducted by outside vendors at a total vendor cost of $5,745 but had to cancel 17 such classes but still incurred total vendor costs of $28,721.

It may be recalled that there were similar concerns raised about DER's training function during this Committee's 1997-99 biennial budget deliberations. Those concerns led the Committee to include the session law provision requesting a financial and performance evaluation audit of DER's training activities. As noted earlier, that audit provision was item vetoed.

If the Committee acts to provide a project position and associated expenditure authority for DER's training function for the purpose of developing a strategic plan for the agency's statewide training programs, the Committee may also wish to specify that Department utilize the position, in part, to address some of the Committee's earlier concerns. Under this approach, the Department could be directed to report to the Committee, no later than April 1, 1999, on all of the following: (1)

whether DER should continue to have any role in the direct provision of training courses; (2) what DER's role should be in employe training and whether its current statutory requirements in this area should be modified; (3) whether continued staffing should be provided in DER for training activities; and (4) how any such training functions might be made reliably self-supporting.

Further, if the Committee chooses to authorize the project position and associated funding, it may question whether an annual salary of $55,800 PR and fringe benefits of $19,700 PR (plus $1,500 PR for supplies and services costs) for what the agency terms "a high-level project position" is required. Arguably, a position funded at the equivalent of a senior level program and planning analyst (PPA 6) position (equivalent to an annual salary of $32,600 PR and fringe benefits of $11,200 PR) would appear sufficient (plus the $1,500 PR supplies and services costs).

In either case, if the Committee provides the project position as requested by the Department or at a reduced salary and fringe benefits level for the equivalent of a senior-level program and planning analyst, funding for only seven months in 1998-99 would be required at this juncture, assuming a start-date for the new position around November 1, 1998.

Accordingly, if the Committee acts to authorize the project position as proposed in the agency's request, one-time funding of $45,300 PR (salary and fringe benefits of $43,800 PR and supplies and services funding of $1,500 PR) would be required for the remainder of 1998-99, rather than $65,400 PR, as contained in the original request. If the Committee authorizes the project position to reflect a position equivalent to a senior level program and planning analyst, one-time funding of $30,000 PR (salary and fringe benefits of $28,500 PR and supplies and services funding of $1,500 PR) would be required for the remainder of 1998-99.

Finally, the Committee may conclude that the question of additional staffing for DER's training function should be deferred until after a more systematic review of these needs during the Committee's 1999-2001 biennial budget deliberations. Under this alternative, the Committee could deny providing the requested project position and associated funding at this time.

Discussion of Increased Expenditure Authority for Training Course Activities. Since the Committee's actions during the 1997-99 biennial budget deliberations setting the authorized expenditure authority for DER's employe development and training services appropriation at $342,300 PR annually, the agency has experienced increased expenditures in following three program areas:

- The contract between DER and the Department of Workforce Development governing the State Employment Options program which provides training to W-2 participants to help them obtain state civil service employment has been revised. DER will now receive $188,800 PR during 1998-99 (rather than the $168,800 PR originally budgeted) to support increased training activities. Therefore, on-going increased expenditure authority of $20,000 PR in 1998-99 has been requested.

- The advanced labor management training program, offered through DER's Division of Collective Bargaining, has proved increasingly popular. Expenditures for the program increased from $31,000 PR in 1996-97 to $41,100 PR in 1997-98. Annual enrollments have increased from 160 to 204 during this period. Expenditures of $30,000 PR annually were included in the budget for these courses. DER currently projects 1998-99 expenditures of $45,000 PR for the labor management training courses. Therefore, on-going increased expenditure authority of $15,000 PR in 1998-99 has been requested.

- DER has been receiving reimbursements from other state agencies and individuals. Current state accounting rules require these reimbursed amounts be treated as revenues and the previously offset agency costs be treated as increased expenditures. Any such increased expenditures as a result of this accounting treatment serve to reduce the available expenditure authority otherwise available in the training appropriation. Initially, expenditure authority of $5,000 PR annually was budgeted for this purpose. The Department incurred actual expenditures of this type of $15,000 PR in 1997-98 and anticipates a comparable level of expenditures in 1998-99. Therefore, on-going increased expenditure authority of $10,000 PR in 1998-99 has been requested.

The total requested base building increase in expenditure authority associated with these three activities amounts to $45,000 PR in 1998-99. These additional expenditures were not anticipated when the agency's training budget was reviewed and appear reasonable. The Committee may wish to provide these additional amounts.

The Department has also requested increased base building expenditure authority totaling $38,900 PR in 1998-99 associated with projected increases in OEDT training, summer affirmative action intern training, merit recruitment and selection training and classification and compensation training. The agency currently has base level expenditure authority of $342,300 PR annually. In the 1997-98 fiscal year, total expenditures amounted to $313,100 PR, leaving available unused expenditure authority of $29,200 PR. It would appear likely that the agency has sufficient residual expenditure authority in its training appropriation to support any modest program growth in the above activities. Consequently, the Committee may wish to deny providing increased base building expenditure authority of $38,900 PR for these purposes in 1998-99.

ALTERNATIVES

A. *Project Position Funding*

1. Approve the request of the Department of Employment Relations for increased one-time expenditure authority under its s. 20.512(1)(jm) appropriation at a revised level of ~~$45,300~~ $51,600 PR [to reflect seven months of position funding] in 1998-99 and authorize 1.0 PR one-year project position.

letter from Audit co-chairs requesting

2. Approve the request of the Department of Employment Relations for increased one-time expenditure authority under its s. 20.512(1)(jm) appropriation at a revised level of ~~$30,000~~ PR 34,100 [to reflect a salary and fringe benefits equivalent to a senior level program and planning analyst position and to reflect seven months of position funding] in 1998-99 and authorize 1.0 PR one-year project position.

~~3.~~ *In addition to either A-1 or A-2,* require that the Department report to the Committee, no later than April 1, 1999, on all of the following: (1) whether DER should continue to have any role in the direct provision of training courses; (2) what DER's role should be in employe training and whether its current statutory requirements in this area should be modified; (3) whether continued staffing should be provided in DER for training activities; and (4) how any such training functions might be made reliably self-supporting.

4. Deny the Department's request for a one-year project position and associated expenditure authority.

B. Increased Expenditure Authority for Training Course Activities

1. Approve the Department's request for increased base building expenditure authority under its s. 20.512(1)(jm) appropriation of $83,900 PR in 1998-99 to support increased spending associated with training activities funded under the appropriation:

OK 2. Approve increased base building expenditure authority under its s. 20.512(1)(jm) appropriation of $45,000 PR in 1998-99 to support increased spending associated with the State Employment Options program ($20,000 PR), the advanced labor management training programs ($15,000 PR), the treatment of reimbursements received from other state agencies and individuals and accounted for under this appropriation ($10,000 PR).

3. Deny the Department's request for increased base building expenditure authority under its s. 20.512(1)(jm) appropriation to support increased spending associated with training activities.

Prepared by: Tony Mason

A1
B2
letter

Legislative Fiscal Bureau
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: University of Wisconsin-Madison Intercollegiate Athletics: Section 16.505(2)/16.515 Request for Expenditure and Position Authority -- Agenda Item XII

INTRODUCTION

On July 29, 1998, a s.16.505(2)/16.515 request was submitted to the Joint Committee on Finance from the Department of Administration (DOA), recommending increased expenditure authority and position authority of $247,400 PR and 15.0 PR positions in 1998-99 under the s. 20.285(5)(h) appropriation for UW-Madison Intercollegiate Athletics auxiliary enterprises. The auxiliary enterprises appropriation is used to fund the operations of the Division of Intercollegiate Athletics (Division). UW System in its request to DOA, asked for $304,400 PR and 20.83 PR positions in 1998-99. In its recommendation, DOA denied the portion of UW System's request for $57,000 PR and 5.83 PR positions that it determined did not need to be provided at this time.

The Co-chairs of the Committee, in a letter to Secretary Bugher on August 18, 1998, indicated that an objection had been raised to this request and that the Committee would schedule a meeting to consider the matter. This matter has now been included on the agenda for the Committee's s. 13.10 meeting.

BACKGROUND

Expenditure and position authority for the UW-Madison Division of Intercollegiate Athletics budget is typically provided through the s. 16.515 process rather than the biennial budget. While the UW Athletics Board approves the Division's annual budget in March of each year, it submits its funding requests to DOA at the end of the football season, when it has more information about revenues and expenditures for the fiscal year. The Division's funding request must be forwarded to DOA, under s. 16.515, no later than December of the fiscal year for which the request is being made. DOA then reviews the request and forwards its recommendations to the Joint Committee on Finance, which reviews the request under a 14-day passive review.

Staff from the Division indicate that this request was included in the intercollegiate athletics budget request for 1998-99 which was approved by the Board of Regents at the June 1998 meeting. However, UW System is seeking approval for these positions and funding at this time because the UW-Madison Athletics annual budget approval process in December, 1998, would not provide the Division with sufficient time to hire the positions for the 1998-99 academic year.

ANALYSIS

The appropriation for UW-Madison athletics auxiliary enterprises is currently $30,739,200 PR for 1998-99. In addition, there are currently 149.91 FTE allocated to the Division. The increase of $247,400 PR and 15.0 PR positions recommended by DOA would bring the Division's funding and position totals to $30,986,600 PR and 164.91 FTE in 1998-99. Of the total 15.0 PR positions recommended by DOA, 4.17 FTE would be newly-created positions and 10.83 FTE would be current LTE positions converted to permanent positions. This increase consists of additional expenditure and position authority in three main areas: (1) $134,200 PR and 4.75 PR positions for athletic program expansions; (2) $85,500 PR and 9.0 PR positions for Kohl Center staffing; and (3) $27,700 PR and 1.25 PR for administrative and marketing positions. These three components of DOA's recommendation are discussed in further detail below.

Program Expansions. Under this portion of the recommendation, additional expenditure and position authority would be provided for women's hockey coaches, golf coaches, a women's basketball administrative assistant and learning specialists. The Division notes that the addition of women's hockey as a UW-Madison sport would provide for improved gender equity in the sports program. Additional staff for golf and women's basketball is being recommended at this time to bring staffing for those sports in line with other sports. In addition, increased position authority is recommended for additional learning specialists that will assist student athletes in maintaining good academic standing.

Table 1 shows the recommended FTE position authority, associated funding and whether the position is newly-created or an LTE conversion. The recommended 1.66 FTE women's hockey coaches and 1.0 FTE learning specialist position have already been filled by the Division using current vacant positions.

TABLE 1

Recommended Program Expansion Positions and Funding

Title	FTE	Type	Salary	Fringe	Total
Women's Hockey Coach	0.83	New	$36,000	$11,160	$47,160
Women's Hockey Asst. Coach	0.83	New	21,000	6,510	$27,510
Assistant Golf Coach	0.83	LTE Conversion		4,055	4,055
Assistant Golf Coach	0.18	New	6,360	1,972	8,332
Women's Basketball Administrative Assistant	1.00	LTE Conversion		4,687	4,687
Learning Specialist	1.08	New	32,400	10,044	42,444
Total	4.75		$95,760	$38,428	$134,188

Kohl Center Staffing. DOA recommends converting current LTE staff into 8.0 FTE positions to assist in the operation of the Kohl Center. Under 1997 Act 27, the Division was provided 15.0 PR positions for the management of the Center and meets additional staffing needs through LTE staff. Since the opening of the Kohl Center, the Division has reviewed its staffing needs and determined that the conversion of LTE positions to 8.0 FTE is needed for center operation. The recommended positions would include: three administrative specialists, two custodians and a program assistant, a financial specialist, and one maintenance staff. Total increased funding for these LTE position conversions would be $39,500 PR in 1998-99, which would be used for increased fringe benefit costs.

In addition to the positions described above, DOA recommends $46,000 PR and the creation of 1.0 PR ticket office position in 1998-99. DOA notes that with the opening of the Kohl Center, the ticket sales related workload for the office's existing staff (7.0 FTEs) has significantly increased. The new position would be responsible for special events ticket operations at the center. The Division has already filled this position by using a current vacancy.

Table 2 shows the positions recommended for the Kohl Center and associated funding.

TABLE 2

Recommended Kohl Center Positions and Funding

Title	FTE	Salary	Fringe Benefits
Program Assistant	1.00		$5,413
Financial Specialist	1.00		5,413
Administrative Specialists	3.00		14,861
Custodian	2.00		7,912
Maintenance Mechanic	1.00		5,856
Assistant Ticket Director	1.00	$35,133	10,891
Totals	9.00	$35,133	$50,346

Administrative and Marketing Positions. DOA recommends approval of additional expenditure authority of $27,700 PR and 1.25 PR administrative and marketing positions. Under the recommendation, 0.25 FTE position and related funding would be provided for an associate athletic director. In addition, position authority for 1.0 FTE marketing assistant (conversion from a LTE position) is being recommended. Currently, LTEs provide staff support to the marketing director. DOA indicates that a permanent position should enhance the Division's ability to attract and retain qualified staff, which will positively impact the Division's capacity to generate revenue.

Athletics Division Revenues and Reserve Balances. The Athletics Division's budget for this appropriation contains revenues primarily from sports ticket sales, radio and television contracts, NCAA revenue sharing, marketing, promotions, licensing and concessions. The Division's budget for this appropriation currently estimates revenues of approximately $38,373,100 and expenditures of approximately $38,669,800 for auxiliary enterprises in 1998-99. Excluding expenditures of $500,000, from restricted funds, for improvements to the University Golf Course clubhouse, the Division estimates a positive ending balance of $203,300 for 1998-99. Funding for this request has been included in the Division's 1998-99 budget estimates.

If revenues do not fully fund expenditures, the Division can transfer funding from its reserve balance to meet its expenses. In response to the financial difficulties of the Division in the late 1980s, UW System and UW-Madison policies require that the Division maintain an adequate, unencumbered reserve balance to be held against operating expenses, debt service and deferred repairs and maintenance/capital assets requirements. Actual reserve levels are determined by the annual NCAA audits. If the Division falls short of reserve targets, it must submit a reserve restoration plan to the Athletics Board. The actual reserve total for 1996-97 was $3.1 million and decreased to an estimated $2.4 million at the close of 1997-98. The budgeted reserve balance for 1998-99 is estimated at $2.6 million. The Division has a target reserve level of approximately $7.6 million once the Kohl Center is fully operational.

Although the reserve balance is less than the target level, current revenues appear to be sufficient to cover anticipated expenditures. Staff from the UW indicate that the requested positions and funding would facilitate its hiring and operations in the current year, which would be complicated by delaying until the Division's annual budget process in December. However, if the Committee wishes to review these positions and funding in the context of the Division's total budget request, these positions and funding could be deferred until December and the Division directed to operate within its existing FTE position count and expenditure authority and to continue to use LTE staff.

ALTERNATIVES

A. Staff for Program Expansion

1. Approve the DOA recommendation to increase the s. 20.285(5)(h) appropriation by $134,200 PR and 4.75 PR positions in 1998-99 for women's hockey, golf, women's basketball and academic affairs athletic program expansions.

2. Deny the request.

B. Kohl Center Staffing

1. Approve the DOA recommendation to increase the s. 20.285(5)(h) appropriation by $85,500 PR and 9.0 PR positions in 1998-99 for Kohl Center staffing.

2. Deny the request.

C. Administrative and Marketing Positions

1. Approve the DOA recommendation to increase s. 20.285(5)(h) appropriation by $27,700 PR and 1.25 PR positions (1.0 marketing position and 0.25 administrative position) in 1998-99.

2. Deny the request.

Prepared by: Tricia Collins

difference vs. DOA recommendation?

Legislative Fiscal Bureau
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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Veterans Affairs: Section 13.10 Request for Funds to Pay for Veterans Health Care Aid Grants -- Agenda Item XI

REQUEST

The Department of Veterans Affairs (DVA) requests an increase in expenditure authority of $285,000 SEG in 1998-99 from the veterans trust fund for additional veterans health care aid grants costs, mainly additional denture grants. In addition, DVA requests that this additional expenditure authority be considered permanent in order to provide base funding for future demand for health care aid grants.

BACKGROUND

The health care aid grant (HCAG) program provides emergency assistance to veterans and their dependents to cover certain medical or hospital bills. Grants are limited to $5,000 per veteran or dependent for a 12-month period beginning with the first day of care for which the person seeks a grant. The maximum amount of liquid assets a veteran and the veteran's dependents who are living in the same household can retain and still be eligible for the program is $1,000. The current budget for the program is $915,700 SEG in 1998-99, funded from the veterans trust fund.

Under the HCAG program, veterans and their dependents may qualify for grants to assist in the payment of essential medical services, including doctors' services, hospital charges, corrective lenses, prostheses, leasing or purchase of medical appliances and equipment and dental care. Dental care is limited to extractions, fillings, dentures, denture repairs and health care provided as a result of accidental injuries. Under current administrative rule, DVA is prohibited from expending more than $50,000 in a fiscal year for the payment of all denture claims. The expenditure limitation for denture grants was created in 1991-92 and set at not more than $35,000 per fiscal year. DVA established the cap on denture expenditures because the number of applications for grants for dentures was increasing and a cap was necessary to ensure that sufficient funding would remain for other types of health care grants. The current limitation of not more than $50,000 has been in effect since 1992-93, although it was increased once by emergency rule in 1996-97.

ANALYSIS

The Department is requesting additional expenditure authority of $285,000 SEG for the HCAG program to cover additional program costs related to increasing the expenditure limit for denture claims from not more than $50,000 per fiscal year to 25% of the annual HCAG appropriation. If the Committee approves the requested increase in expenditure authority, $1,200,700 SEG would be appropriated for the HCAG program. The Department indicates it would then promulgate an emergency rule increasing the denture cap to 25% of that amount, which would be $300,175 SEG in 1998-99. Under DVA's proposed rule, if the appropriation changes, the amount for dentures would also change, as the cap would be a percentage of the total appropriation rather than a specific dollar amount. The Department also requests that the additional expenditure authority be added to its base budget for the 1999-2001 biennium so that it can meet future demand for program grants.

A breakdown of DVA's request as compared to the current budget is provided in Table 1. As the table indicates, approximately $250,200 SEG would be used to fund additional denture grants and $34,800 SEG of the requested $285,000 SEG would be available to fund additional non-denture health care aid grants. If the Committee does not approve the requested increase in expenditure authority, DVA indicates that it will not increase the denture cap.

TABLE 1

1998-99 Budgeted and Requested Funding for HCAG

	Budgeted	Requested	Difference
Health Care Aid Grants			
Denture Grants	$50,000	$300,175	$250,175
Other Grants	865,700	900,525	34,825
Total	$915,700	$1,200,700	$285,000

In recent years, demand for health care grants, including denture grants, has increased. In 1996-97, DVA budgeted $435,900 SEG for grants under the program. However, due to concerns that commitments were escalating far above the budgeted level, DVA suspended the program on March 1, 1997. In order to fully fund estimated HCAG commitments made prior to the shut-down of the program, DVA requested additional funding under s. 13.10 of $426,200 SEG, a portion of which was to be used to fund denture claims above the $50,000 limit. The Committee directed DVA to restore operation of the HCAG program for the remainder of the year and provided

$985,900 SEG in additional funding for the program. Upon receiving the additional funding, the Department promulgated an emergency rule and increased the expenditure limitation for dentures to $165,000. Total expenditures for health care aid grants in 1996-97 were approximately $996,200 SEG of which approximately $159,700 SEG was for denture grants.

In response to the escalating 1996-97 HCAG costs, the Committee asked DVA to submit a report to the members on whether or not DVA believed the HCAG program should be continued, and if so, recommendations on changes that should be made to the program. The Department submitted the report to the Committee during the 1997-99 biennial budget process and recommended continuation of the program along with a number of statutory and administrative programmatic changes. No recommendations were made regarding the payment of denture claims. Most of DVA's statutory program recommendations were included in 1997 Act 27, the biennial budget act.

The Department has not closed out all of its HCAG claims for 1997-98; however, it has expended $420,000 SEG and has encumbered the remaining portion of the appropriation, $495,700 SEG, for pending grant applications. The Department did not increase the cap on dentures in 1997-98 and currently estimates that approximately $46,600 SEG in 1997-98 will be expended for such grants. In 1998-99, DVA indicates that applications for dentures have already exceeded the $50,000 cap. The Department notes that there are 61 applications on the waiting list totaling an estimated $101,500 of additional denture claims above the $50,000 cap. The past five years of expenditures for this program are provided in Table 2.

TABLE 2

Expenditures for Health Care Aid Grants

Fiscal Year	Expenditures
1993-94	$330,100
1994-95	383,300
1995-96	439,900
1996-97	996,200*
1997-98	915,700**

* Approximately $159,700 SEG was expended for denture grants in 1996-97.
** In 1997-98, $420,000 was expended and $495,700 has been encumbered for HCAG grants.

In reviewing the DVA's request, the Committee may wish to consider whether it concurs with the DVA's decision that additional funding is needed at this time for denture grants under the HCAG program. The Department indicates that the demand for denture grants has increased in the past years, while the cap has remained at $50,000 since 1992-93. As a result, veterans and their families are not having their denture care needs met. The Department, therefore, believes that a higher level of funding, 25% of the appropriation, should be provided for denture grants. However, in order to ensure that adequate funding would still remain for other types of HCAG, DVA is requesting additional expenditure authority for the program, prior to implementing the rule change. The Department expects that $300,000 SEG should be sufficient to fund the demand for denture grants and that expenditures for other types of grants under the program would be approximately $900,000 SEG. The Department notes that the veterans trust fund (VTF) currently has sufficient cash available to fund additional grants under the program. At the close of 1997-98, the cash balance in the fund was $28 million. Staff from DVA project that the 1998-99 ending cash balance of the VTF will be reduced to approximately $14 million, primarily due to the allocation of $20 million for personal loans.

In reviewing DVA's request, it does appear that if the current cap on dentures expenditures remains in place this year, some veterans will not receive a denture grant under the HCAG program. While it is difficult to estimate actual demand for denture grants if the cap were increased, based on data from 1996-97, when seven months of denture grant applications were funded for $159,700, projected demand of $300,000 for denture grants appears reasonable. Further, as noted above, the current cash balance of the VTF is sufficient to support a $300,000 spending increase for the HCAG program in 1998-99. Based on these considerations, the Committee could decide that DVA's request should be approved.

Alternatively, the Committee could decide that additional expenditure authority for the program is not required at this time. One could question whether DVA's request satisfies the emergency requirement for supplemental funds under s. 13.101(3) of the statutes. Except for 1996-97, DVA has kept expenditures for dentures under the program to no more than $50,000, even though demand for such grants has been increasing. Presumably, DVA could continue to administer the program in this manner in 1998-99. Second, when given the opportunity by this Committee to recommend changes for the program during the 1997-99 biennial budget process, DVA did not request any modifications relating to the expenditure limitation for denture grants. Finally, DVA's request would represent a change in policy for the program that may be desirable for the Legislature to consider as part of its deliberations on the 1999-2001 biennial budget.

ALTERNATIVES

1. Approve the Department's request to provide additional expenditure authority of $285,000 SEG in 1998-99 for the s. 20.485(2)(vg) appropriation from the veterans trust fund for health care aid grants. Also, provide that $285,000 SEG in 1998-99 be treated as permanent funding to be incorporated into the agency's on-going base budget.

Gov. recommends this as 1-time increase, not base

2. Deny the request.

Prepared by: Tricia Collins

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OK

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration and Legislative Fiscal Bureau: Budget System Redesign Study – Agenda Item IX-B

REQUEST

The Department of Administration and the Legislative Fiscal Bureau request approval by the Joint Committee on Finance of the parameters of a study related to the redesign of the current state budget system. In order to hire a consultant to conduct the study, DOA and the LFB also request the release of $60,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to DOA's general program operations appropriation (s. 20.505(1)(a)).

BACKGROUND

In 1997 Act 27, $60,000 GPR was placed in the Committee's supplemental appropriation to support the costs of a study related to the redesign of the state budget system. Prior to the release of these funds, however, the Committee is required to approve the parameters of the study, jointly developed by DOA and the LFB.

CONCLUSION

Attached are the budget system redesign study parameters developed by DOA and the LFB. In accordance with the parameters, the consultant who is hired to conduct the study, would: (a) document the recurring information and data requirements of executive branch agencies; (b) document the recurring information and data requirements of the legislative branch; (c) document the information technologies executive branch agencies use to generate and analyze budget information and data; (d) document how users of the budget system process budget submissions; (e) identify problems and limitations executive and legislative branch users of the budget system currently experience; (f) assess the adequacy of executive branch agency systems and their outputs in meeting the analysis needs of DOA and the Legislature; (g) 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; (h) survey budget systems used by other state governments utilizing the services of national governmental organizations; and (i) propose changes and improvements that could be made to the current system, including feasibility, cost, timeline and environmental adaptations that would be needed for each. During each stage of the study, executive and legislative branch agencies would review and respond to information gathered by the consultant to assure its accuracy. Management of the study would be jointly conducted by the Department of Administration's State Budget Office and the Legislative Fiscal Bureau.

The request from DOA and the LFB indicates that once the parameters of the study have been approved and funding for the consultant released, the consultant will be hired by February, 1999, and a final report will be provided to the Governor and Legislature by November, 1999.

Prepared by: Jere Bauer

STATE OF WISCONSIN

Department of Administration

101 East Wilson Street
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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

Budget System Reengineering Study Parameters

Request

The Department of Administration, State Budget Office (DOA) and the Legislative Fiscal Bureau (LFB) request the release of $60,000 GPR from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to DOA's general program operations appropriation (s. 20.505(1)(a)) for consulting services related to the redesign of the state budget system. Consulting activities would be conducted in accordance with the parameters developed by DOA and the LFB and approved by the Committee.

Background

In the 1997-99 budget, the Governor recommended $325,000 GPR biennially for an evaluation of the current state budget system and technology alternatives that could improve the present system. The funding included $60,000 GPR for consulting services and the balance to develop and acquire hardware and software. The Legislature authorized $60,000 GPR for consulting services only and placed it in the supplemental appropriation of the Joint Committee on Finance. Release of funds is subject to the approval by the Committee of a joint report from the Department of Administration and the Legislative Fiscal Bureau defining the parameters of the consultant's study.

Need for Study

The state budget process has evolved over the past 25 years. It is defined by a variety of information technologies and legal and procedural requirements that dictate:

- How state agencies prepare and submit their budget requests;
- How DOA reviews these requests and formulates the Governor's biennial budget recommendations;
- How the LFB analyzes agency requests and the Governor's recommendations and presents policy alternatives to the Joint Committee on Finance and the Legislature; and
- How budgets, once approved, are expended by agencies using accounting system-based rules established by the State Controller's Office.

There are four principal budget process participants who use the current budget system: (a) executive branch agencies in preparing their budget requests; (b) DOA in forming the Governor's recommendations; (c) the LFB in analyzing the Governor's recommendations and in entering legislative budget decisions into the state budget system; and (d) agency accountants in adapting approved budgets to the state accounting system. The budget system is separate from, but related to, the state's accounting system (WisMart) and personnel management information 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.

- Assess the advantages and limitations of the current budget system.
- Outline small- and large-scale modifications to the current budget system, including the costs of these changes, that could deliver specified benefits.

Consultant's Role

The consultant's responsibilities would be to conduct activities to accomplish the goals stated above. The consultant would work with executive and legislative branch participants to elicit information needed to evaluate the current system and would make recommendations for system modifications. Products would include: (a) a summary of findings; (b) an incorporation of appropriate technical perspectives regarding systems into the final report; (c) an identification of the costs and benefits of moving toward a state governmentwide basis for the state budget system; and (d) a final report to the Governor and Legislature.

Study Parameters

The proposed study parameters are as follows:

1. Document the recurring information and data requirements of executive branch agencies, including information and data produced during internal budget deliberations and how these are created and shared. Who is collecting the information, how are they collecting and producing it, and how it is being used? In this phase, the consultant would survey agencies and compile the results. Executive branch agencies would review and respond to the compiled information.

2. Document the recurring information and data requirements of the legislative branch. What information and data is required and how is it used? In this phase, the consultant would survey staff of the LFB and other legislative service agencies. They would review and respond to the compiled information.

3. Document the information technologies executive branch agencies use to generate and analyze budget information and data. How are agencies putting together their budgets? What software and hardware are they using? What are the shortcomings and advantages of the different technologies? In this phase, the consultant would survey executive branch agencies to determine the information technologies currently used in the budget process. The consultant would, as necessary, conduct on-site evaluations of individual executive branch agencies. Executive branch agencies would review and respond to the information generated during this phase.

4. Document how users process budget submissions. How do executive branch agencies solicit budget requests from their program managers? What does DOA do with the data and text submitted by agencies? What does the LFB do with budget information and data? In this phase, the consultant would survey executive branch agencies, DOA and the LFB to determine how agencies generate budget requests and how that information is utilized in the budget process. Executive branch agencies, DOA and the LFB would review and respond to the information generated during this phase.

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

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OK

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Gifts to the Budget Stabilization Fund--Agenda Item IX-A

The Department of Administration requests that the Joint Committee on Finance accept gifts of $10 and $2 for deposit in the budget stabilization fund in accordance with s. 20.907(1).

BACKGROUND

The budget stabilization fund was created by 1985 Wisconsin Act 120. The fund consists of all monies explicitly appropriated into the fund from a separate sum certain GPR appropriation [s. 20.875(1)(a)] created for that purpose plus any interest earnings on monies in the fund. Monies may be expended from the fund via transfer to the general fund as a result of explicit appropriation from a separate SEG appropriation [s. 20.875(2)(q)] created for that purpose. The effect of this structure is that while a separate fund for budget stabilization exists, the deposit of any GPR monies into the fund occurs only when the Governor and the Legislature choose to make a specific appropriation into the fund.

The fund language (s. 25.60) provides that any monies deposited into the fund are then reserved for expenditure in situations where additional monies are required to provide state revenue stability during periods of below-normal economic activity. Such periods are defined as when actual state revenues are lower than the level of general fund revenues estimated for the period in the statutory general fund condition statement established each biennium under s. 20.005(1) of the statutes. In concert with this intent, the language governing appropriation of monies from the budget stabilization fund specifies that any amounts appropriated from the fund for expenditure under s. 20.865(2)(q) are to be transferred to the general fund no later that October 15 of each year.

ANALYSIS

Under s. 20.907(1), a gift, grant, or bequest is not legal and valid until approved by the Joint Committee on Finance. Statutes also specify that any gift, grant or bequest must be executed and enforced in accordance with the donor's wishes. On April 8, 1998, a check for $10 from Ms. Doris Hanson was received by the State Treasurer's Office with specific instructions to deposit the gift into the budget stabilization fund. On April 14, 1998, a similar request was made by Mr. Nathan Henry along with a $2 gift to the state. These funds have been deposited in the general fund pending approval of acceptance of the gifts by the Joint Committee on Finance.

There is currently no funding in the budget stabilization fund. The Department of Administration requests that the Committee accept the two gifts and that this funding be placed in the stabilization fund. It should be noted that as a procedural matter, any interest that has accumulated since April, 1998, associated with the gifts should also be placed in the stabilization fund.

CONCLUSION

Given that the donors have made gifts to the state with specific instructions that the monies be place in the budget stabilization fund, approval by the Committee would place these funds along with any accumulated interest earnings in the stabilization fund.

Prepared by: Jere Bauer

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Wisconsin Sesquicentennial Commission: Section 13.10 Request to Release GPR Matching Funds—Agenda Item VIII

The Wisconsin Sesquicentennial Commission, in an amended request submitted September 15, 1998, is requesting that the Joint Committee on Finance, pursuant to s. 13.101(3m) of the statutes, release $151,600 GPR from the Committee's separate appropriation for supplementation to the Commission's PR appropriation for gifts and grants. The proposed supplement, as amended, would provide a dollar-for-dollar match from the GPR appropriation for additional gift and grant amounts which: (1) have actually been received by the Commission since the Committee's last meeting and have not been previously matched ($121,600); and (2) have been newly pledged to the Commission but not yet received ($30,000).

BACKGROUND

The Wisconsin Sesquicentennial Commission is a 29-member body responsible for planning activities associated with the 150th anniversary of Wisconsin's admission to the union as a state in 1848. The Commission was created pursuant to 1995 Wisconsin Acts 27, 216 and 445. It is attached administratively to the Office of the Governor.

Funding of $1,250,000 GPR was provided by 1995 Wisconsin Act 445 in a continuing appropriation [s. 20.865(4)(c) of the statutes] available to the Joint Committee on Finance for the purpose of making supplementations to support the Commission's general program operations. Under s. 13.101(3m) of the statutes, as originally created by 1995 Wisconsin Act 445, these funds could be released by the Joint Committee on Finance to the Commission's gifts and grants PR appropriation [s. 20.525(1)(k)] on a dollar-for-dollar matching basis once the Commission provided documentation that: (1) it had initially received a total of $250,000 in gifts and grants (these initial contributions did not qualify for the release of matching funds); and (2) funds in excess of the

$250,000 threshold had actually been received by the Commission. This funding release provision was subsequently modified by 1997 Wisconsin Act 27 to permit the release of GPR funds to the Commission to match all gift and grant amounts, regardless of whether such amounts had actually been received or had only been pledged but not yet actually received.

In early 1997, the Commission exceeded the initial $250,000 gifts and grants threshold. The Committee has subsequently authorized the following releases of GPR funds to the Commission to match gift and grant amounts (received or pledged) that are in excess of this initial $250,000 threshold:

Date of Release	Amount of Release
March 27, 1997	$47,055
June 20, 1997	67,153
December 18, 1997	600,097
June 4, 1998	384,167
Total Matching Funds Released To Date:	$1,098,472

A total of $151,528 GPR remains in the Committee's s. 20.865(4)(c) appropriation to provide additional matching grants to the Commission.

ANALYSIS

The Committee's action on June 4, 1998, approved the release of a total of $384,167 GPR in funds to match additional gift and grant amounts of $128,833 that had been received plus pledged funds totaling $255,334. Since the Committee's June, 1998, action, a total of $121,600 in previously unreported and unmatched gifts and grants has been received. The Commission is also requesting the release of matching funds for an additional $30,000 of new private sector pledges not previously matched.

The Commission has provided supporting documentation confirming both the gift and grant receipts and the additional private sector pledge amounts. No other requirements must be met by the Commission in order for it to qualify for the additional matching funds. However, since the total amount of the Commission's supplementation request ($151,600) exceeds the remaining balance in the committee's s. 20.865(4)(c) appropriation from which the matching funds are provided ($151,528), the maximum supplementation the Committee may provide is $151,528 GPR.

CONCLUSION

OK

The Commission has met the requirements under s. 13.101(3m) of the statutes to receive a further supplementation from the Committee's s. 20.865(4)(c) appropriation to the Commission's s. 20.525(1)(k) appropriation to provide a dollar-for-dollar match for: (1) the additional private sector gifts and grants received since June 4, 1998, and not previously matched ($121,600 GPR); and (2) the amount of outstanding new pledges due the Commission and not currently matched ($30,000 GPR). The Committee may, therefore, wish to approve the Commission's supplementation request and release the remaining balance of $151,528 GPR from the Committee's s. 20.865(4)(c) appropriation to the Commission's appropriation under s. 20.525(1)(k).

Prepared by: Tony Mason

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September 24, 1998

Steve Mille 6-3561

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Legislative Reference Bureau: Section 13.10 Request for New Supervisory Positions and New Attorney Positions—Agenda Item VII

The Legislative Reference Bureau (LRB) is seeking the following additional staffing and related funding resources associated with a proposed reorganization of the agency prior to the commencement of the 1999 Legislature.

- First, the LRB is requesting that the Joint Committee on Finance authorize the creation of 7.0 GPR new supervisory positions and simultaneously delete 7.0 GPR existing staff positions in the agency in order to effect a staff reorganization. No additional funding is being requested in connection with the creation of these new supervisory positions.

- Second, the LRB is requesting that the Committee authorize the creation of 2.0 GPR new attorney positions and provide supplemental funding of $110,000 GPR in 1998-99 associated with these new positions. The LRB proposes that the supplement be provided to its s. 20.765(3)(b) appropriation from the Committee's s. 20.865(4)(a) appropriation.

BACKGROUND

The LRB is currently authorized 56.0 GPR positions. The agency is under the overall direction and management of the Chief of the LRB. Through the 1997-98 fiscal year, the agency has been organized into two principal subunits: a legal section and a reference and library section, each under the supervision of a director. The legal section is primarily responsible for such matters as drafting all legislative proposals and related amendments, developing plain language analyses of bills and resolutions, supervising the enrollment of final bills that have passed both houses and publishing acts on their date of publication. Currently, drafting attorneys have specific subject area responsibilities and are not organized into policy area teams. The reference and library section is primarily responsible for maintaining a library and state records depository of materials relating to government and public policy issues, responding to information inquiries of legislators and other governmental officials, preparing studies and reports on topics of legislative concern and publishing, on a biennial basis, the Wisconsin Blue Book.

Provisions of 1997 Wisconsin Act 27 transferred the position of Chief of the LRB from the classified civil service to the unclassified service of the state. Subsequently, provisions of 1997 Wisconsin Act 237 converted the remaining 55.0 FTE positions at the LRB from the state's classified civil service to the unclassified service. Under the Act 237 provisions, any new LRB employe employed after the Act's general effective date is hired in the unclassified service. However, a transitional provision also stipulated that all incumbent, classified LRB employes on the Act's general effective date remain in the classified service until July 1, 1999, while holding a position at the LRB.

ANALYSIS

Supervisory Positions. A new Chief of the LRB was appointed on June 16, 1998. Following his review of the agency's mission and existing staffing configurations, a determination was made that the LRB could improve its ability to provide services to the Legislature if the agency were organized on a functional or team basis, as described below.

Under this proposed change, the current complement of drafting attorneys would be reorganized into four separate teams. Each team would be under the general direction of a newly-created supervising attorney. Further, teams would be organized functionally by broad public policy area. [These broad functional areas would likely be the following: General Government, Business and Finance; Human Services and the Courts; Education, Local Government and Taxation; and Transportation and Natural Resources.] The agency's stated rationales for creating teams of drafting attorneys are the following: (1) improved quality control over bill drafts; (2) increased ability to balance workload among attorneys and to improve responsiveness; (3) greater ability to produce more valid employe performance appraisals; and (4) improved internal organization.

but reduced output. see p. 3

All information technology, bill draft editing, word processing and related clerical functions would be placed under the unified supervision of a new administrative services manager to improve the coordination of these activities with the bill drafting process. The new administrative services manager would also assist in the general coordination of all budget bill drafting activities.

The current library and research supervisory function would be split, with all librarian functions being assigned to a new managing librarian and all research and report development functions being assigned to a currently existing research manager position.

A new general counsel position would be created to advise the Chief. The general counsel would be assigned agency-wide duties affecting both the internal workings of the LRB and its external relations.

The Chief of the LRB proposes to promote existing staff into the new supervisory positions described above. If current LRB staff were in the unclassified service, the Chief could designate the required number of supervisory positions from among the total positions authorized to the agency. However, under provisions of 1997 Wisconsin Act 237, existing LRB staff remains classified through June 30, 1999, so this option is not yet available. The Chief of the LRB has consulted with staff of the Department of Employment Relations who advised that the most efficient manner to effect the desired reorganization prior to July 1, 1999, would be to create a total of 7.0 FTE new supervisory positions and simultaneously delete an equivalent number of existing positions. Current LRB classified employes could then be appointed to the newly-created supervisory positions on an acting basis through June 30, 1999, after which time they could be appointed to the positions on a permanent basis in the unclassified service.

Under this proposed approach, the following seven positions would be created and abolished:

Positions Created	Positions Abolished
4.0 Managing Attorneys	4.0 Attorneys 13
1.0 Administrative Services Manager	1.0 Program Assistant 3
1.0 Managing Librarian	1.0 Librarian - Senior
1.0 General Counsel	1.0 Attorney 14 Supervisor

An existing research administrator supervisory position would be used to provide for the new research manager supervisory function.

New Attorney Positions. The Chief of the LRB estimates that the four new managing attorney positions would devote up to one-half of their time to supervisory, training and workflow management duties. A reduced level of continuing bill drafting responsibilities would account for the remainder of their duties. Consequently, the managing attorneys' aggregate additional supervisory responsibilities are estimated to result in an overall reduction in agency-wide bill drafting capabilities equivalent to approximately 2.0 FTE drafting attorneys. The agency is requesting that it be provided with 2.0 GPR new attorney positions to ensure that no such reduction in bill drafting capabilities occurs. The agency also anticipates using these additional attorney positions to even out workload on each of the proposed drafting teams and to begin the development of duplicate drafting specialization on the teams.

not an emergency

The agency is requesting that the Committee authorize 2.0 GPR new attorney positions (these new positions would be unclassified) and provide a supplement of $110,000 GPR in 1998-99 to fund the new positions, commencing November 1, 1998. The requested funding for each new position is based on a budget of $54,000 GPR for salaries and fringe benefits and $1,000 GPR for related supplies and services costs.

However, the Committee may wish to note that when new positions are created and salary and fringe benefits amounts provided, the positions are typically funded at the minimum of the appropriate pay range. To the extent that the agency chooses to hire above the minimum, it must normally reallocate the additional funding required from base level resources. Under this procedure for determining position funding needs, eight months of salary and fringe benefits funding for each new attorney position would amount to $31,800 GPR (plus an additional $1,000 GPR each requested for supplies and services). If the Committee acts to provide the 2.0 GPR additional attorney positions, it may wish to consider funding them at the revised level of $65,600 GPR.

Based on the current balances and levels of expenditure from the agency's s. 20.765(3)(b) general program operations appropriation, there are insufficient funds available to the LRB to fund the new positions. Further, since the agency's proposed reorganization must be accomplished prior to the commencement of the 1999 Legislature and, consequently, cannot be deferred and considered as a budget request, the Committee may wish to consider approving the LRB's request at this time.

ALTERNATIVES

1. Approve the Legislative Reference Bureau's request to: (1) authorize the creation of 7.0 GPR new supervisory positions and simultaneously delete 7.0 GPR existing staff positions in the agency in order to effect a staff reorganization; and (2) authorize the creation of 2.0 GPR new attorney positions and provide associated supplemental funding of $110,000 GPR in 1998-99 from the Committee's s. 20.865(4)(a) appropriation to the agency's s. 20.765(3)(b) appropriation.

2. Approve the Legislative Reference Bureau's request to: (1) authorize the creation of 7.0 GPR new supervisory positions and simultaneously delete 7.0 GPR existing staff positions in the agency in order to effect a staff reorganization; and (2) authorize the creation of 2.0 GPR new attorney positions and provide associated supplemental funding at a revised level of $65,600 GPR in 1998-99 from the Committee's s. 20.865(4)(a) appropriation to the agency's s. 20.765(3)(b) appropriation.

3. Deny the request.

Prepared by: Tony Mason

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Revenue: Section 13.10 Request to Provide Additional Funding to Remove Social Security Numbers from Individual Income Tax Booklets--Agenda Item VI

The Department of Revenue (DOR) requests transfer of supplemental funding of $106,100 GPR in 1998-99 from the Joint Committee on Finance's GPR appropriation [20.865 (4) (a)] to DOR's collection of state taxes, general program operations GPR appropriation [220.566 (1) (a)]. The funding supplement would be used to remove social security numbers from labels on individual income tax booklets.

BACKGROUND

DOR annually modifies tax returns and booklets to reflect tax law changes, including updating references to the federal internal revenue code (IRC). The Department also makes periodic changes to simplify and improve the quality of the documents. Copies of forms, booklets and other information are sent to taxpayers.

Typically, DOR staff develops general specifications for the forms and booklets between February and April. Bids are opened to printers in May and finalized by the end of the month. The bids allow for a number of variables including a different number of lines and pages for forms and booklets, and different quantities. From July into October, staff finalizes the composition and number of documents to be produced. Finally, in October and November, camera copies of the various documents are delivered to the printers for printing.

A total of $471,500 GPR is appropriated in 1998-99 to fund printing expenditures for forms and related documents for taxes administered by the Division of Income Sales and Excise Tax (ISE).

ANALYSIS

DOR has requested supplemental funding of $106,100 GPR in 1998-99 to eliminate social security numbers from labels on individual income tax booklets. The table below shows the expenses that would be funded under the Department's request.

Administrative Expenses for Social Security Number Confidentiality

One-Time Expenses	
Contract Programmer	$65,000
Personal Computer Hardware/Software	9,200
InfoTech Charges	9,000
Total One-Time Expenses	$83,200
Ongoing Expenses	
LTE Salaries and Fringe Benefits	$12,900
InfoTech Charges	10,000
Total Ongoing Expenses	$22,900
Total Expenses	$106,100

Each year, DOR mails individual income tax booklets to taxpayers who filed returns for the previous year. The booklet is addressed using a peel- off label that includes information required of taxfilers, including the taxpayer's social security numbers. The label is removed and attached to the individual return when the return is filed with the Department. The social security number is used to match the return with the taxpayer's records and allows DOR to process returns and refunds faster and more efficiently.

A problem with this system is that the taxpayer's social security number is printed on the front of the booklets that are mailed to each taxpayer. This creates an opportunity for others to use the social security number without the taxpayer's knowledge or consent. Awareness of the unethical and unlawful use of such information, particularly as it relates to identity theft, has increased in the past few years. The Department indicates that it has received many complaints from taxpayers about this issue. The Internal Revenue system and many states mail tax booklets that no longer include the taxpayer's social security number on the mailing label.

DOR intends to eliminate the social security number and substitute a random identification number on the peel-off label. The Department's computer system would use a cross-reference table to identify the taxpayer when the return is processed.

The Department requests one-time funding of $65,000 to hire a contract programmer for 1000 hours to develop the system. One-time funding would also include $9,200 for a personal computer and related software, and $9,000 for InfoTech usage charges. There would be ongoing expenses of $12,900 for salaries and fringe benefits for LTEs that perform annual data cleansing and $10,000 for InfoTech storage costs.

DOR has requested the supplement from the Committee's GPR appropriation because the additional funding is necessary at this time so that the tax forms and booklets can be modified and printed for tax year 1998 and new computer applications can be integrated into the Department's annual tax document printing process. As noted, final changes to forms and booklets are usually made by the end of October. DOR indicates that the additional costs cannot be absorbed with existing funding. In this regard, it should be noted that $12,450 out of a budgeted $33.5 million lapsed from the collection of state taxes, general program operations appropriation in 1997-98. Moreover, the Department estimates that funding provided for printing expenses in 1998-99 ($471,500) will be insufficient to fund expected printing costs, not including the cost of this request. Finally, the 1998-99 net unreserved balance in the Committee's GPR appropriation is currently projected to be $443,000, which would be sufficient to fund this request.

Although DOR indicates that the additional costs of modifying the tax documents cannot be absorbed, frequently, additional funding is not provided to modify tax forms and documents. For example, additional funding is typically not provided to adjust tax documents to reflect tax law changes that are adopted for state tax purposes through the annual IRC update. The Department also did not receive additional funding to modify tax forms and instructions to show the changes to the development zones credits that were enacted in both the 1995-97 and 1997-99 biennial budgets. However, the tax law changes included in 1997 Acts 27 and 237 and the social security number confidentiality change could be viewed as requiring a more significant change to tax documents.

In addition, DOR did not request additional funding for social security number confidentiality during legislative deliberations on either the biennial budget and budget adjustment bills. Moreover, the budget adjustment bill was considered during the time in the Department's printing process (February through May) when Department staff was presumably identifying the potential modifications to tax documents and receiving printing bids which included the potential costs of the proposed changes.

Since only three months have elapsed between enactment of the budget adjustment bill and DOR's current request, it could be argued that it is not clear that an emergency situation exits at this time. The $101,600 GPR that DOR requests is 0.3% of the total 1998-99 budgeted amount for the collection of state taxes general program operations appropriation. As a result, the Committee may wish to deny the request and require DOR to absorb the printing costs identified in the request. If the Department determines that additional funds are in fact needed, it could submit a s. 13.10 request for the June, 1999, meeting.

Kate - 1 time cost from integrated tax system
DOR will eat the on-going costs
DOA recommendation

No

As an alternative, the Committee could approve a one-time transfer from the Department's integrated tax system appropriation [20.566 (3) (b)]. The integrated tax system appropriation was created to provide funding for development and implementation of an integrated tax system. In general, the integrated tax system would be a tax administrative system that would use technology to improve and simplify: (a) taxpayer assistance; (b) taxpayer registration; (c) tax processing; (d) records management; (e) refunds processing; (f) taxpayer audits; (g) delinquent tax collections; and (h) disbursement of documents, revenues and refunds. DOR has developed a plan for developing the system over five years, beginning in 1998 and ending in 2003. Base level funding of $3,415,600 GPR is provided in 1998-99. The 1998-99 funding is primarily for contracting with private vendors to: (a) develop a master plan; (b) implement an on-line Internet filing project; (c) implement a data warehouse pilot project; (d) develop a data model for categorizing and organizing information; (e) integrate individual income tax data into the business tax registration system; and (f) for process reengineering.

don't give DOR an excuse!

As of September 16, 1998, the unexpended and unencumbered balance in the integrated tax system appropriation was $2,151,946. DOR has indicated that it expects to expend the entire balance in the appropriation and any reduction in the appropriation could delay implementation of the integrated tax system beyond five years. However, at this time, the project is in the early stages of development and the Department does not have a specific estimate of long-run costs. Therefore, it could be argued that it is not clear that a one-time reduction in funding of $106,100 would have a significant detrimental effect on the project. In addition, the funds that were transferred would be used to update and improve tax documents and provide more taxpayer security, which would seem compatible with the objectives of the integrated tax system project. As a result, the Committee could approve a one-time transfer of $106,100 from the integrated tax system appropriation to the ISE general program operations appropriation. Because the transfer would be made on a one-time basis, base level funding for the integrated tax system would be maintained for the 1999-2000 biennium. DOR could request permanent funding during 1999-2000 budget deliberations.

ALTERNATIVES

1. Approve the Department's request to provide a supplement of $106,100 GPR in 1998-99 from the Committee's GPR appropriation [20.865 (4) (a)] to the Department's collection of state taxes, general program operations appropriation [20.566(1)(a)]. Provide that $83,200 GPR in 1998-99 would be one-time funding.

2. Modify the request to provide a one-time transfer of $106,100 GPR in 1998-99 from the Department's integrated tax system GPR appropriation [20.566 (3) (b)] to the Department's collection of state taxes, general programs operations appropriation [20.566 (1) (a)].

3. Deny the request.

This request for funding from the JFC approp. isn't a true emergency.

Prepared by: Ron Shanovich

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Commerce: Section 13.10 Request to Increase the Number of Enterprise Development Zones – Agenda Item III

The Department of Commerce (Commerce) requests approval to designate 50 additional enterprise development zones (EDZ). As a result, the total number of zones that could be designated by the Department would be 100.

BACKGROUND

The 1995-97 budget (1995 Wisconsin Act 27) created the enterprise development zone program administered by the Department of Commerce. A business that conducts or that intends to conduct economic activity in an area of the state can apply to Commerce to have an area designated as an enterprise development zone by submitting an application and a project plan to the Department. Commerce can designate the area as an enterprise development zone if the area meets certain criteria and the Department approves the project plan. Commerce is authorized to establish the length of time an enterprise development zone can be designated up to a maximum of seven years (84 months). The Department cannot designate more than 50 enterprise development zones unless it receives approval from the Joint Committee on Finance. Through August, 1998, 42 enterprise development zones had been designated in 41 cities.

A business that conducts economic activity in an enterprise development zone and is certified by Commerce can claim development zone credits. Only one person is eligible for tax benefits in an enterprise development zone. The maximum amount of credits that can be claimed by a business is established by Commerce, but cannot exceed $3 million. The Department is annually required to estimate the amount of forgone tax revenues because of tax benefits claimed by businesses in the enterprise development zones. A zone expires 90 days after the limit on tax benefits is exceeded.

ANALYSIS

The enterprise development zone program is designed to promote economic growth and employment through job creation and investment, particularly in economically distressed areas. Designation criteria target areas with high unemployment, low incomes, high proportions of W-2 participants, recent layoffs, or declining populations or property values.

Businesses apply to Commerce to have an area in which they intend to locate or expand be designated as an enterprise development zone. The business must submit an application and a project plan. The project plan must include information about the proposed business activities that will be conducted in the zone, including the number of jobs that will be created or retained and the amount of investment that will be made in the zone. The Department evaluates the proposed zone based on the designation criteria and designates the zone based on these criteria. After it is determined that the zone meets the required criteria, the Department reviews and approves the application and plan. Also, after the Department designates an enterprise development zone, it determines the amount of tax credits that will be allocated and certifies the business as eligible for those credits. Since only one business in a zone can claim tax credits, enterprise dvelopment zones are relatively small areas in which the business is located.

Prior to the 1997-99 budget (1997 Wisconsin Act 27), businesses in enterprise development zones were eligible for any of seven development zone tax credits including the jobs credit, investment credit, location credit, sales tax credit, research credit, day care credit and environmental remediation credit. The jobs and sales tax credits were refundable.

Under the provisions of Act 27, starting with tax years that begin on January 1, 1998, a consolidated development zone credit can be claimed by businesses in enterprise development zones. The credit is based on amounts spent on environmental remediation and the number of full-time jobs created or retained.

Environmental Remediation Component. A credit can be claimed for 50% of the amount expended for environmental remediation in a development or enterprise development zone. "Environmental Remediation" is defined as removal or containment of environmental pollution and restoration of soil or groundwater that is affected by environmental pollution in a brownfield if that removal, containment or restoration began after the area that contains the site was designated a development or enterprise development zone. Investigation costs are eligible unless the investigation determines that remediation is required and remediation is not undertaken.

Full-Time Jobs Component. A credit of up to $6,500 can be claimed for each full-time job created or retained in a development or enterprise development zone and filled by a member of a targeted group. A credit of up to $4,000 can be claimed for each full-time job created or retained in a zone by an individual who is not a member of a targeted group. The individual for which the credit is claimed must receive pay equal to at least 150% of the federal minimum wage. Members of a targeted group include: (a) persons who are members of a targeted group under the prior jobs credit; (b) persons who reside in a federal empowerment zone or enterprise community; or (c) a W-2 participant. Prior law targeted group members include certain disabled individuals, members of disadvantaged families, SSI and general assistance recipients, summer youth employes, and dislocated workers.

Credits that are not entirely used to offset income and franchise tax liabilities in the current year can be carried forward up to 15 years to offset future tax liabilities.

Preliminary tax collection data for 1997-98 indicates that approximately $1.1 million in refundable development zones jobs and sales tax credits were claimed. Aggregate corporate income and franchise tax data for 1995-96 shows that about $1 million in development zones jobs and sales tax credits were claimed. These amounts include claims by businesses in development zones as well as those in enterprise development zones. Data is not currently available to provide a more comprehensive estimate of the amount of development zone credits claimed.

The attachment provides summary information about the enterprise development zone program. The table shows that, since the program began in August, 1995, 42 enterprise development zones have been designated in 41 cities throughout the state. Over $72.4 million in tax credits have been allocated to the zones. Credit allocations range from $426,000 to $3 million, with an average allocation of $1.7 million per zone.

As noted, Commerce is required to obtain Committee approval to designate more than 50 enterprise development zones. The Department anticipates that eligible projects will exceed that amount in the near future. Consequently, Commerce has requested that the Committee give the Department authority to designate 50 additional, or a total of 100 enterprise development zones. No additional funding or positions are included in the request.

Commerce indicates that the enterprise development zone program is an important program for stimulating economic development and growth and job creation in Wisconsin. The Department notes that enterprise development zones involve large projects that create or retain hundreds of jobs. An estimated 11,533 jobs will be created and another 18,869 jobs will be retained by the 42 businesses participating in the program. Total statewide investment is expected to be over $1.37 billion.

The enterprise development zone program was included in the 1995-97 budget by the Joint Committee on Finance. The Committee established the requirement that Commerce obtain approval before exceeding 50 zones in order to have the opportunity to review the program when it achieved a certain level of participation. When the approval requirement was set, 50 zones was viewed as a level that would be sufficient to allow the Department to encourage economic development projects that would provide significant benefits to the state economy while directing those projects to areas that were experiencing economic distress. At the same time, the number of zones would be limited enough so that the Department would be required to designate projects which would have the most significant economic impacts when compared to other applicants.

The Department of Commerce is also responsible for administering the community development zone program and has established 20 development zones in areas which have been designated as economically distressed in certain municipalities, counties and Indian reservations in the state. The 20 authorized zones are located in Beloit; Eau Claire; Fond du Lac; Green Bay; Janesville; Manitowoc; Milwaukee; Racine; Richland Center; Sturgeon Bay; Superior; Two Rivers; Ashland and Bayfield Counties; Iron County; Florence, Forest, Lincoln and Langlade Counties (North Four); Juneau, Adams and Marquette Counties; Grant and Lafayette Counties; Marinette County; and the Lac du Flambeau and Stockbridge-Munsee Indian Reservations. The Department has authority to create two additional zones. A total of $33.155 million is allocated for tax credits over the life of the statewide program.

There is a concern that if the enterprise development zones program becomes too large it would compete with the community development zones program. Some economic development studies have indicated that development zone programs are most effective in attracting investment when they are limited to a small number of economically distressed areas of the state. The development zone program is designed to attract businesses to these areas. Enterprise development zones are more limited areas that encompass one business. Both types of zones can be located in similar areas of economic distress. However, it is possible that a business that would otherwise undertake a new development project in a development zone, would instead locate in an enterprise development zone because the local community was generally economically well off.

DOC would not permit this to happen

Approving an additional 50 enterprise zones would not have a fiscal effect in 1998-99. Commerce would have to review and approve applications and project plans for projects, and allocate and certify tax credits to businesses. The businesses would have to take the actions, such as hiring workers, that would be necessary to claim the credits. However, with a $3 million maximum tax credit allocation per zone, expanding the program could potentially reduce state individual and corporate income and franchise tax revenues by $150 million. This would be in addition to the $72.4 million in credits which have been allocated under the enterprise development zone program and the $33.155 million in credits that have been authorized under the development zone program. If the amount of credits allocated to each enterprise development zone maintained the current average of $1.7 million per zone, the potential revenue loss would be $85 million. If that amount of credits was claimed in equal amounts over the seven-year life of a zone the potential annualized revenue loss would be $12 million.

Commerce can designate eight more enterprise development zones and allocate up to $24 million more in credits to the businesses in the enterprise development zones. The Department designated 14 zones in both 1996 and 1997. Thus, the Department still has authority to designate more than one-half of the average number of zones it designated in 1996 and 1997. As a result, the Committee may wish to deny the request and direct the Department to request the program expansion during the Committee's deliberations on the 1999-2000 biennial budget. This would provide the Committee with an opportunity to fully evaluate the enterprise development zone program in the context of overall state taxing and expenditure policy. Based on past experience, it would appear that the Department would have authority to designate a sufficient number of enterprise development zones to meet the demand between now and passage of the budget. The Department could request Committee authority to designate additional zones if it became necessary.

As an alternative, the Committee could authorize Commerce to designate an additional 14 enterprise development zones to increase the total number that may be designated to 64. This would provide the Department with the average annual number of zones that have recently been designated, but limit the scope of the program expansion. Commerce could request approval for further program expansions in the future (through s. 13.10 or the biennial budget).

ALTERNATIVES

1. Approve the Department's request to authorize it to designate an additional 50 enterprise development zones to increase the total amount that may be designated to 100.

2. Authorize Commerce to designate an additional 14 enterprise development zones to increase the number of zones that could be designated to 64.

3. Deny the request.

Prepared by: Ron Shanovich

Attachment

ATTACHMENT

Enterprise Development Zone Program

City	Company Name	Certification Date	Zone Investment	Jobs Created	Jobs Retained	Credit Allocation
New Berlin	Quad/Graphics	August 14, 1995	$96,500,000	500	0	$3,000,000
Weyauwega	Summit Performance Systems	August 24, 1995	2,019,000	150	0	750,000
Eau Claire	W.L. Gore	September 19, 1995	70,000,000	450	0	1,756,667
Oconto	Cera-Mite Corp.	November 1, 1995	5,000,000	150	0	900,000
Neilsville	Leeson Electric	December 11, 1995	2,500,000	150	0	900,000
Marinette	Karl Schmidt Unisia	January 12, 1996	2,100,000	350	630	2,100,000
Menominee Falls	Strong Capital Management, Inc.	February 12, 1996	30,000,000	500	450	3,000,000
Wisconsin Rapids	Advantage Learning Systems, Inc.	February 19, 1996	10,000,000	370	130	2,000,000
Kenosha	Chrysler Corp.	April 1, 1996	364,000,000	414	1,405	3,000,000
Franklin	Harley-Davidson Motor Co.	April 1, 1996	20,000,000	200	0	1,200,000
Milwaukee	Waldorf Corp.	June 28, 1996	8,000,000	25	175	1,200,000
Shawano	Aarrowcast, Inc.	July 4, 1996	13,500,000	312	247	1,068,000
Chippewa Falls	Johson Matthey, Inc.	August 1, 1996	47,700,000	600	0	2,750,000
Prairie du Chein	Cabela's of Wisconsin	August 29, 1996	16,000,000	650	0	2,000,000
Brookfield	Ameritech	September 19, 1996	12,000,000	666	6,166	3,000,000
Wauwatosa & Menomonee Falls	Harley-Davidson Motor Co.	September 27, 1996	99,000,000	400	1,310	2,400,000
Ladysmith	Weathershield	October 25, 1996	6,200,000	200	0	1,200,000
Janesville	Accudyne	November 10, 1996	3,500,000	-	250	1,000,000
Dodgeville	Land's End	November 20, 1996	62,000,000	666	0	3,000,000
Bellevue & Manitowoc	Krueger Int'l	January 10, 1997	7,600,000	175	449	1,050,000
Sheboygan	J.L. French Corp.	February 1, 1997	43,000,000	220	720	1,320,000
Kenosha	Snap-on, Inc.	February 14, 1997	2,700,000	160	0	960,000
Green Bay	Schreiber Foods	April 22, 1997	27,000,000	120	791	720,000
Saukville & Milwaukee	Charter Manuf.	March 21, 1997	42,000,000	200	676	1,200,000
Racine	J.I. Case	May 1, 1997	115,476,500	500	1,739	3,000,000
Chetek	Parker Hannifin	June 1, 1997	2,400,000	100	0	600,000
Pewaukee	Applied Power	June 16, 1997	8,600,000	130	51	650,000
Oconto	KCS International	June 18, 1997	2,500,000	120	417	720,000
Platteville	Hypro Inc.	July 31, 1997	5,500,000	150	0	900,000
Wausau	Award Flooring	August 1, 1997	13,400,000	175	0	775,000
Manawa	Kolbe & Kolbe	August 18, 1997	2,100,000	200	0	1,500,000
De Pere	Moore Response	September 1, 1997	81,000,000	471	800	3,000,000
Bonduel	Krueger Int'l	November 17, 1997	4,650,000	375	0	2,250,000
Ripon	Alliant Laundry Systems	May 1, 1998	31,000,000	200	480	3,000,000
Hudson	Cardinal Health	April 1, 1998	8,500,000	71	0	426,000
Port Washington	Simplicity	March 31, 1998	10,000,000	60	470	2,180,000
Racine	Norsky Skog*		30,000,000	600	0	3,000,000
Milwaukee	Johnson Controls*		17,000,000	350	80	1,750,000
Germantown	Rockwell Automation	March 1, 1998	28,000,000	65	460	2,165,000
Milwaukee	Carson Pirie Scott	May 31, 1998	18,000,000	-	736	2,088,000
Wausaukee/Gillett	Wausaukee Composites	April 15, 1998	2,700,000	200	132	1,000,000
Oshkosh/Appleton	Hoffmaster	August 1, 1998	5,000,000	138	105	2,000,000
TOTAL			$1,378,145,500	11,533	18,869	$72,478,667

* Businesses have not been certified.

Legislative Fiscal Bureau
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OK

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Transportation: Section 13.10 Request for Approval of a Reciprocal Motor Vehicle Registration Agreement with the Oneida Tribe of Indians – Agenda Item IV

The Department of Transportation (DOT) requests the approval of a reciprocal motor vehicle registration exemption agreement with the Oneida Tribe of Indians.

BACKGROUND

Current law allows the Secretary of DOT, with approval of the Joint Committee on Finance, to enter into a reciprocal registration exemption agreement with any federally-recognized Indian tribe or band. Such an agreement would allow designated classes of vehicles registered with the Indian tribe or band to travel outside of the reservation and within Wisconsin without being registered with the State of Wisconsin. Likewise, similar classes of vehicles registered with the state could travel on the Indian reservation without having to register with the governing Indian tribe or band.

Currently, two of the eleven federally-recognized tribes or bands in Wisconsin have entered into reciprocal registration exemption agreements. The Menominee Indian Tribe signed an agreement in 1984 and the Lac du Flambeau Band of Lake Superior Chippewa Indians signed an agreement in 1994.

The Menominee and Lac du Flambeau could require all of their residents to register with the tribe or band. However, only the Menominee requires registration with the tribe. Residents of the Lac du Flambeau may register their vehicle with either the band or the State of Wisconsin. The reciprocity arrangements do not extend to tribal members residing outside of the tribe's jurisdiction. Although the agreements allow the tribes to have jurisdiction over the registration of automobiles and light trucks, the signed agreements explicitly grant to motor carriers of these tribes the option to register their vehicles under the international registration plan through the state to take advantage of Wisconsin's interstate reciprocity agreements.

Currently, approximately 700 vehicles are registered with the Lac du Flambeau Band and an estimated 3,500 vehicles are registered with the Menominee Tribe.

ANALYSIS

The proposed agreement between the State of Wisconsin and the Oneida Tribe is nearly identical to the agreements with the Menominee and the Lac du Flambeau. Like the Menominee, the Oneida would require all reservation residents who are tribal members to register with the tribe. A representative of the Oneida indicates that the fee for registering an automobile would be $40, or $5 below the $45 registration fee charged by the state. The Lac du Flambeau also charge $40, whereas the Menominee charge $32 for automobiles.

The Oneida Tribe estimates that about 2,000 vehicles would register with the tribe if the agreement is approved, resulting in an annual loss to the state of about $90,000 in transportation fund revenue. Since a relatively small number of vehicles would be affected and because the agreement would not likely be implemented until well into fiscal year 1998-99, implementation of the agreement would not likely have a significant impact on the biennium-ending balance in the transportation fund. The agreements with the Lac du Flambeau and the Menominee together result in an annual revenue loss of around $200,000.

Vehicles registered by the Oneida, as with those registered by the Menominee and the Lac du Flambeau, would not be entered into the state's vehicle registration database. When vehicles registered with the tribe are stopped outside of the reservation, therefore, drivers may endure delays while the law enforcement officer checks the vehicle registration, as is standard practice. The dispatcher in contact with the officer would be required to contact the reservation by telephone to check the vehicle's registration status.

CONCLUSION

Since the state has agreements with the Menominee and the Lac du Flambeau that are nearly identical to that proposed with the Oneida and because of statutory provisions which provide for such agreements, the Committee may wish to approve the request.

Prepared by: Jon Dyck

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Office of the Commissioner of Railroads: Section 13.10 Request for $500,000 FED in Additional Funds for Railroad Crossing Improvement—Agenda Item V

The Office of the Commissioner of Railroads (OCR) requests $500,000 FED for railroad crossing improvement, a Department of Transportation appropriation.

BACKGROUND

The installation of railroad crossing warning signals and gates is the responsibility of both the Department of Transportation and the Office of the Commissioner of Railroads. The OCR has the responsibility to investigate railroad crossings and order the installation of warning devices at the most dangerous sites. As funding becomes available, the railroad is directed to install the ordered device and is reimbursed by DOT. DOT also funds the installation of devices at other crossings both directly, in conjunction with a highway improvement project, and through grants provided to local governments for device installation.

The cost of purchasing and installing warning devices is paid principally from one federal funds appropriation and one state transportation fund appropriation, $1,849,300 FED and $450,000 SEG, respectively, in 1998-99. By DOT policy, $1,000,000 of the federal appropriation and the entire state appropriation is reserved for projects ordered by the OCR. The remaining $849,300 is used as needed on state highway projects and the remainder is provided to local governments through grants. In 1998-99, about $150,000 will be used in the highway program and the remainder, about $700,000, will be provided in grants. As with most federal funds in the highway program, a local or state match is required. In the case of the OCR projects, the 10% match is provided by the transportation fund appropriation. For DOT projects on state highways, typically state highway funds provide the matching funds, whereas local governments provide the matching funds for grant projects.

1997 Act 135 created a railroad crossing penalty assessment for certain traffic offenses committed at railroad crossings. The assessment, equal to 50% of the forfeiture imposed for the violation, is deposited in the transportation fund and used for the installation and maintenance of railroad crossing signals and gates. DOT has not yet received any railroad crossing assessment money, and it is not expected that this will be a significant source of funding for warning devices in the future.

According to OCR, there are about 35 crossings where signals have been ordered, but for which funding is unavailable. The backlog has resulted, in part, because of a rapid increase in rail traffic during the 1990s on track that had previously been only lightly used. The increase in traffic has made a number of crossings more hazardous, causing the OCR to order more safety devices installed. OCR's request would provide additional federal funding, all of which would presumably be used on projects ordered by OCR.

where would the $ come from? what would it be otherwise spent for? is DOT OK with the request?

With its request, the OCR included a list of ten projects, with a total estimated cost of $1.2 million, where additional funding could be used. Crossing projects typically cost between $100,000 to $130,000 each, so the $500,000 requested would be sufficient to complete three to five of the identified projects.

ANALYSIS

It is uncommon for one agency to ask for an increase in funding, as OCR has in this request, to another agency's appropriation. Although there does not appear to be any explicit prohibition against making such a request, there may be some grounds for arguing that such a request runs counter to the intent of s. 13.10. For instance, the statutes specifically allow the Department of Agriculture, Trade and Consumer Protection (DATCP) to request transfers of funds from the Department of Natural Resources' nonpoint source water pollution abatement grant program to DATCP's soil and water resource management grant program. In enacting this provision, the Legislature may have felt it was necessary for the sake of clarity to explicitly allow one agency to make a request that affects another agency's appropriation, thus implying that normally such a request would not be allowed. It could also be argued, however, that OCR's request is not similar to the transfers from DNR to DATCP because it does not involve a reduction to DOT's program. Furthermore, because OCR's projects are funded from DOT's appropriation, it may be appropriate for OCR to request an increase in that appropriation.

If the Committee wishes to consider the issue of funding for railroad crossing improvement in relation to other possible uses of federal highway aid, it could reject this request and consider the issue again in December. By December 1, the Department of Transportation is required to submit a plan to the Committee for allocating additional federal highway aid among DOT appropriations. If the Committee chooses to reject this request, DOT may include in its 1999 plan an increase in the railroad crossing improvement appropriation. If not, the Committee could modify DOT's plan by increasing funding for this purpose by $500,000 or some other amount. Delaying the decision until December, however, could have a slight impact on the timing of project completion. Because of the time it takes to design the projects and order the supplies, it typically takes slightly more than one year from the time funding becomes available until the time the railroad crew completes the installation. Since this process cannot begin until funding is available, the delay in approving the funds could result in a delay in the completion of the project.

ALTERNATIVES

1. Approve the Office of the Commissioner of Railroads' request to increase funding for railroad crossing improvement by $500,000 FED.

2. Deny the request.

Prepared by: Jon Dyck

is this over the $1 Mil.?

Withdrawn

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Commerce: Section 13.10 Request for Position Authority and Funding for the National Community Service Board -- Agenda Item II

REQUEST

The Department of Commerce (Commerce) requests authority for 1.0 GPR project position under the Department of Administration appropriation used to fund Wisconsin promise challenge grants [s.20.505 (4) (fm)]. The position would administer the promise challenge grant program and would expire on January 1, 2000.

BACKGROUND

The National Community Service Board. The National Community Service Board was created in response to the federal National Service Trust Act of 1993. The federal act established a federal administrative entity, the Corporation for National Service (Corporation), and required states to create a state commission to administer the federal act at the state level. The Corporation provides funding to state commissions for programs established to address human, educational, environmental or public safety needs. The Wisconsin commission, the National and Community Services Board (Board), was created by the Governor under Executive Order 214 on January 28, 1994, and subsequently enacted into law under 1993 Act 437. The Board is statutorily attached to DOA for administrative purposes.

The State National and Community Services Board. The state Board is federally funded and receives an annual administrative grant, on a calendar year basis, to cover Board costs including staffing. The State is required to match the federal funding dollar for dollar and has provided the match amounts through in-kind contributions such as rent, staff time and equipment. The federal administrative funding is allocated through a continuing, sum certain appropriation under DOA.

Due to uncertainty regarding the amount of federal funding that would be available for the administrative costs of the Board in the 1997-99 biennium, funding for the Board was estimated at $205,500 FED in 1997-98 and $174,900 FED in 1998-99. The Board received an administrative grant of approximately $194,600 for calendar year 1998 and will apply for calendar year 1999 administrative funding later this fall.

Staffing for the Board was also addressed in the 1997-99 budget bill. Under the budget provisions, the Board is staffed by 2.0 federally funded permanent positions, a program planning analyst and an administrative officer. The Governor, however, has the authority to create or abolish federally funded positions without legislative approval.

The Board has a minimum of 16 voting members appointed by the Governor for staggered three-year terms. The duties of the Board include: (1) developing and updating a three-year plan for the provision of national service programs in the state; (2) preparing applications for financial assistance from the Corporation; (3) providing technical assistance to persons applying for financial assistance from the Corporation who plan to implement a national service program; (4) assisting in providing health and child care for participants; (5) providing a system of recruitment and placement of participants in programs and sharing information concerning the service programs to the public; (6) on request, providing training and materials to programs; (7) distributing funds made available by the Corporation, giving priority to persons providing youth corps programs; and (8) providing oversight and evaluation of the programs funded.

The Board also receives federal funds for two service programs: AmeriCorps and Learn and Serve America Community-Based Program. The Board distributes federal funding for these programs in the state. The Board will receive about $1.6 million in AmeriCorps formula allotment funds and $140,000 in Learn and Service competitive federal funds in fiscal year 1998-99.

The Board distributes federal funding to AmeriCorps programs operated in the state. The AmeriCorps program provides full and part-time opportunities for participants to provide services to their communities through community-based organizations and agencies. Participants are generally citizens with a high school diploma or its equivalent between the ages of 17 and 25. Federal funds are made available to the states according to population based formula allotment. Individual program proposals must receive the Board's approval through a competitive grant process and then meet the Corporation's requirements to be funded. Applicants for funds must include certain assurances including: (1) assurance that the funds will be used to address unmet human, educational, environmental, or public safety needs through services that provide a direct benefit to the community in which the service is performed; (2) assurance that the program will provide participants with training, skills and knowledge necessary for the project; and (3) assurance that the program will gather input from the community served, potential participants and community-based agencies.

The Board also administers the school-age youth community-based program component of the Learn and Serve America program. Under this program, funds support community-based initiatives that provide youth with opportunities to service people in their communities in activities that complement their classroom studies and are part of the curriculum. Participants are students and out-of-school youth between the ages of 5 and 17. Funding is distributed to individual programs through a competitive process. Funds may be used to implement, expand or replicate community-based service-learning programs that provide educational, public safety, human or environmental services by participants who are school-age youth. The funds may also be used for training and technical assistance to such organizations.

Memorandum of Understanding -- Administration, Commerce and Board. On November 12th, 1997, the Department of Administration (DOA), the Department of Commerce and the Board entered into a memorandum of understanding (MUO) transferring the attachment of the Board from DOA to the Department of Commerce. Under the MOU, Board staff continue their responsibilities as employes of DOA, but under the administrative oversight of Commerce. Commerce is also responsible for administration of the Board's funding and programs and for providing necessary matches for federal funds including employes, services or funds.

Promise Challenge Grants. 1997 Act 237 (the 1997-99 budget adjustment bill) provided $424,000 GPR in a continuing appropriation in 1998-99 for promise challenge grants. Under the Act, the Board is required to award these grants to countywide consortiums that agree to coordinate and document their county's progress in providing five fundamental resources to underserved youth. Underserved youth are defined as persons under age 26 who could benefit from, but who are not receiving, a majority of the five fundamental resources (defined as resources intended to mentor, nurture, protect, teach and serve such youth).

The Board is required to determine the grant amount to be awarded based on the number of targeted underserved youth who would receive the five fundamental resources as a result of the consortium's efforts. The amount of the grant can range from $3,000 to $15,000, depending upon the number of underserved youth who would receive the five fundamental resources. Only consortiums that agree to and show the ability to match the grant amounts, in cash, in an amount that is not less than twice the grant amount received are eligible to receive a grant. NCSB is allowed to spend any of the funding appropriated but not awarded for grants to consortiums to contract for training and technical assistance. On January 1, 2000, the provisions relating to this grant program will sunset.

ANALYSIS

Under the MOU between Commerce and DOA, the two positions that staff the Board were placed under the administrative oversight of Commerce. The positions include an administrative manager and a program and planning analyst. The administrative officer is responsible for administering the program and related staff at the direction of the Board, developing plans and policies related to national community service and managing and administering grant contracts. The program and planning analyst assists the manager in administering the program, manages the grant administration process and provides technical assistance to applicants and grantees. The two positions are responsible for the operation of the AmeriCorps and Learn and Serve grant programs through the Board. Staff expect to award seven grants through the AmeriCorps program in 1998-99. The Learn and Serve program is expected to involve 36 community-based programs, 12 Cooperative Educational Service Agencies (CESA) and 2 CESA lead agencies.

As noted, the budget adjustment bill created the promise challenge grant program and gave the Board administrative responsibility. No additional funding or positions were provided. Under the terms of the MOU with DOA, Commerce is responsible for operating the promise challenge grant program. The program will potentially require administration and management of a significant number of relatively small grants to a large number of counties. The Department indicates that it does not have sufficient existing staff and funding, including the two Board positions, to administer the program

Commerce requests that the Committee authorize 1.0 GPR project position for the DOA, national and community service board; Wisconsin promise challenge grants GPR appropriation [20.505 (4) (fm)]. Funding of $424,000 GPR is provided for this appropriation in 1998-99. The position would be funded from the existing appropriation and would expire on January 1, 2000, the same date on which the promise challenge grant program is sunset. The position would perform a number of administrative functions including managing the grant program, working with county organizations to apply for grants and conducting public presentations to promote the program. Annualized funding required for the position would be $52,800 GPR. However, the Department indicates that the position would probably start around December 1; therefore, funding of $34,900 would be required in 1998-99. The position would be funded from the appropriation for promise challenge grants because Commerce staff has determined that the remaining balance in the appropriation would be sufficient to fund all eligible grant applications during the life of the program. Their estimate assumes that a significant number of counties would still be able to receive grants through the program.

Commerce is requesting the Committee to provide position authority for a DOA appropriation. Under section 13.101 (2) of the statutes, a department, board, commission or agency may request that the Committee create or abolish a position or portion of a position in *the* department, board, commission or agency. Upon receiving such a request, the Committee is authorized to change the level of positions in *the* department, board, commission or agency to any level. Consequently, it appears that under s. 13.101(2) the Committee could not approve Commerce's request.

As an alternative, the GPR project position could be authorized under Commerce's economic and community development, general program operations appropriation [20.143 (1)(a)]. Funding for the position ($34,900 GPR in 1998-99) could be transferred from promise challenge grant appropriation under DOA [20.505 (4) (fm)]. This would provide Commerce with a project position and funding to administer the program. However, the amount of funding available for grants would be reduced to $389,100 GPR. If there is concern about the amount of funding that would be available for grants, the project position could be authorized under Commerce but no funds would

what does this accomplish?

be transferred from the DOA grant appropriation. In this regard, it should be noted that $306,100 lapsed in 1997-98 from Commerce's economic and community development, general program operations appropriation. (The lapse amounts partially reflect unused funds that were carried over from the prior fiscal year to cover anticipated costs associated with the Department's move to a new building.) If additional funds are in fact needed, Commerce could submit a s. 13.10 request for the June, 1999, meeting.

The provisions of 1997 Senate Bill 491 are incorporated into the promise challenge grant statute. In the fiscal note to the bill, DOA indicated that the Board would have increased costs associated with administering the new grant program. However, the Department determined that the additional administrative costs of the Board could be provided within base funding.

Recently, Commerce entered into an MOU with the Board and the Department of Health and Family Services (DHFS) . Under the MOU, part of the operation of the promise challenge grant program will be administered though the DHFS Alliance for a Drug-Free Wisconsin grant program. The program allocates funds to 132 local organizations that promote a grassroots ethic against drugs and alcohol and community-based prevention efforts. The specific provisions of the MOU transfers to DHFS a number of administrative responsibilities for the promise challenge grant program including designing an application process, providing personnel to develop a mailing list and screening panel, managing grant funds and maintaining records necessary for audits. Given the administrative assistance that will be provided by DHFS, the Committee may wish to deny the Commerce request. Commerce would be required to provide the additional administrative resources within base funding. This would be consistent with the DOA fiscal note to the promise challenge grant bill.

ALTERNATIVES

1. Modify the Department's request to authorize, in 1998-99, 1.0 GPR project position to expire on January 1, 2000, under the Department's economic and community development, general program operations appropriation [20.143 (1) (a)] and transfer $34,900 GPR in 1998-99 from the DOA Wisconsin promise challenge grant appropriation [20.505 (4) (fm)].

2. Modify the Department's request to authorize, in 1998-99, 1.0 GPR project position to expire on January 1, 2000, under the Department's economic and community development, general program operations appropriation [20.143 (1) (a)].

3. Deny the request.

Prepared by: Tricia Collins and Ron Shanovich

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September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services: Section 13.10 Request for Funding and Positions for Criminal Background Checks -- Agenda Item I

The Department of Health and Family Services (DHFS) requests a transfer of $1,549,600 GPR from the Committee's supplemental appropriation to the DHFS administrative general program operations appropriation ($1,148,500 GPR in 1998-99 and $401,100 GPR in 1999-2000) to fund costs to implement new requirements for criminal background checks for health care and child care providers. This funding would be used primarily to support 35.0 GPR project positions, each of which would terminate on September 30, 1999. In addition, DHFS requests that funding for the Division of Supportive Living's licensing and support services appropriation be increased by $39,500 PR in 1998-99 to fund mailing costs associated with implementing background checks.

DHFS will submit a separate s. 16.54 request to the Department of Administration for $154,300 FED in 1998-99 and $53,700 FED in 1999-2000 to support 5.25 FED project positions through September 30, 1999.

BACKGROUND

Act 27 Provisions and Funding. With the enactment of 1997 Wisconsin Act 27, child care and health care providers will be subject to expanded background checks for licensing of providers, hiring of employes or contractors and residency of non-clients. These expanded requirements will take effect October 1, 1998, for new hires, licensees and non-client residents and will apply to all current employes, non-client residents and licensees beginning October 1, 1999.

The Act 27 provisions are not limited to expanded background checks, but also include expanded requirements for the report and investigation of any client abuse or neglect or misappropriation of the client's property. These expanded reporting and investigation requirements take effect on October 1, 1998.

Act 27 provided DHFS $415,300 GPR and $178,800 FED in 1998-99 to support 9.50 GPR and 4.15 FED positions, beginning in 1998-99, for DHFS to implement these expanded requirements. Most of this funding and position authority ($348,700 GPR, $149,400 FED and 11.50 positions) was provided to support the costs of processing and investigating reports of abuse, neglect or misappropriation of property. In addition, Act 27 provided $420,000 GPR in 1998-99 in the Committee's supplemental appropriation for development of a linked computer system. Further, Act 27 provided $1,500,000 GPR in the Committee's supplemental appropriation to fund the costs of the expanded requirements. However, because other funding in Act 27 was explicitly budgeted to DHFS to implement these provisions, it was anticipated that the $1,500,000 GPR would lapse to the general fund.

if there was no funding in Act 27 to implement major components, why was the $1.5 expected to lapse? how were we going to pay for those parts?

In June, 1998, DHFS submitted a s.13.10 request to utilize the $420,000 GPR that was earmarked for development of the automated computer system. The Committee approved the transfer of $274,400 GPR ($120,300 GPR in 1997-98 and $154,100 GPR in 1998-99) from the Committee's supplemental appropriation and the transfer of $135,700 FED ($52,100 FED in 1997-98 and $83,600 FED in 1998-99) of federal child care and temporary assistance for needy families (TANF) funds. As a result of these transfers, the Committee's supplemental appropriation retains $145,600 GPR from the original $420,000 allocation and all of the $1,500,000 GPR allocation that was anticipated to lapse.

Description of DHFS Request. The costs related to implementing the new caregiver background checks and misconduct reporting can be categorized into the following areas: (a) processing and investigating misconduct reports; (b) developing an automated computer system; (c) processing background checks; and (d) rehabilitation reviews and appeals.

Most of the funding DHFS is now requesting ($1,220,700 in 1998-99 and $454,800 in 1999-00) would be used to process background checks and conduct rehabilitation reviews and appeals. Act 27 did not provide any funding for rehabilitation reviews or appeals. Although Act 27 provided $56,500 (all funds) and 2.0 positions for DHFS to handle additional nurse aide registry inquires, Act 27 did not provide any additional resources for DHFS to conduct background checks on all existing and new licensees in the next year.

A brief description of the rationale for the requested funding in each area is provided in the following section.

Processing Background Checks for New and Existing Licensees. DHFS licenses approximately 13,000 providers, including 5,100 adult health care providers, 5,400 child care providers and 2,500 emergency medical technicians (EMTs). Between October 1, 1998, and October 1, 1999, DHFS will be required to order and examine automated background checks on all existing licensees, as well as applicants for new licenses. In many cases, there will be more than one background check per licensee, since non-client residents are also subject to the requirement and there may be more than one owner of the facility. DHFS estimates that it will conduct 32,000 background checks during this period.

Currently, DHFS conducts backgrounds checks for certain licensees (community-based residential facilities (CBRFs), adult family homes and child care providers), but not for all of its licensees. Also, the background checks are not currently conducted on all existing providers, but only for license renewals or new licensees. DHFS estimates that it is currently conducting approximately 12,000 background checks annually. The DHFS request assumes that it will require 15 minutes to order and examine each automated background check.

Investigating "Hits" on Background Checks. DHFS estimates that 10% of the background checks will reveal a criminal conviction or some other adverse finding. The Department estimates that it will require 12 hours of additional research per "hit" to determine the appropriate action. This research would include such actions as obtaining and examining court records and police reports and interviewing police officers and probation officers.

Rehabilitation Reviews. The new background check requirements apply not only to state-licensed providers but also to employes and non-client residents of those providers. Although DHFS will not have to process the background checks for employes of these providers, DHFS will have to conduct rehabilitation reviews for employes of state-licensed providers as well as the providers themselves. DHFS projects that there will be a total of approximately 300,000 background checks and that 1.5% of these checks will result in disqualification for a license, employment or residency. DHFS further assumes that 60% of those disqualified will ask for a rehabilitation review. Based on these assumptions, DHFS estimates that it will have to process approximately 300 waiver requests per month during the first year. DHFS estimates that support staff will devote 2.25 hours per case while the two panel members will each spend 2.25 hours reviewing each case.

Appeals. If an individual fails the rehabilitation review, that individual will have the right to appeal the decision in a contested administrative hearing. DHFS requests funding for legal staff to represent the Department in the contested administrative hearing. DHFS estimates that 40% of persons who apply for rehabilitation will be denied a finding of rehabilitation and that of those denied, 27% will appeal the decision. DHFS assumes that a contested hearing will require an average of 48 hours of attorney time plus 19 hours of support staff time per case.

this is a low estimate

Automated Computer System Development. The Department's current request includes funding to complete development of the automated computer system. Act 27 and the Committee's previous s. 13.10 action has provided a total of $542,500 (all funds) for this system. However, DHFS has indicated that part of the development is more complex that previously anticipated, and that an additional $121,600 (all funds) is required to complete the system so that the system can retrieve license denials from the Department's current computer system for adult health care facilities. The current system is structured by organization and is not currently structured to accept inquiries about particular individuals.

A summary of the components of the Department's request is provided in the following table.

DHFS REQUEST
FUNDING AND POSITIONS FOR BACKGROUND CHECKS

	No. of	1998-99				1999-2000			
	Positions	GPR	PR	FED	Total	GPR	PR	FED	Total
Background Check Processing									
Inputting Background Checks	3.00	$70,400	$0	$12,300	$82,700	$23,500	$0	$4,100	$27,600
Investigating "Hits"	18.00	619,700	0	64,500	684,200	206,600	0	21,500	228,100
Mailing Costs	0.00	0	39,500	0	39,500	0	0	0	0
Subtotal	21.00	$690,100	$39,500	$76,800	$806,400	$230,100	$0	$25,600	$255,700
Rehabilitation Reviews									
Panel Review	13.00	$271,200	$0	$40,300	$311,500	$116,100	$0	$17,300	$133,400
Appeals	7.00	91,800	0	17,300	109,100	56,000	0	9,500	65,500
Subtotal	20.00	$363,000	$0	$57,600	$420,600	$172,100	$0	$26,800	$198,900
IT Programming Costs		$104,100	$0	$17,500	$121,600	$0	$0	$0	$0
GRAND TOTAL	41.00	$1,157,200	$39,500	$151,900	$1,348,600	$402,200	$0	$52,400	$454,600

ANALYSIS

Funding for 1999-2000. Under s. 13.101 (3)(b) of the statutes, the Committee may supplement an appropriation only for the fiscal biennium during which the Committee takes the action to supplement the appropriation. Consequently, the Committee may not transfer its supplemental funds to the DHFS 1999-2000 appropriation, as requested by the Department. If the Committee authorizes additional positions to address the workload associated with implementing the new background checks requirements, funding to continue these positions in the 1999-2001 biennium must be authorized as part of the 1999-01 biennial budget.

Review of DHFS Assumptions. Funding provided under Act 27 and the previous s. 13.10 request does not address all of the workload areas that will be involved in implementing the new caregiver requirements for background checks and reporting of misconduct. No funding has been provided for DHFS to process background checks and investigate "hits" related to state-licensed providers. Also, funding has not been provided for DHFS to conduct rehabilitation reviews and appeals. Although it is expected that these responsibilities will require significant staff time, it is uncertain what level of staffing DHFS will require, since the new requirements do not take affect until October 1, 1998. In the absence of actual data that can be used to estimate workload, the Department's request reflects a number of assumptions, which are discussed below.

Percent of Checks Resulting in Disqualifications and Rehabilitation Reviews. One of the key assumptions is the percentage of background checks that will progress to a rehabilitation review. The Department estimates that 1.5% of backgrounds checks will result in disqualification and that 60% of disqualified individuals will request a rehabilitation review. The Department's estimate is based on Minnesota's background check program, which is similar to Wisconsin's proposed system. Although Minnesota banned 1.65% of the number of individuals who were checked in fiscal year 1997-98, this percentage was 1.0% in fiscal year 1995-96. In fiscal year 1996-97, this percentage was 1.85%. Minnesota began expansion of its background check system in 1995, and so, 1996 and 1997 represent years in which existing employes were initially being tested. By 1998, only new hires were being checked. Overall, the Department's assumption that 1.5% of background checks will result in an initial disqualification appears reasonable.

However, the Department's assumption that 60% of disqualified persons will request a rehabilitation review is not consistent with Minnesota's experience. In fiscal years 1995-96, 1996-97 and 1997-98, the percentage of disqualified persons who appealed the initial disqualification was 19.2%, 19.9% and 24.7%, respectively. For this reason, it may be appropriate to assume that 25% of persons who are disqualified initially in Wisconsin will appeal.

Time Necessary to Investigate "Hits." Another key assumption is the average amount of time staff would require to investigate "hits" from background checks relating to state-licensed providers. DHFS currently conducts background checks for certain state-licensed providers (CBRFs, adult family homes, and child care providers). Although the system is not as extensive as under the new caregiver requirement, the Department does have some experience with investigating "hits" relating to background checks. DHFS staff indicate that it is a lengthy, involved process to obtain and read court records and police reports, interview probation officers and conduct other related activities. However, the Department's estimate that it requires an average of 12 hours to investigate a "hit" is not based on a time study or detailed records.

In Minnesota, the background check process is centralized. This centralized unit processes the computer check and also investigates any "hits" arising from the computer check. The cost for this function is approximately $5 to $8 per background check. Of this amount, $1 is used to pay for the computer check, leaving a net cost of $4 to $7 per background check. DHFS estimates that there will be 20,000 additional background checks relating to state-licensed providers. Based on Minnesota's average costs, DHFS would need between $100,000 and $140,000 to process these checks and to investigate "hits." In contrast, DHFS has requested approximately $1,000,000 to process the background checks and to investigate "hits." Although there may be a number of reasons for this difference, this comparison suggests that the DHFS assumption regarding the time necessary to process and investigate "hits" is high. Until the Department can document the average time to investigate "hits," it may be appropriate to assume an average of four hours, rather than 12 hours, to perform this function.

do we have the centralized capability that Minn. has?

Timing of Workload. The DHFS request assumes that background checks for current employes would be submitted at a steady pace beginning on October 1, 1998 , through the deadline for the completion of the checks (October 1, 1999). However, it is likely that many employers will not request background checks until a few months prior to the October 1, 1999 deadline. Since a portion of current employes will leave their job within a year, the provider could avoid unnecessarily paying the background check fee for employes who they will not be employing as of October 1, 1999. The current fee for a criminal background check is $13 for proprietary providers, $5 for governmental entities and $2 for nonprofit providers.

In addition, providers might delay background checks on their employes because: (a) employers would be expected to investigate any "hit" found by the computer background check; (b) an employer may be required to terminate an existing employe at an earlier date if a background check shows a conviction or other negative finding; and (c) most persons delay paying required fees until absolutely necessary, partly to earn additional interest income on the required fees.

Although it is likely that providers will delay their requests, it is not known what proportion of required checks will be requested through June 30, 1999. However, it may be reasonable to assume that only one-third of existing employes will be checked by the end of the current fiscal year. This delay in requesting checks will significantly reduce staff time in this first year. However, there will be a greater need at the beginning of the next fiscal year, which could be determined as part of the Committee's 1999-2001 budget deliberations.

Rehabilitation Reviews. DHFS projects that it would conduct 1,956 rehabilitation reviews in 1998-99. The requested funding for administering these cases in $445,000 to support 13.0 positions. This reflects a cost per review of $227. Minnesota staff estimate that the staff cost of conducting their reconsideration hearings is approximately $50 per hearing. Given this difference in costs, it may be appropriate to reduce the assumed time requirements for conducting the rehabilitation reviews.

Availability of TANF Funds to Conduct Background Checks for Child Care Providers. The DHFS request proposes the use of federal medical assistance administrative funds to support eligible costs. However, TANF funds currently budgeted for W-2 child care program could also be used to support a portion of the costs of conducting background checks for child care providers. In 1998-99, expenditures under the W-2 child care program are expected to be approximately $70 million less than the budgeted amount. Unspent TANF funds can be carried forward, but at the current expenditure level, it is likely that there will be a significant surplus in 1998-99.

A large portion of the requested funding relates to processing background checks for child care providers and employes. This function can be characterized as an effort to improve the quality of child care. Federal regulations allow the use of child care funds to improve the quality of child care; in fact, federal regulations require that at least 4% of child care funds be used to improve the quality of child care. Also, although federal regulations limit the amount of child care funds used for administration to 5% of federal funds, the federal definition of administration is very narrow and the costs of background checks would not be considered an administrative cost under the federal definition. Therefore, federal child care funds could be used to support a portion of the costs that can be allocated to processing background checks for child care providers.

Other Adjustments. Several other adjustments could be made to the DHFS assumptions to reduce the estimated state costs of implementing the background check requirements. If these assumptions are used, the estimated costs of implementing the background check requirements in Wisconsin would be closer to the Minnesota's experience. Specifically, the Department's request could be adjusted to:

- Exclude background checks for certified day care and foster care providers for determining the number of rehabilitation reviews, since such reviews would be conducted by county, rather than state staff;
- Decrease the time required for panel review by 35% to more closely reflect Minnesota's average costs;
- Decrease the time required for staff to input requests for computer background checks from 15 minutes to 10 minutes; and
- Assume the availability of federal medical assistance (MA) matching funds for conducting background checks for EMTs.

Technical Modification. The Department's request would transfer all requested GPR funding to the DHFS administrative general program operations appropriation. However, many of the requested positions would function within different DHFS divisions. Consequently, the transfer of funding should be allocated to several different DHFS appropriations.

Three alternatives are presented for the Committee's consideration. The first alternative is to approve the Department's requested transfer of funds in 1998-99 only, since the Committee lacks the authority to transfer funds for use in the subsequent biennium. In addition, this alternative transfers funding and positions to the correct appropriations, rather than to transfer all GPR funds to the Department's administrative, general program operations appropriation, as requested by DHFS.

The second alternative is to modify the Department's request to reflect the substitution of federal MA and TANF funds wherever possible to reduce the amount of GPR funding required to implement the background check legislation and to reflect technical corrections, except for the assumed percentage of disqualifications that would have a rehabilitation review and to maintain the Department's workload assumptions.

The third alternative is to modify the Department's request to reflect the substitution of federal MA and TANF funds wherever possible to reduce the amount of GPR funding required to implement the background check legislation and to incorporate alternative workload assumptions described in this memorandum. Due to the uncertainty of the actual staffing needs of the Department in implementing the background check legislation, the Committee could adopt the alternative workload assumptions incorporated into this alternative at this time. If the Department's experience demonstrates that additional staff are required to implement these provisions, it could request additional staff for this purpose at a subsequent s. 13.10 meeting.

ALTERNATIVES

1. Transfer $1,157,200 GPR from the Committee's supplemental appropriation in 1998-99 to increase funding for: (a) the Division of Health, general program operations ($102,600 GPR); (b) the Division of Children and Family Services, general program operations ($390,900 GPR); (c) the Division of Supportive Living, general program operations ($323,100 GPR); and the Division of Management and Technology, general program operations ($340,600 GPR). In addition, increase funding by $39,500 PR in 1998-99 for the Division of Supportive Living's licensing and support services appropriation. Finally, authorize DHFS 35.0 GPR project positions, terminating September 30, 1999.

2. Transfer $440,800 GPR from the Committee's supplemental appropriation in 1998-99 to increase funding for: (a) the Division of Health, general program operations ($75,800 GPR); (b) the Division of Supportive Living, general program operations ($259,300 GPR); and the Division of Management and Technology, general program operations ($105,700 GPR). Increase funding by $14,300 PR in 1998-99 for the Division of Supportive Living's licensing and support services appropriation. Transfer $361,300 FED in 1998-99 from the Department of Workforce Development's TANF child care appropriation to increase the following DHFS appropriations: (a) the Division of Health's interagency and intra-agency programs ($8,500 PR); (b) the Division of Children and Family Services interagency and intra-agency programs ($307,400 PR); and (c) the Division of Management and Technology's interagency and intra-agency programs ($45,400 PR). Finally, authorize 11.4 GPR and 9.88 PR positions, terminating September 30, 1999. (3.23 FED project positions could be sought under the Departments s. 16.54 request.)

3. Transfer $236,400 GPR from the Committee's supplemental appropriation in 1998-99 to increase funding for: (a) the Division of Health, general program operations ($47,800 GPR); (b) the Division of Supportive Living, general program operations ($102,400 GPR); and the Division of Management and Technology, general program operations ($86,200 GPR). Increase funding by $14,300 PR in 1998-99 for the Division of Supportive Living's licensing and support services appropriation. Transfer $177,500 FED in 1998-99 from the Department of Workforce Development's TANF child care appropriation to increase the following DHFS appropriations: (a) the Division of Health's interagency and intra-agency programs ($8,500 PR); (b) the Division of Children and Family Services interagency and intra-agency programs ($132,000 PR); and (c) the Division of Management and Technology's interagency and intra-agency programs ($37,000 PR). Finally, authorize 5.36 GPR and 4.63 PR project positions, terminating September 30, 1999. (1.52 FED project positions could be sought under the Department's. 16.54 request.)

how does this relate to Gov. recommendation?

Prepared by: Richard Megna

THE STATE OF WISCONSIN

OCT 13 1998

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JOINT COMMITTEE ON FINANCE

Minutes of the Regular 1st Quarter Meeting Under s.13.10

September 24, 1998

Co-chair Gard presided and called the meeting to order at 1:30 p.m.

Present: Senators Weeden, Farrow, Cowles, Panzer, Schultz, Rosenzweig, Burke, Decker
Representatives Gard, Ourada, Harsdorf, Albers, Kaufert, Coggs, Huber
Absent: Representative Porter

I. Department of Health and Family Services

Moved by Senator Weeden and seconded by Representative Gard to approve the transfer of $236,400 GPR from the portion of Committee's supplemental appropriation [s. 20.865(4)(a)] reserved for criminal background checks in 1998-99 to increase funding for: (a) the Division of Health, general program operations ($47,800 GPR) [s. 20.435(1)(a)]; (b) the Division of Supportive Living, general program operations ($102,400 GPR) [s. 20.435(6)(a)]; and (c) the Division of Management and Technology, general program operations ($86,200 GPR) [s. 20.435(8)(a)]. Increase funding by $14,300 PR in 1998-99 for the Division of Supportive Living's licensing and support services appropriation [s. 20.435(6)(jm)]. Transfer $177,500 FED in 1998-99 from the Department of Workforce Development's TANF child care appropriation [s. 20.445(3)(mc] to increase the following DHFS appropriations: (a) the Division of Health's interagency and intra-agency programs appropriation ($8,500 PR) [s. 20.435(1)(kx)]; (b) the Division of Children and Family Services' interagency and intra-agency programs appropriation ($132,000 PR) [s. 20.435(3)(kx)]; and (c) the Division of Management and Technology's interagency and intra-agency programs appropriation ($37,000 PR) [s. 20.435(8)(kx)]. Finally, authorize 5.36 GPR and 4.63 PR project positions, terminating September 30, 1999, which would be allocated to the following appropriations: (a) 1.38 GPR positions under s.20.435(1)(a); (b) 0.25 PR position under s.20.435(1)(kx); (c) 4.00 PR positions under s.20.435(3)(kx); (d) 3.10 GPR positions under s.20.435(6)(a); (e) 0.88 GPR position under s.20.435(8)(a); and (e) 0.38 PR position under s.20.435(8)(kx). In addition, specify that of the new project positions that would be provided, DHFS could employ up to 3.0 attorney positions if DHFS determines that its workload will require this amount of legal staff.

Ayes, 15; Noes, 0; Absent, 1 [Porter]

II. Withdrawn

III. Department of Commerce

Moved by Senator Weeden and seconded by Representative Gard to authorize the Department to designate an additional 14 enterprise development zones.

Ayes, 14; Noes, 1 [Burke]; Absent, 1 [Porter]

IV. Department of Transportation

Moved by Senator Weeden and seconded by Representative Gard to approve the Department's reciprocal motor vehicle registration exemption agreement with the Oneida Tribe of Indians.

Ayes, 15; Noes, 0 ; Absent, 1 [Porter]

V. Office of the Commissioner of Railroads

Moved by Senator Weeden and seconded by Senator Cowles to approve the Office of the Commissioner of Railroads' request to increase funding for railroad crossing improvements by $500,000 FED.

Ayes, 13; Noes, 2 [Decker, Gard]; Absent 1 [Porter]

The appropriation receiving the increases is under s. 20.395(2)(gx).

VI. Department of Revenue

Moved by Senator Weeden and seconded by Representative Gard to approve a one-time transfer of $83,200 GPR in 1998-99 from the Department's integrated tax system GPR appropriation [s. 20.566(3)(b)] to the Department's collection of state taxes, general program operations appropriation [s. 20.566(1)(a)].

Ayes, 15; Noes, 0; Absent, 1 [Porter]

VII. Legislative Reference Bureau

Moved by Representative Ourada and seconded Representative Harsdorf to: (1) authorize the creation of 7.0 GPR new supervisory positions and, upon the appointment of existing staff to the new positions, to delete the corresponding 7.0 GPR existing staff positions to effect the proposed staff reorganization; and (2) authorize the creation of 2.0 GPR new attorney positions and provide associated supplemental funding of $65,600 GPR in 1998-99 from the Committee's s.20.865(4)(a) appropriation to the agency's s. 20.765(3)(b) appropriation.

Ayes, 12; Noes, 3 [Weeden, Cowles, Gard]; Absent, 1 [Porter]

VIII. Wisconsin Sesquicentennial Commission

Moved by Senator Weeden and seconded by Representative Gard to release the remaining balance of $151,528 GPR from the Committee's s. 20.865(4)(c) appropriation to the Commission's appropriation under s. 20.525(1)(k).

Ayes, 15; Noes, 0; Absent, 1 [Porter]

IX-a. Department of Administration

Moved by Senator Weeden and seconded by Representative Gard to accept gifts of $10 and $2 for deposit in the budget stabilization fund along with any accumulated interest earnings.

Ayes, 15; Noes, 0; Absent, 1 [Porter]

IX-b. Department of Administsration and Legislative Fiscal Bureau

Moved by Senator Weeden and seconded by Representative Gard to approve the parameters of a study related to the redesign of the current state budget system. In addition, release $60,000 GPR from the portion of the Committee's supplemental appropriation [s. 20.865(4)(a)] reserved for budget system redesign consultant's study to DOA's general program operations appropriation [s. 20.505(1)(a)].

Ayes, 15; Noes, 0; Absent, 1 [Porter]

X. Department of Employment Relations

Moved by Senator Weeden and seconded by Representative Gard to approve a supplement of $51,600 PR one-time expenditure authority in the appropriation under s. 20.512(1)(jm) in 1998-99 and authorize 1.0 PR one-year project position. In addition, approve increased base building expenditure authority under the Department's s. 20.512(1)(jm) appropriation of $45,000 PR in 1998-99 to support increased spending associated with the State Employment Options program ($20,000 PR), the advanced labor management training programs ($15,000 PR), and the treatment of reimbursements received from other state agencies and individuals and accounted for under this appropriation ($10,000 PR).

Ayes, 13; Noes, 2 [Farrow, Harsdorf]; Absent, 1 [Porter]

XI. Department of Veterans Affairs

Moved by Senator Weeden and seconded by Representative Gard to provide additional expenditure authority of $285,000 SEG in 1998-99 for the s. 20.485(2)(vg) appropriation from the veterans trust fund for health care aid grants. Also, provide that $285,000 SEG in 1998-99 be treated as permanent funding to be incorporated into the agency's on-going base budget.

Ayes, 15; Noes, 0; Absent, 1 [Porter]

XII. University of Wisconsin System

Moved by Senator Weeden and seconded by Representative Gard to approve (a) an increase to the s. 20.285(5)(h) appropriation of $134,200 PR and 4.75 positions in 1998-99 for women's hockey, golf, women's basketball and academic affairs athletic program expansions; (b) an increase to the s. 20.285(5)(h) appropriation of $85,500 PR and 9.0 PR positions in 1998-99 for Kohl Center Staffing; and (c) an increase to the s. 20.285(5)(h) appropriation of $27,700 PR and 1.25 PR positions (1.0 marketing position and 0.25 administrative position) in 1998-99.

Ayes, 15; Noes, 0; Absent, 1 [Porter]

XIII. State Historical Society

Moved by Senator Weeden and seconded by Representative Gard to approve the creation of 1.0 classified position and the deletion of 1.0 unclassified position, under s. 20.245(4)(a), to reflect the elimination of the unclassified status of the current head of the Office of Human Resources. In addition, approve the deletion of 1.0 classified position and the creation of 1.0 unclassified position , under s. 20.245(3)(a), to reflect the creation of the unclassified administrator position of the Division of Historic Preservation.

Ayes, 15; Noes, 0; Absent, 1 [Porter]

XIV. Department of Workforce Development

Moved by Senator Weeden and seconded by Representative Gard to approve the transfer on a one-time basis of $338,500 GPR in 1998-99 from the portion of the Committee's GPR appropriation [s. 20.865(4)(a)] reserved in 1997-98 for the KIDS system and $83,600 GPR in 1998-99 from DVR's state operations appropriation [s. 20.445(5)(a)] to DVR's client services appropriation [s. 20.445(5)(bm)].

Ayes, 13; Noes, 2 [Burke, Coggs]; Absent, 1 [Porter]

XV. Department of Natural Resources

Moved by Senator Weeden and seconded by Representative Gard to approve the purchase of 94.94 acres in the Baileys Harbor Boreal Forest Natural Area in Door County from Edward and Marian Augustine for $1,120,000 ($251,000 in natural areas acquisition bonding and $869,000 in federal funds) and 80 acres in the Loew Lake Unit of the Kettle Moraine State Forest in Washington County from Mark and Susan Landt for $485,000 in general land acquisition bonding from the Warren Knowles-Gaylord Nelson stewardship program.

Ayes, 15; Noes, 0; Absent, 1 [Porter]

The following reports were received by the Committee:

R-1 Department of Administration's Position Report Required Under s.16.50 (April 1 through June 30, 1998).
R-2 Ethics Board report on costs of investigating possible violations of Wisconsin's ethics code and lobbying law.
R-3 Department of Administration report regarding implementation of the revised memorandum of understanding between DOA and DNR concerning the PECFA program.

Daniel Caucutt, Secretary

Date: October 7, 1998

John Gard, Co-Chair

Date: 10-7-98

Tommy G. Thompson, Governor

Date: 10-12-98

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September 24, 1998

TO: Co-Chairmen, Joint Finance Committee
State Representative John Gard
State Senator Timothy Weeden

RE: Request for Emergency Funding of $500,000

Here are some clarifications regarding our request for emergency funds for signalization.

1. The 10 crossing projects on this list are outside of the projects we will be able to fund in 1999.

2. The allocation of federal railroad signal funds of $1,849,300 to WisDOT has been constant since 1981. Of this amount, OCR has sole discretion over $1,000,000.

3. In these 17 years, the cost of a signalized gate crossing has increased from $30,000 to over $100,000.

Sincerely,

Rodney W. Kreunen
Commissioner

RWK/dal

Attachment

Office of the Commissioner of Railroads

610 N. Whitney Way
P.O. Box 8968
Madison, WI 53708-8968

Rodney W. Kreunen, Commissioner

Tel: (608) 266-7607
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August 26, 1998

Senator Robert Cowles
P.O. Box 7882
Madison, WI 53707-7882

Re: Priority Railroad Crossing Signal Projects

Dear Senator Cowles:

Thank you for your very strong interest in rail-highway crossing safety, and particularly for supporting an effort to fund the most critical projects on the Office of the Commissioner of Railroads signal project backlog listing. At your request, I have looked at the list of safety projects that have been ordered by the Office but not funded. I have selected ten of the most important projects, based upon the safety problems at the crossings, and upon the volumes of rail and highway traffic that use the crossings. The top priority projects are these 10 crossings:

RAILROAD	CASE	DATE	LOCATION	STREET	WORK	DEADLINE
UP	9040/1089	9/15/97	CLINTON	STH 140	GATES	12/31/98
WCL	9164/159	5/24/94	JCT CITY	STH 34	GATES	12/31/97
WCL	9164/164	6/7/94	STEV PT	CLARK ST	GATES	12/31/97
WCL	9005/71	9/2/97	GRAND CH	CTH BB	GATES	3/2/98
WCL	9164/323	11/25/97	WAUK	LONSDALE	GATES	12/31/99
WCL	9164/321	6/10/97	LOMIRA	STH 49	GATES	12/31/99
WCL	9164/320	2/3/98	OSHKOSH	24TH ST	GATES	12/31/99
UP	9040/1104	9/2/97	WAUKES	STH 164	GATES	12/31/99
CP	9150/477	11/21/97	COLUMBUS	STH 73	CIRCUITRY	7/15/99
WS	9163/125	9/18/96	MILTON	HILLTOP RD	SIGNALS	12/31/98

Please let me know if additional information will be helpful. Thank you very much for your assistance with these much-needed safety projects,

Sincerely,

Rodney W. Kreunen, Commissioner
Office of the Commissioner of Railroads

Outstanding Orders of the Office of the Commissioner of Railroads
23 September 1998

Rank	Railroad	Docket	Date	Location	Street	Work	Deadline
5	BNSF	9020- 124	3-21-96	Pierce Co.	Lower River Rd.	Gates	12-31-98
5	BNSF	9020- 124	3-21-96	Pierce Co.	985th St.	Gates	12-31-98
5	BNSF	9020- 127	3-19-98	La Crosse	2nd Ave.	CWT	12-31-98
4	UP	9040-1104	9-2-97	Waukesha	STH 164 (J)	Gates/CWT	12-31-99
1	UP	9040-1028	1-3-95	Tomah	La Grange	FL's	12-31-95
2	UP	9040-1050	10-16-95	Janesville	Read Rd.	Motion	10-1-97
5	UP	9040-1089	9-15-97	Clinton	STH 140	Gates/CWT	12-31-98
4	UP	9040-1094	5-21-97	Janesville	Jackson St	Gates	12-31-98
1	UP	9040- 967	7-1-94	Baraboo	No. Shore Rd.	FL	7-1-95
4	UP	9040-1071	6-30-98	Mt. Pleasant	Chicory Rd.	FL	12-31-98
2	WSOR	9163- 105	1-26-98	Genesee	CTH D	Gates	6-30-00
2	WSOR	9163- 105	1-26-98	Genesee	CTH ZZ	Gates	6-30-00
4	WSOR	9163-125	9-18-96	Milton	Hilltop Rd	Cant.	12-31-98
2	WSOR	9170- 73	1-24-95	Waupun	Edgewood	FL	8-31-96
2	WSOR	9170- 73	1-24-95	Waupun	Woodland	FL	8-31-96
5	Soo *	9150- 476	6-5-98	Elm Grove	Juneau Blvd.	Gates	12-31-00
5	Soo *	9150- 476	6-5-98	Elm Grove	Juneau Blvd.	Reuse Gates	8-15-98
5	Soo *	9150- 477	11-21-97	Columbus	STH 73	CWT	7-15-99
1	Soo	9150- 450	5-31-95	Beloit	Willow Brook	FL's	6-30-96
5	WCL	9005- 71	9-2-97	Grand Chute	CTH BB	Gates	12-31-00
5	FVW	9005- 71	9-2-97	Grand Chute	CTH BB	Gates	12-31-00
3	FVW	9068- 15	1-31-95	Kimberly	Marcella St.	FL's	12-31-96
3	FVW	9068- 12	8-17-94	Wrights-town	CTH DD	FL's	12-31-96
2	FVW	9068- 18	10-5-94	Manitowoc	Calumet	Cant.	10-15-96
2	FVW	9068- 22	5-22-95	Comb. Locks	CTH Z	FL's	
1	FVW	9068- 11	6-10-94	Kaukauna	CTH U	Gates	
3	FVW	9068- 29	2-2-98	Little Chute	Buchanen St.	Gates	12-15-99
3	FVW	9068 – 27	2-3-98	Oshkosh	Vinland Rd.	FL	6-1-99
3	FVW	9068 – 68	2-18-98	Green Bay	Douseman St.	Re-use gates	6-1-99
3	FVW	9068 – 61	4-28-98	Appleton	Outagamie St.	CWT	10-15-99

Rank	Railroad	Docket	Date	Location	Street	Work	Deadline
2	WCL	9164– 207	9-13-94	Ladysmith	E. 14th St.	FL's	8-29-97
2	WCL	9164- 166	9-27-94	St. Croix Co.	CTH D	FL's	12-31-97
5	WCL	9164- 159	5-24-94	Jct. City	STH 34	Gates/CWT	12-31-97
3	WCL	9164- 164	6-21-94	Menasha	Garfield	FL's	12-31-97
5	WCL	9164- 164	6-7-94	Stevens Pt.	Clark St.	Gates	12-31-97
4	WCL	9164- 204	10-5-94	Rudolph	Reddin Rd	Gates	12-31-97
1	WCL	9164- 119	5-11-95	Thorp	Hart Rd.	FL's	12-31-97
5	WCL	9164- 323	11-25-97	Waukesha	Lawnsdale St.	Gates/CWT	12-31-99
5	WCL	9164- 321	6-10-97	Lomira	STH 49	Gates/CWT	12-31-99
1	WCL	9164- 299	1-21-98	Ladysmith	1st & 2nd	Relocate	6-30-98
5	WCL	9164- 299	1-21-98	Ladysmith	Corbett Ave.	Gates/CWT	10-31-00
5	WCL	9164- 299	1-21-98	Ladysmith	Miner Ave.	Gates/CWT	10-31-00
5	WCL	9164- 299	1-21-98	Ladysmith	College Ave	Gates/CWT	10-31-98
1	WCL	9164- 215	5-17-94	Wausau	7th & McIndoe	Relocate	6-15-94
3	WCL	9164- 301	1-12-98	Shawano	Green Bay St (STH 29)	CWT	12-1-98
4	WCL	9164- 227	8-31-98	Solon Springs	CTH A	Gates	5-1-00
5	WCL	9164- 320	2-3-98	Oshkosh	24th St.	Gates/CWT	12-31-98
3	WCL	9164- 269	12-4-96	Sheldon	STH 194	FL's	1-31-98
5	WCL	9164- 332	4-3-98	Mukwon-ago	CTH NN	Gates/CWT	4-30-00
5	WCL	9164- 332	4-3-98	Mukwon-ago	Oakland Ave.	Gates/CWT	4-30-00
5	WCL	9164- 346	7-30-98	Grand Chute	CTH JJ	FL/CWT	6-15-98
5	WCL	9164- 258	3-5-96	Salem	CTH AH	Gates/CWT	10-1-98
5	WCL	9164- 353	9-23-98	Waukesha	CTH XX	Gates/CWT	7-1-01
5	WCL	9164- 354	9-23-98	Waterford	STH 20	Gates/CWT	7-1-01

Work Key:

Gates: automatic flashing light signals with gate arms across the lane of traffic.
CWT: signal control circuitry that provides a constant warning time regardless of train speed.
FL's: automatic side of the road flashing light signals.
MOT: signal control circuitry that deactivates the signals if the train stops outside the crossing.
CANT: automatic flashing light signals with added signal units cantilevered over the roadway.
MOVE: the signals are in place but need to be relocated.

* AMTRAK Line (speeds to 79 MPH)

Corridor Investigations Under Way

WCL

- Antioch to Waukesha to Fond du Lac - 15 to 20 signal locations
    - a) Silver Lake corridor
    - b) Mukwonago corridor
- Stevens Point to Superior - 10 to 15 signal locations
- Fond du Lac to Neenah to Stevens Point - 10 to 12 signal locations
    - a) Weyauwega corridor

UP

- Butler to Sheboygan - 5 to 8 signal locations
- Butler to Adams - 5 to 8 signal locations
- Altoona to Hudson - 3 to 5 signal locations

SOO

- AMTRAK Line, Watertown to La Crosse - 10 to 15 signal locations

WSOR

- Waukesha to Milton - 3 to 5 signal locations

FVW, sister railroad to the WCL

- City of Appleton - 5 gate locations

CORRIDOR INVESTIGATIONS UNDER WAY
(1999-2000)

RAILROAD	CORRIDOR	PROJECTS	COST
WCL	ANTIOCH-FOND	30	3.5M
WCL	STEV.PT-SUP	10	1.2M
WCL	FOND-STEV PT	12	1.4M
UP	BUTLER-SHEB	8	1.0M
UP	BUTLER-ADAMS	8	1.0M
UP	ALTOONA-HUD	5	.6M
SOO	WATERTN-LAX	15	1.7M
WSOR	WAUK-MILT	3	.4M
FVW	APPLETON	5	.6M
EST COST		96	11M
10%			1.1M
TOTAL			12.1M

State of Wisconsin

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary

137 East Wilson Street
P.O. Box 7855
Madison, WI 53707-7855
Phone (608) 266-9820
FAX (608) 267-1020

DEPARTMENT OF EMPLOYMENT RELATIONS

DATE: September 24, 1998

TO: Members, Joint Finance Committee

FROM: Jon E. Litscher, Secretary

SUBJECT: 13.10 Request, Agenda Item X:
Request for Increased Employe Development and Training Project Staffing and Program Support

The Department of Employment Relations (DER) supports alternatives A. 1 (with nine months of funding, instead of seven) and B. 1 and agrees to the reporting directive contained in alternative A. 3.

Any of the other alternatives would severely restrict the Department's ability to:

- Complete and implement our strategic planning effort
- Meet the existing and growing demand for specialized training from state agencies

Postponement of this request to the next biennial budget is not feasible: additional spending authority is needed in the current fiscal year to cover training expenditures that will occur in FY 99. Postponement will mean that training activities will have to be curtailed in FY 99.

I would like to make several other points regarding DER's request and the conclusions reached in the Legislative Fiscal Bureau paper.

1. Since the 1991-93 budget, **more than $500,000 in spending authority and four positions have been cut from the Training budget**. Although much of the reduction was in unused authority and positions, the cuts have now reached the "bone." They have severely hampered managerial flexibility to make the program "grow."

2. **The program is now on sound footing**. **Revenues in FY 98 were up,** compared to previous years. Sufficient revenues are and will be available to cover all expenditures.

3. As part of the strategic planning process, DER will focus on courses that provide the training required by state agencies and their employes. We will be conducting a **thorough needs assessment** and will develop curriculum — with outside providers as appropriate— which will meet those needs. **There is a growing demand for advanced training for executives, senior managers and supervisors that must be filled.**

(continued)

4. The Department **does not have residual spending authority** to cover increased costs for general training activities, as noted in the Fiscal Bureau analysis. FY 98 spending was $29,000 below the authorized level only because a position was left open for more than six months in order to stay beneath the cap. This position is now filled and will consume most of that "unused" spending authority. Additional spending authority of $38,900 is needed for this program to **allow a full range of courses to be offered through private, commercial vendors.**

5. Although some outside vendor courses are canceled due to low enrollments, **the Department does not pay for canceled courses**, as suggested in the Fiscal Bureau analysis. We still generate enough revenues to cover all costs. Furthermore, classes taught by in-house DER or DOA staff are almost never canceled — they are very popular courses and generate about three-fourths of training class revenues.

6. The **salary** for the project position must be at the level requested by DER. The salary must be sufficient to attract an individual with the business experience, marketing skills and understanding needed to conduct the kind of strategic planning normally done by highly paid consultants. **Consultants qualified to do this type of planning and implementation would charge far more than the salary being requested. This level of planning is not normally done by a program and planning analyst.**

7. The project position could be filled much sooner than the November 1 date mentioned in the LFB paper. **At least nine months of funding is needed** — not the seven months listed in the alternatives.

Representative Gard
Senator Weeden

REVENUE

Agenda Item #6

Move to:

Modify the request to provide a one-time transfer of $83,200 GPR in 1998-99 from the Department's integrated tax system GPR appropriation [20.566 (3) (b)] to the Department's collection of state taxes, general programs operations appropriation [20.566 (1) (a)].

This motion would make a one-time transfer of $83,200 GPR from the Department's integrated tax system appropriation to the Department's collection of state taxes, general program operations appropriation to fund the cost of removing social security numbers from labels on individual income tax booklets.

Motion #2425

Senator Weeden
Representative Gard

HEALTH AND FAMILY SERVICES

Criminal Background Checks

Motion:

Move to adopt Alternative #3 of the Legislative Fiscal Bureau paper. In addition, specify that, of the new project positions that would be provided, DHFS could employ up to 3.0 attorney positions if DHFS determines that its workload will require this amount of legal staff.

Note:

Alternative #3, with the inclusion of potential federal position authority, would authorize DHFS 11.51 project positions (all funds) to meet workload associated with conducting background checks. Although the types of positions that would be provided under this alternative are not specified in the motion, the funding amount associated with this alternative assumes that the Department would employ 1.0 attorney position.

This motion would authorize DHFS to convert up to two of the other positions to attorney positions if the workload from the new background check requirements warranted such a change. Thus, if circumstances warranted, the Department could use up to three of the 11.51 positions as attorney positions. This motion would not modify the funding provided under Alternative #3. Any increase in costs of supporting attorney positions, rather than other types of positions, would be absorbed by DHFS.