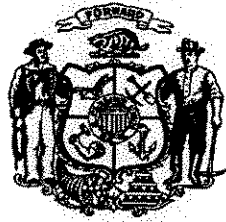


pt 4

# THE STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE



ASSEMBLY CHAIR  
JOHN GARD

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Brian Burke  
Representative John Gard

Re: 14-Day Passive Review Approval

Date: March 1, 2001

Attached is a copy of a report from the Department of Revenue, received March 1, 2001, which contains information on lottery sales and prize payouts. The report, which recommends no changes to the prize payout ratio at this time, requires 14-day passive review and approval by the Joint Committee on Finance, pursuant to s. 565.02(7), Stats.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Monday, March 19, 2001**, if you have any concerns about the report or if you would like the Committee to meet formally to discuss it.

Also, please contact us if you need further information.

Attachment

BB:JG:dh



State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK ROAD • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8941  
PHONE (608) 266-8466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>

Scott McCallum  
Governor

Cate Zeuske  
Secretary of Revenue

February 28, 2001

The Honorable Brian Burke, Co-Chair  
Member, Joint Committee on Finance  
316 South Capitol  
Madison, WI 53702

The Honorable John Gard, Co-Chair  
Member, Joint Committee on Finance  
315 North Capitol  
Madison, WI 53702


Dear Senator Burke and Representative Gard:

Section 565.02(7), Wis. Stats., requires a report to the Joint Committee on Finance every March 1, containing the following information:

- A. An estimate, for the current and subsequent fiscal years, of gross revenues from the sales of lottery tickets;
- B. The total amount paid as prizes and the prize payout ratio for each type of lottery game offered, based on these sales estimates; and
- C. An evaluation of the effect of prize payout ratios of lottery games on lottery sales, lottery operating costs and on maximizing the revenue available for lottery property tax relief.

The February 28, 2001 report, which is attached, does not recommend any changes to prize payouts. Please call me if I can answer any questions.

Sincerely,

  
Cate Zeuske  
Secretary of Revenue

Enclosure

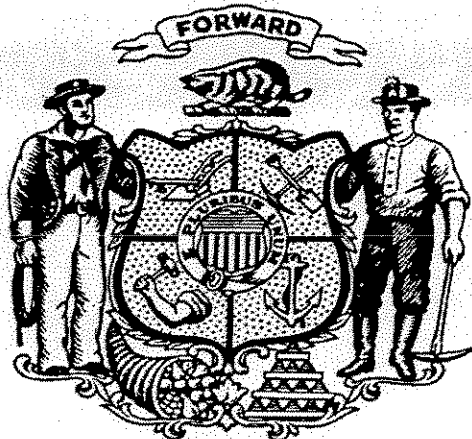
# LOTTERY SALES AND PRIZE PAYOUT REPORT

REPORT TO THE JOINT COMMITTEE  
ON FINANCE

PREPARED BY:

DIVISION OF LOTTERY  
WISCONSIN DEPARTMENT OF REVENUE

*February 28, 2001*



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### EXHIBITS

Exhibit 1	Total Instant Scratch Ticket Sales
Exhibit 2	Total Instant Pulltab Ticket Sales
Exhibit 3	Total Terminal Generated Ticket Sales
Exhibit 4	Total Lottery Sales
Exhibit 5	Wisconsin Powerball Average Sales Per Draw By Jackpot Size and Fiscal Year
Exhibit 6	Sales Over Time For Various Powerball Jackpot Levels
Exhibit 7	Megabucks Average Sales Per Draw By Jackpot Size and Fiscal year
Exhibit 8	Instant Scratch Ticket Sales By Price Point 4 Week Moving Averages
Exhibit 9	Expenses as a Percentage of Total Revenue by State

## A. HISTORY AND RECOMMENDATIONS

The maximum average payout percentage that the Lottery can offer is subject to approval by the Legislature's Joint Committee on Finance. Section 565.02(7), Wis. Stats., requires a report by the Lottery to the Joint Committee on Finance March 1, 2001 containing the following information:

- A. An estimate, for fiscal years 2000-01 and 2001-02, of gross revenues from the sales of lottery tickets;
- B. The total amount paid as prizes and the prize payout ratio for each type of lottery game offered, based on these sales estimates; and
- C. An evaluation of the effect of prize payout ratios of lottery games on lottery sales, lottery operating costs and on maximizing the revenue available for lottery property tax relief.

Statutory provisions require that at least 50% of Lottery gross sales be returned to players as prize payments [s. 25.75(3)(a), Wis. Stats.]. For fiscal year 1999-00, 57.15% of Lottery gross sales were returned to players as prize payments. The estimated prize payments for fiscal year 2000-01 are 58.05% of gross sales.

Following a Joint Committee on Finance hearing in May 1994, the average instant scratch ticket prize payout increased from about 61% to 63% and the average instant pulltab ticket prize payout increased from about 60% to 62%. Following review by the Joint Committee on Finance in 2000, the maximum instant pulltab ticket prize payout for non-profit retailers increased from about 62% to 80%. Average instant scratch ticket prize payout was not changed.

There is not an explicit limit on the average prize payout for on-line/terminal generated games similar to what exists for instant games. For fiscal year 1999-00, the average prize payout across all on-line/terminal generated games was 48.89%. Actual prize payouts for individual on-line/terminal generated games ranged from 45.74% to 53.59%.

The Lottery is not recommending any changes to the current instant scratch and instant pulltab prize payout limits at this time.

## B. GROSS REVENUES FROM LOTTERY SALES (FY 1997-98 through FY 2001-02)

Table 1 shows sales by game type for the past three years and projected sales for the next two years. A decrease in Instant ticket sales in FY 1998-1999 was more than offset by exceptional sales of the jackpot on-line game, Powerball. Compared to FY 1997-98 total sales increased in FY 1998-99 by 2.28%. Instant ticket sales increased in FY 1999-2000, but on-line sales dropped in that same year. Total sales decreased in FY 1999-00 by 5.03%.

The integration of field marketing and telemarketing staff and the implementation of the Retailer Performance Program have helped strengthen the instant ticket product segment. Although total sales for FY 2000-01 are expected to be less than those of the previous fiscal year, sales for instant scratch tickets are projected to increase for FY 2000-01.

**Table 1**  
**Ticket Sales by Fiscal Year and Game Type**

Game Type	FY 1997-98 Sales Audited	FY 1998-99 Sales Audited	FY 1999-00 Sales Unaudited	FY 2000-01 Sales Projection	FY 2001-02 Sales Projection
Instant Scratch	\$246,620,664	\$224,892,513	\$235,594,455	\$237,169,148	\$237,169,148
Instant Pulltab	\$6,294,780	\$5,925,122	\$5,446,440	\$4,242,281	\$ 4,242,281
On-line/ terminal generated	\$165,724,843	\$197,378,447	\$165,629,273	\$164,228,444	\$164,072,111
<b>Total</b>	\$418,640,287	\$428,196,082	\$406,670,168	\$405,639,873	\$405,483,540

Exhibits 1 through 4 are graphical representations of Lottery sales.

**C. TOTAL PRIZE PAYOUT RATIOS AND PRIZES PAID OR EXPECTED TO BE PAID (FY 1997-98 through FY 2001-02)**

Table 2 shows the weighted actual average prize payout percentages by game type for the past three years and estimated prize payout percentages for the next two fiscal years. A weighted average is used to attribute more importance to games with higher sales, instead of giving all games equal consideration. The prize payout percentage is the average amount of the game's cost that is returned to players in the form of prizes. A game's prize structure is used to determine its prize payout percentage. Each individual game has a unique prize structure that represents the number, value and odds of winning each prize in that game.

**Table 2**  
**Weighted Average Prize Payout Percentages by Fiscal Year and by Game Type**  
 (percentages are rounded)

Game Type	FY 1997-98 Prize Payout	FY 1998-99 Prize Payout	FY 1999-00 Prize Payout	FY 2000-01 Prize Payout Projection	FY 2001-02 Prize Payout Projection
Instant Scratch	62.43%	62.33%	62.84%	62.91%	62.91%
Instant Pulltab	61.79%	61.76%	61.86%	62.60%*	62.60%*
On-line/ terminal generated	48.60%	47.05%	48.89%	50.91%	50.92%
<b>Total</b>	56.95%	55.28%	57.15%	58.05%	58.06%

\*Includes 80% prize payout game(s) for non-profit retailers. For profit average is 61.96%

Table 3 shows actual prizes paid during the past three fiscal years and expected prizes to be paid in the next two fiscal years. Expected prizes to be paid in FY 2000-01 and FY 2001-02 are calculated by taking the sales projection for each game multiplied by the prize payout percentage for that *individual* game. Actual prizes paid, as a percentage of sales, may be less than the designed prize payout for several reasons, such as winners not claiming their prizes.

**Table 3**  
**Actual Prizes Paid or Expected to be Paid by Fiscal Year and by Game Type\***

Game Type	FY 1997-98 Prizes Paid (Audited)	FY 1998-99 Prizes Paid (Audited)	FY 1999-00 Prizes Paid (Unaudited)	FY 2000-01 Projected Prizes	FY 2001-02 Projected Prizes
Instant Scratch	\$153,964,466	\$140,181,716	\$148,050,991	\$149,203,111	\$149,203,111
Instant Pulltab	\$3,889,382	\$3,659,348	\$3,369,090	\$2,655,668	\$2,655,668
On-line/ terminal generated	\$80,548,332	\$92,860,756	\$80,983,869	\$83,608,609	\$83,545,108
<b>Total</b>	\$238,402,180	\$236,701,820	\$232,403,950	\$235,467,388	\$235,403,887

\*Prize amounts shown are based upon the accrual method. In certain situations (i.e. merchandise prizes) prizes are paid for up front (to the merchandise vendor). These up front costs may create a transitory situation where prize payout appears to be higher than it actually is. The accrual method reflects prizes as they are paid out to the players, and is consistent with generally accepted accounting principles (GAAP).

#### D. EVALUATION OF PRIZE PAYOUT RATIOS

##### On-Line/Terminal Generated Games and the Prize Payout Ratio

As mentioned, the maximum payout percentage that the Lottery can offer is subject to approval by the Legislature's Joint Committee on Finance. Actual on-line/terminal generated prize payout ratios currently average 48.89% and range between 45.74% and 53.59% for each on-line/terminal generated game. Table 4 lists the on-line/terminal generated games and associated designed prize payouts that are currently offered in Wisconsin. Actual prizes paid, as a percentage of sales, may be less than the designed prize payout for several reasons, such as winners not claiming their prizes.

**TABLE 4**

**On-Line/Terminal Generated Games and Corresponding Start Dates and Prize Payout Rates\***

ON-LINE/TERMINAL GENERATED GAMES	START DATE	PAYOUT*
POWERBALL	4/19/92	Approx. 50.00%
WISCONSIN'S VERY OWN MEGABUCKS	6/18/92	53.50%
SUPERCASH!	2/4/91	51.60%
DAILY PICK 4	9/15/97	Approx. 48.40%
DAILY PICK 3	9/21/92	48.20%
MONEY ROLL	9/8/00	52.00%

\* Reflects anticipated rate based on game design

##### On-Line/Terminal Generated Market Trends and Prize Payout

Developers of on-line/terminal generated games previously assumed that high payouts were not necessary because large jackpot prizes would sustain consumer interest. However, many states have experienced a reduction in jackpot game sales at similar jackpot levels in recent years. Exhibit 5 shows the average Powerball sales per jackpot level for Wisconsin. Exhibit 6 shows the decline in average Wisconsin sales for various Powerball jackpot levels over seven and one-half years. Exhibit 7 shows the average Megabucks sales per jackpot level. In the last fiscal year Megabucks sales increased slightly to more than \$22 million and Powerball sales decreased to \$70.4 million. Powerball sales were boosted in July of 1998 by a record \$295 million jackpot.

The highest Powerball jackpot in the last fiscal year was \$150 million. As shown in Exhibit 6, even if high jackpots occur in the future it will become increasingly difficult to obtain higher sales totals for jackpot games, as players become "desensitized" to high jackpot levels. However, it is important to note that the most recent segmentation study



(2000) indicates that "players from each of the core player segments recognize the appeal of multi-million dollar prizes", and rolling jackpots. The Lottery will continue to investigate two main avenues in order to improve the on-line game mix: games with smaller top prizes and jackpot games.

The distribution of on-line/terminal generated sales has shifted since the Lottery's inception. For example, sales for jackpot games which typically offer large top prizes and low odds of winning smaller prizes have declined at comparable jackpot levels, while sales initially grew and are somewhat stable for games with smaller top prizes and higher odds of winning smaller prizes.

On-line games with smaller top prizes are currently experiencing growth over the previous year. Following the September 2000 launch of Money Roll, the lottery continues to implement a strategy for these games that is more like the instant game strategy than past on-line game strategies. The primary elements in this strategy are: 1) to launch games more frequently 2) to refresh or offer additional value on current games, and 3) to offer greater frequency of wins on games with a lower top prize to increase the number of prizes awarded. The focus will be on these three elements rather than significantly increasing prize payout. The Lottery will continue to develop this strategy in an effort to strengthen the overall game mix.

However, opportunities to enhance the jackpot games will not be ignored. Powerball continues to be the best selling game the Lottery offers. The Power Play game feature will be added to Powerball beginning in March 2001, which will provide players the opportunity to win higher secondary level prizes. The segmentation study also identified that many players prefer games that offer instant wins. The Lottery is currently exploring the possibility of offering a jackpot type game that also offers the chance to win instant prizes. This game would provide a number of product attributes that players have identified as their preferences.

### **Instant Scratch Games Market Trends and the Prize Payout Ratio**

Total sales of instant scratch tickets have increased each year since FY 1998-99. It is anticipated that total instant scratch sales will increase this fiscal year. This sales increase has occurred without a prize payout increase since calendar year 1995. It may be advantageous to increase prize payout at some point, but the Lottery will currently pursue other strategies in order to maintain instant game sales. Reestablishing a Lottery field marketing staff and instituting the Retailer Performance Program have certainly had a positive impact on instant ticket sales. The field staff has worked with retailers to improve the marketing of games at retail outlets. The Retailer Performance Program has given the field staff an additional tool that allows retailers to benefit from their own marketing efforts.

Lottery instant game strategy has been to offer more in prize payout as a player risks more in the purchase price of a ticket. Thus, higher price point tickets normally offer higher top prizes, better overall odds of winning and higher prize payout. Sales of \$1 instant scratch tickets have declined over the years and sales of \$2 instant scratch tickets have increased. This sales shift reflects a trend to introduce more higher price point tickets, resulting in higher sales in these price categories. The Wisconsin Lottery strategy has been to mirror an industry strategy to offer more higher price point tickets. Sales of \$5 instant scratch tickets have remained relatively stable. Exhibit 8 depicts these trends.

More recently, the Lottery has introduced instant scratch tickets at the \$3 and \$10 price points with positive results. Again, Lottery strategy has been to offer higher prize payout in relation to the purchase price. As more higher price point tickets are offered, it becomes more difficult to balance the prize payout between the lower and higher prize payout tickets, in order to offer products that will appeal to the potential players. The 1997 segmentation study noted that players expressed a desire to win more frequently. The Lottery has employed a strategy to offer some games with more winners, but without increasing overall prize payout, it is difficult to offer games that provide frequent winning experiences as well as reasonable opportunities to win significant prizes.

### **Instant Pulltab Games Market Trends and the Prize Payout Ratio**

Sales of pulltab tickets have continued to decline since the inception of the Lottery. The number of for-profit retailers selling pulltab tickets has declined over time. However, the number of nonprofit retailers selling the product has stabilized at about 530. Pulltab tickets contributed less than \$5.5 million to Lottery sales in the most recent fiscal year, however the Lottery recognizes an opportunity to increase sales in this product line. The Lottery is in the process of placing more staff time and marketing emphasis on pulltab tickets.

The product does provide a fund raising opportunity for non-profit organizations in Wisconsin. Following a Joint Finance Committee decision last year the Lottery raised the prize payout for one pulltab game to 80%. This follows Chapter WGC63 of the Administrative Rules, which states that the Lottery shall offer non-profit organization retailers pulltab games with prize structures "ranging from not less than 50% to not more than 80% of sales." The Lottery will produce additional pulltab games with payouts of up to 80% of sales for non-profit retailers in this and subsequent fiscal years. Non-profit retailers can purchase either these higher payout games or games that pay out approximately 62% of sales in prizes.

Non-profit retailers have been, and will continue to be, consulted to determine ways in which the Lottery can help them in their fund raising efforts. During the past ten months, two studies involving non-profit pulltab retailers were conducted to assess the potential for higher prize payout games.

The first study was conducted in the spring of 2000. The study was designed to: 1) determine how receptive non-profit organizations (hereafter NPOs) would be to an 80% prize payout; and 2) uncover any concerns they might have about the higher payout. Every effort was made to sample a variety of NPOs throughout the state. Results indicated a great deal of interest in the higher prize payout pulltabs. Most NPOs also indicated they believed their players would have a positive reaction to the higher payout. Respondents did have concerns about the higher payout decreasing their profits. The majority of respondents also felt the Lottery could help them sell 80% payout pulltabs by providing point of sale material, advertising and player education.

Since the first 80% pulltab tickets were introduced in September 2000, NPOs have been able to buy either 62% payout tickets or 80% payout tickets (or both). Thus, those who may be concerned about a lower profit margin with the 80% payout tickets can continue to order and sell 62% payout tickets. The Lottery continues to investigate ways to assist NPOs in their fund raising efforts using 62% and 80% payout tickets.

NPOs who had sold 80% payout tickets and NPOs who had not sold 80% payout tickets participated in the second study, conducted in December 2000. NPOs who had sold the

80% tickets were asked if they did or did not like the tickets. More of these respondents liked the 80% tickets than did not like the tickets. Those who liked the 80% tickets indicated their players were happy to win more and therefore would purchase more. NPOs who had sold but did not like the 80% tickets felt either their sales did not increase or the higher sales volume was not enough to make up for the decreased profit margin. NPOs who had sold the 80% tickets and NPOs who had not sold the 80% tickets were evenly divided on the issue of whether or not they could sell more 80% or more 62% tickets. A majority of NPOs who had sold 80% tickets believed they could raise more funds at the 80% prize payout level than at the 62% level. The average number of individual pulltab games sold per event and the average number of events held in a year were much higher for NPOs who had sold 80% tickets than for NPOs who had not sold 80% tickets. Most of the NPOs participating in the study indicated Wisconsin Lottery pulltabs were an important part of their fund raising. Additional research will be conducted as the 80% payout program matures.

### **Overview of Lottery Activity and Impact on Sales and Operating Costs**

The Lottery has made major efforts through the field marketing and telemarketing staffs to strengthen its relationship with the retailers. Retailers have responded positively to these efforts. The field marketing staff efforts have resulted in better placement of Lottery products in retail locations. The increase in instant scratch ticket sales is at least partially due to this improved relationship.

The Lottery game mix has improved in all product categories. New price point levels have been added to the instant scratch game product line with positive results. Higher price point tickets offer the retailers the opportunity to increase sales with fewer transactions. More variety, in the form of game themes and prize payout, has been added to the instant pulltab line of products. More efforts will be made to reverse the sales trend in this product category, including the assignment of more staff time to pulltab products.

The on-line game mix as a whole is older than the other product lines. As previously stated, the Lottery will continue to research and implement changes to this product group, in order to positively affect sales. The on-line game mix will be updated more frequently than in the past.

The completion of a second segmentation study has improved the Lottery's understanding of the marketplace. The study completed in calendar year 2000 adds to the information obtained in the original 1997 segmentation research and affords the Lottery a better view of player attitudes and preferences. Findings of the segmentation study include player demographic, behavioral and attitudinal characteristics. The latest study has helped make the Lottery aware of specific changes in the market in the three years between the two research projects. The information obtained in the most recent study will be very valuable in determining product design and marketing direction for the next two years.

The Lottery continues to operate at efficient levels relative to other jurisdictions. The Lottery's operating expenses are approximately 7% of total revenues. Exhibit 9 demonstrates that the Wisconsin Lottery is tied for 15<sup>th</sup> best of 38 United States lotteries when expenses are compared to total revenues. Primarily high population urbanized states fare better than Wisconsin when compared in this manner. Of the 5 lottery states that have contiguous boundaries with Wisconsin, only Illinois has a better operating efficiency when viewed in this manner.

Efforts to increase the overall sale of Lottery products thereby increasing the amount of money available for property tax relief to the citizens of Wisconsin continues to be the primary focus of the Lottery. The Lottery has met with limited success in realizing this goal. The Lottery feels that its product mix is equal to, if not superior, in quality to the products offered by the other 37 state lotteries throughout the United States. However, and unfortunately, the Wisconsin Lottery is known among the other lotteries as being the most "restricted" in the country.

A perfect example of these restrictions is the limitation in both the dollar amount (\$4.6 million, which has remained constant throughout the history of the Lottery) as well as the "content" of the advertising the Lottery is authorized to use.

Another example of restricted activities is in the area of new technologies being introduced into the lottery industry. Technological advances such as probability games, Keno, video lottery machines and instant ticket vending machines are just a few of the examples of enhancements that are utilized by other state lotteries but are prohibited in the State of Wisconsin.

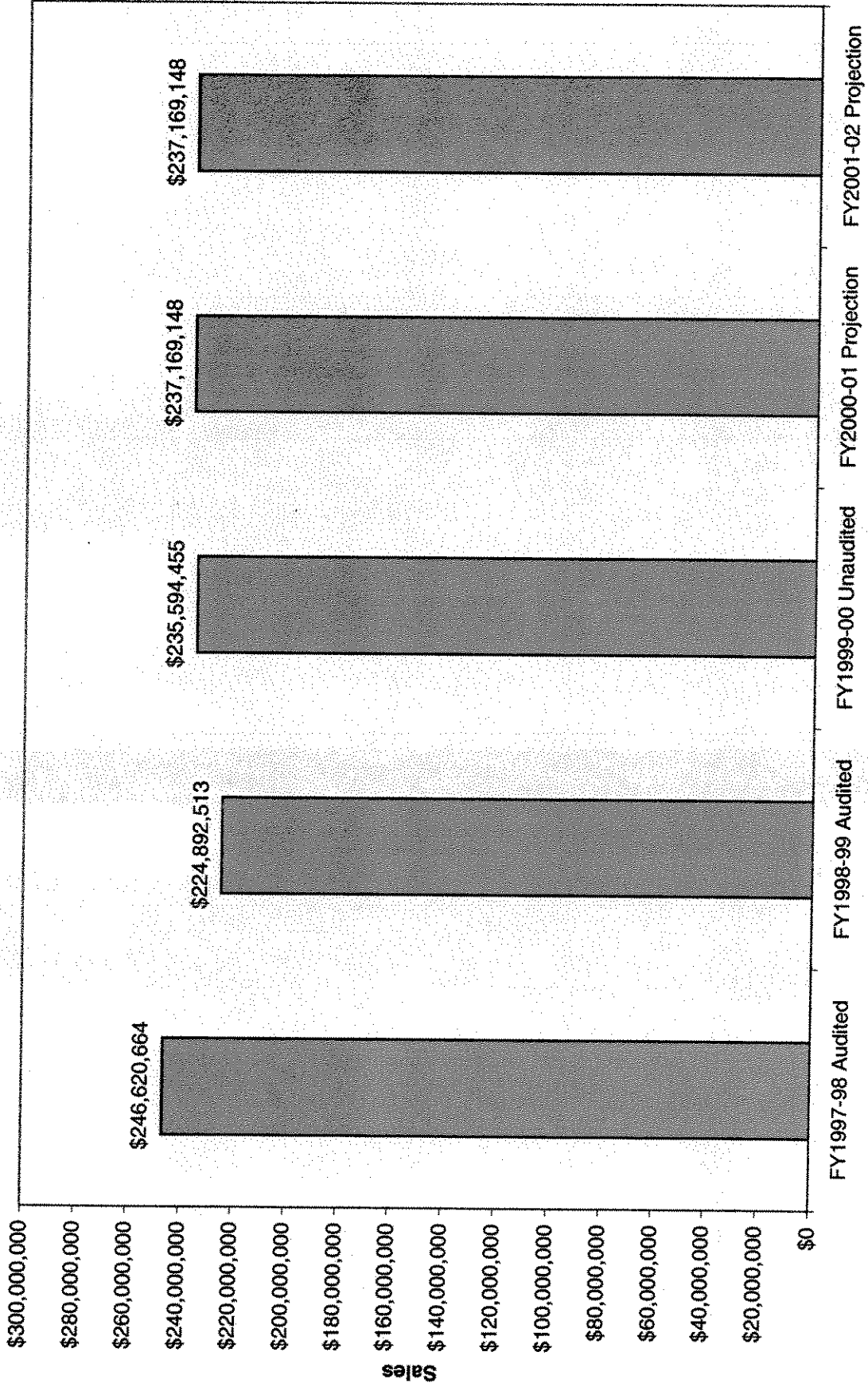
Combined with these restrictions is the ever-increasing level of competition coming from the various Native American gaming outlets scattered throughout the state. Unquestionably, the State of Wisconsin, on a per capita basis, has more Native American-owned casinos than any other state in the nation. Over time this proliferation of gaming outlets, as well as their indiscriminate ability to advertise their presence in our state, could possibly undermine the chance for improved sales of Lottery products.

Given the climate as described above, the Wisconsin Lottery finds itself in the awkward position of simultaneously working hard to increase sales (and consequentially increasing property tax relief), while at the same time needing to properly manage the expectations that some parties may have regarding the likelihood of such an increase. Until more support is forth coming, the Wisconsin Lottery will have to be content with stabilized or declining sales over time.

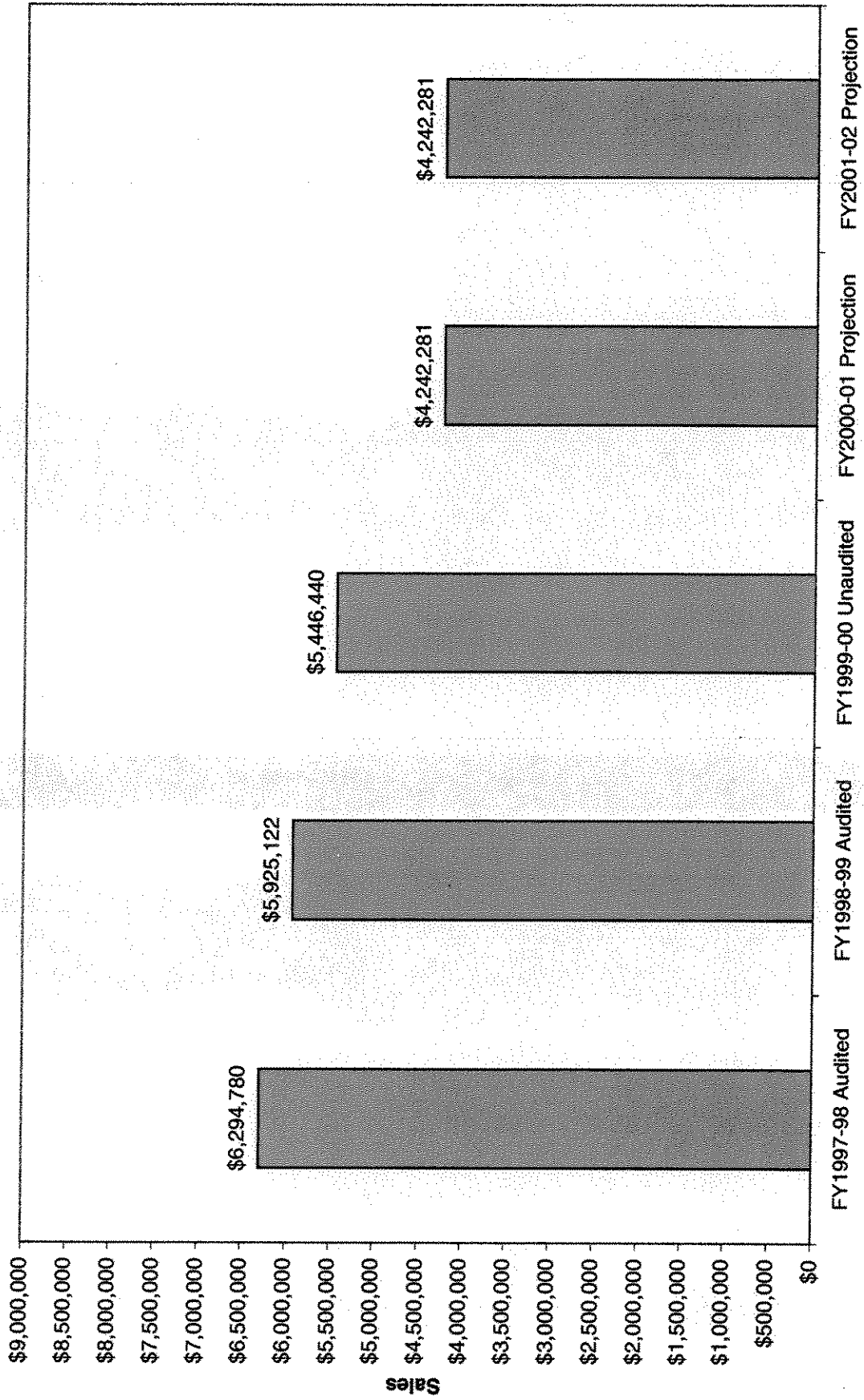
### **Summary**

The Lottery does not recommend changes to the prize payout for games at this time. Other avenues will be pursued to address player preferences and to maintain a healthy game mix. Efforts will continue to maximize funds available for property tax relief.

### Total Instant Scratch Ticket Sales

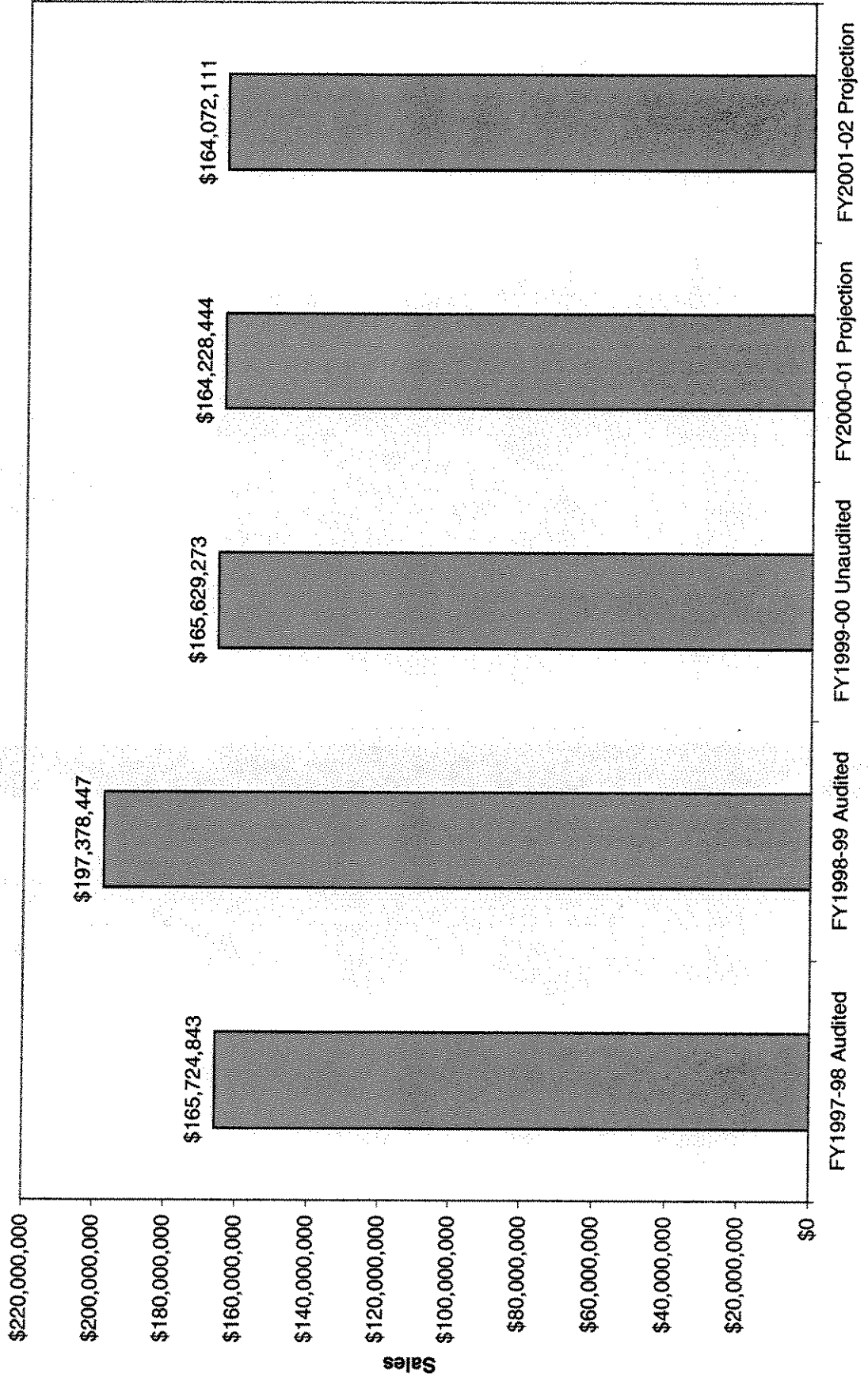


### Total Instant Pulltab Ticket Sales

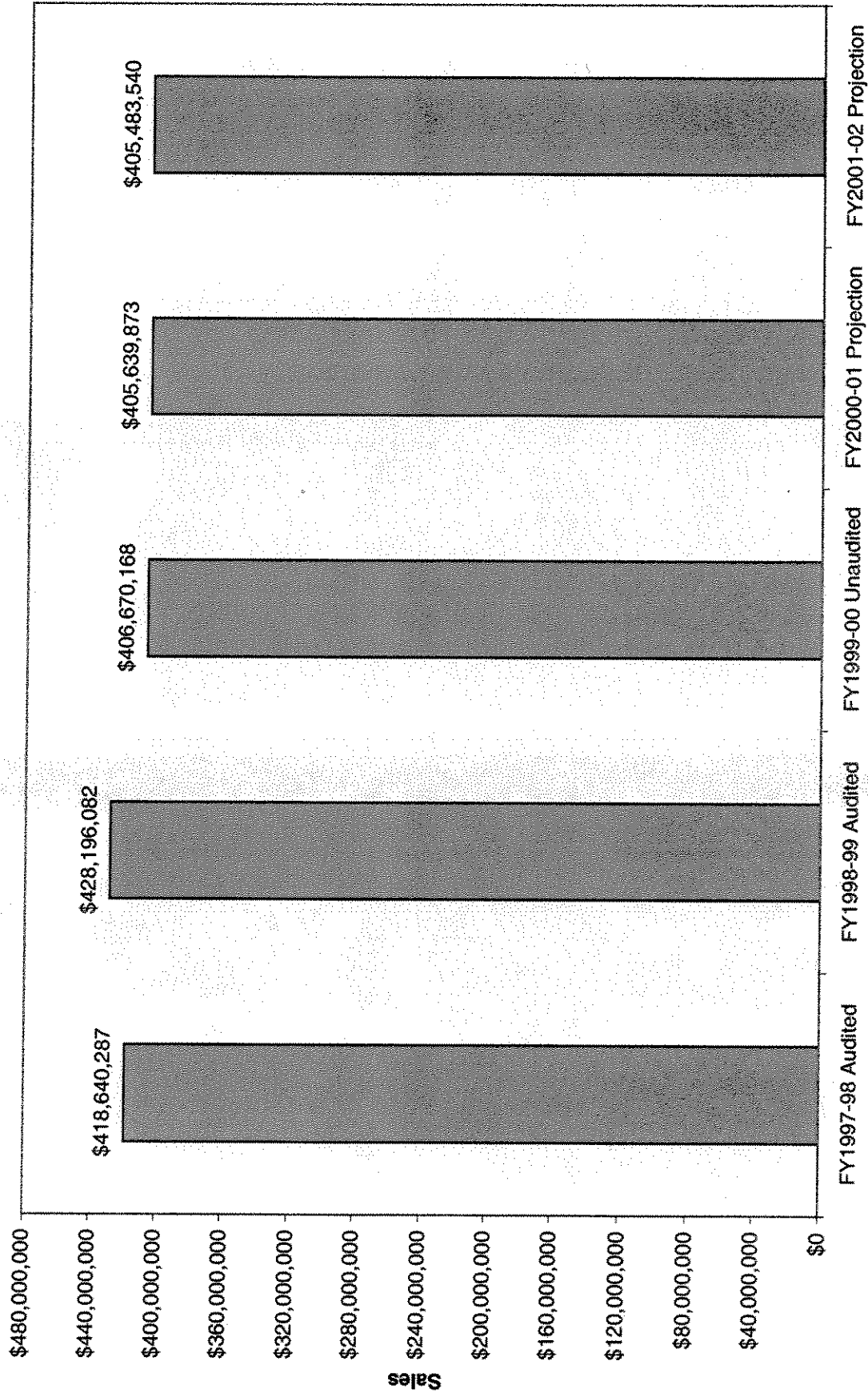




### Total Terminal Generated Sales



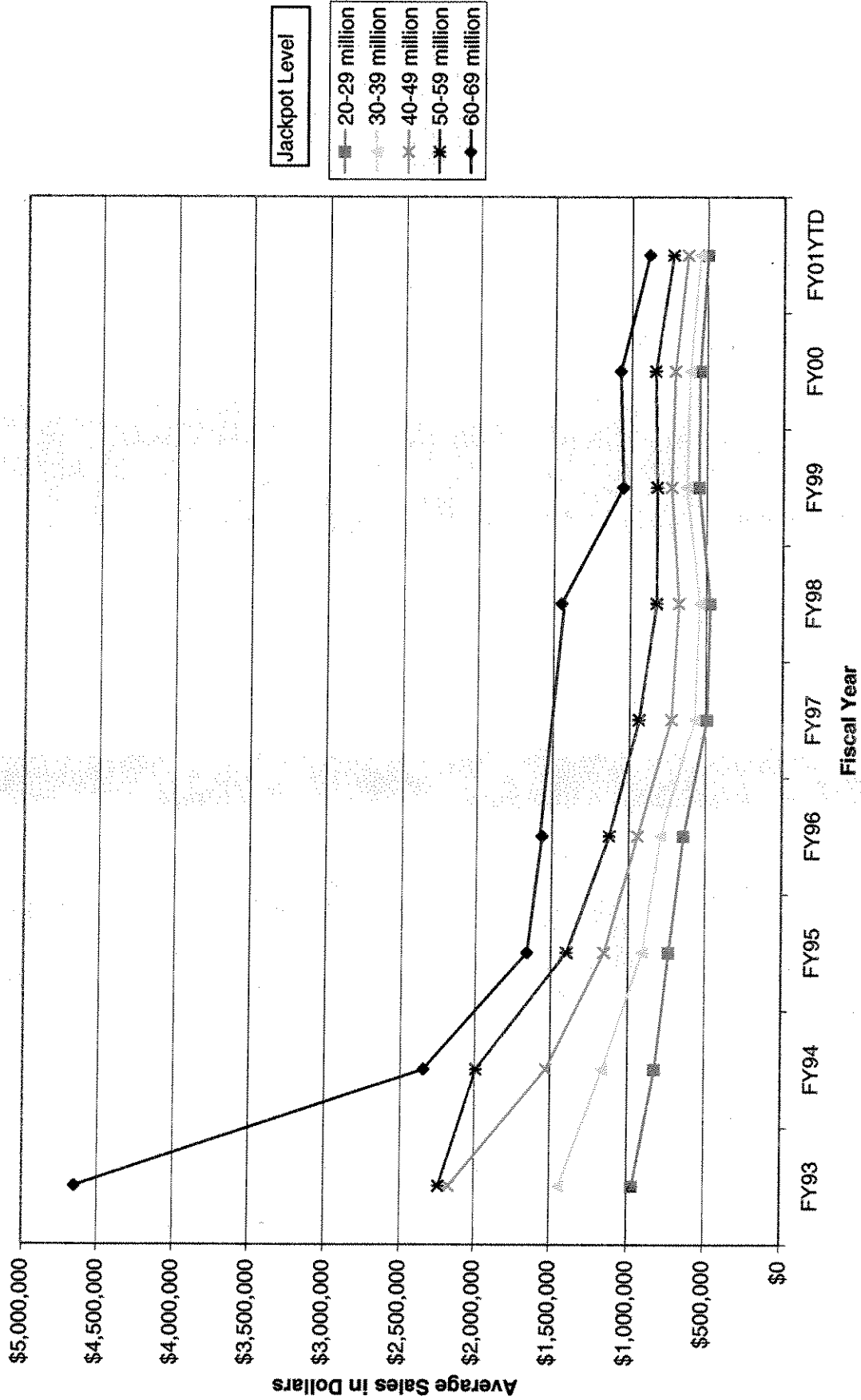
### Total Lottery Sales



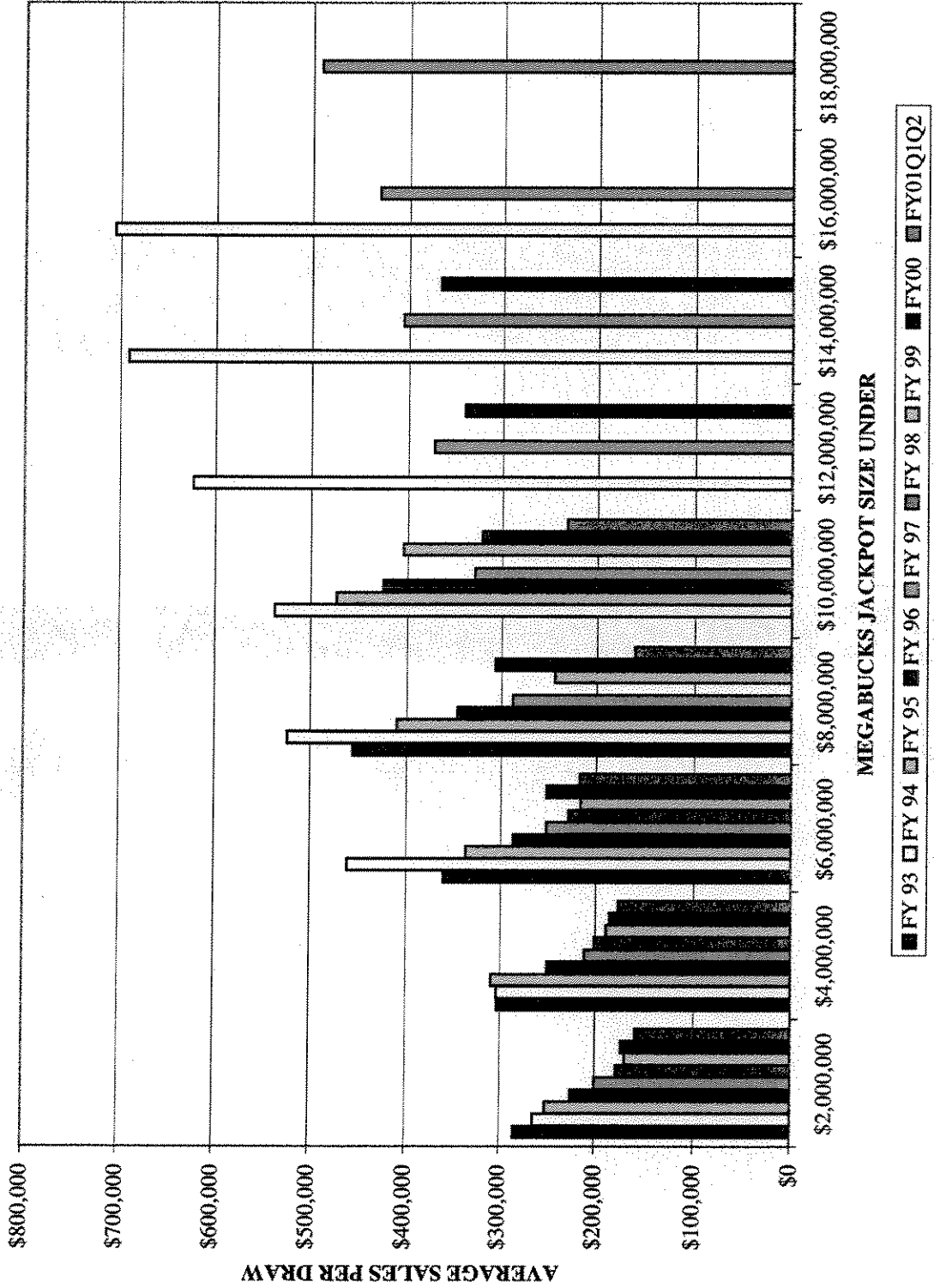




Sales Over Time For Various Powerball Jackpot Levels



Megabucks Average Sales Per Draw By Jackpot Size And Fiscal Year



Instant Scratch Ticket Sales By Price Point 4 Week Moving Averages

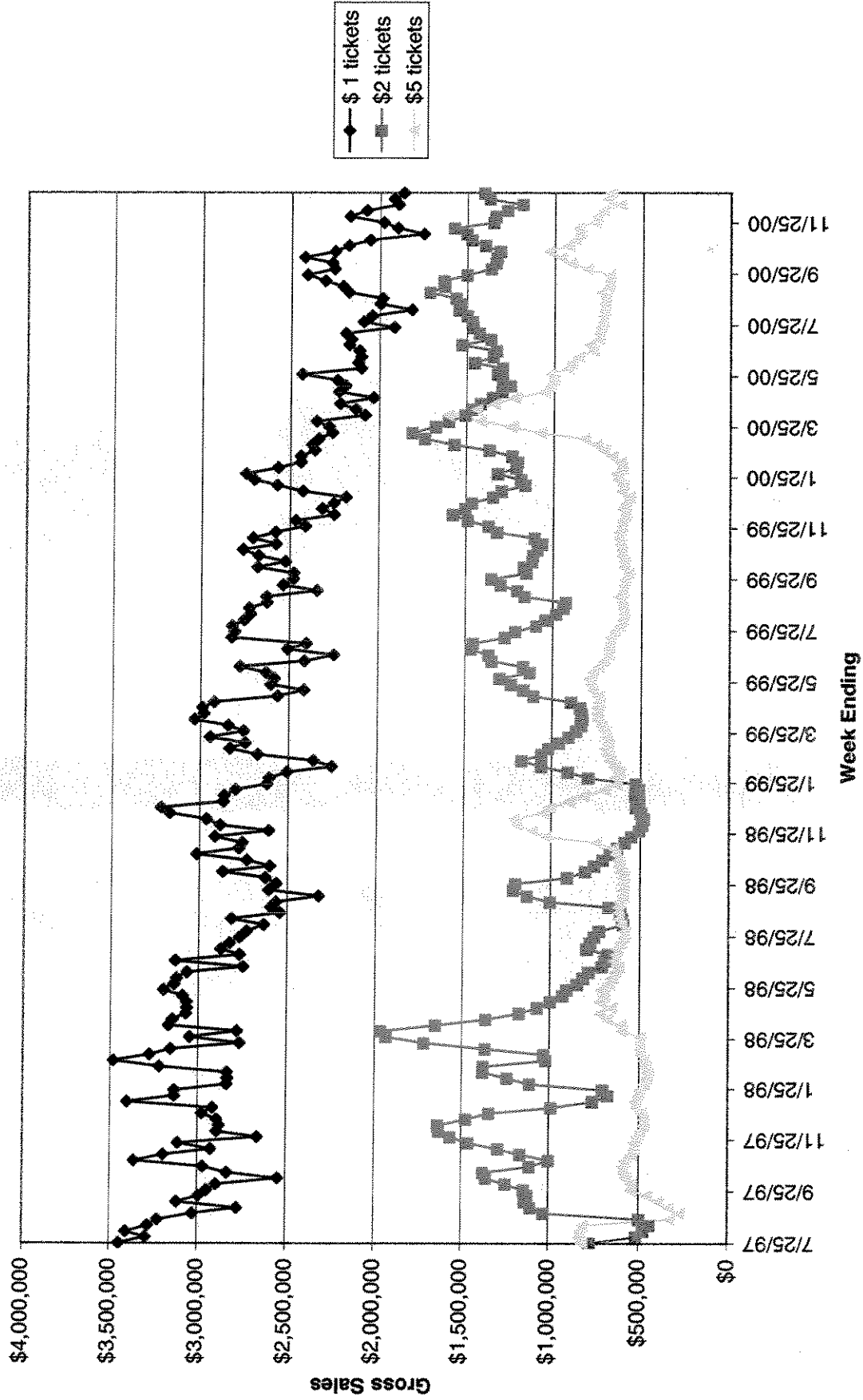
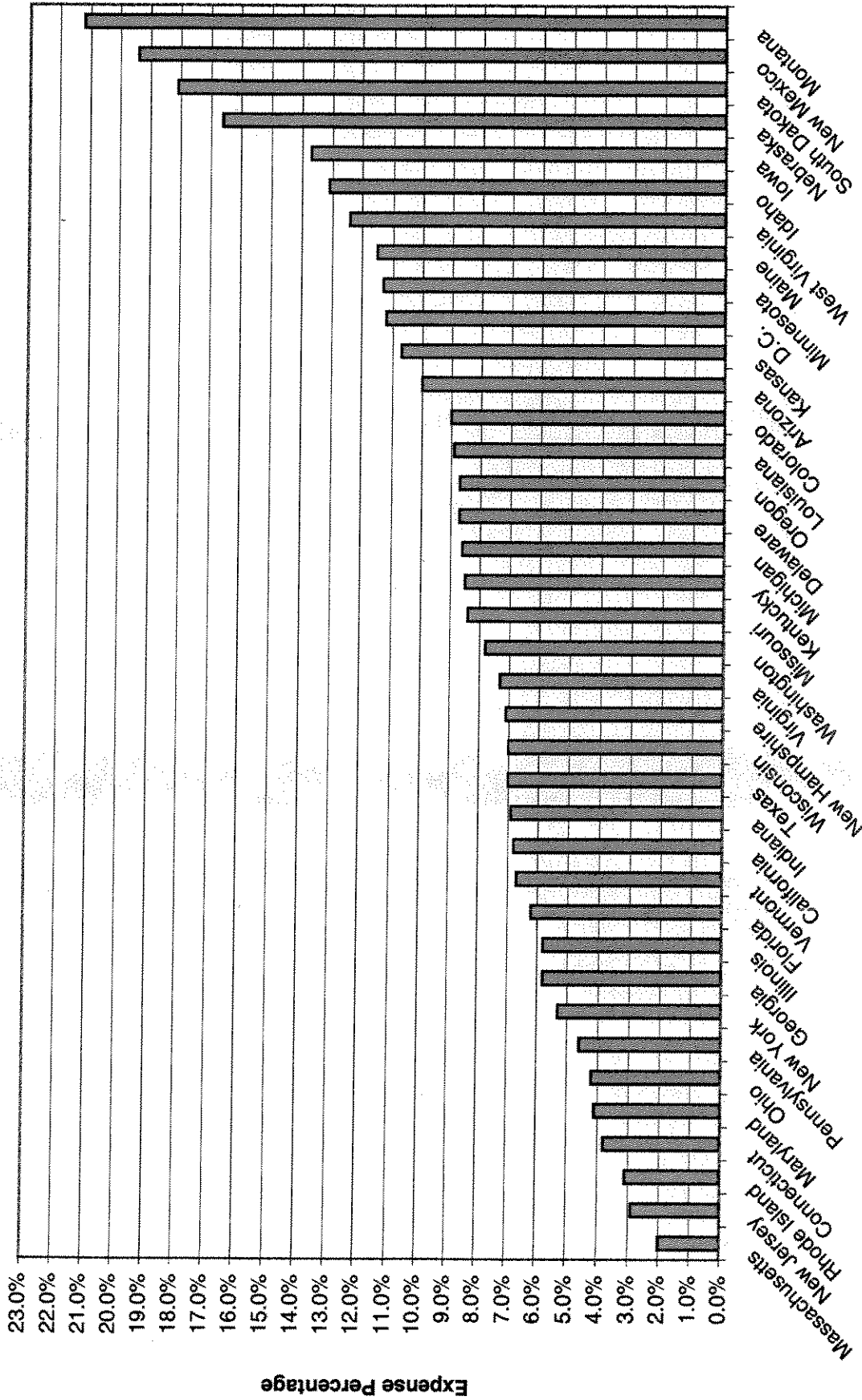
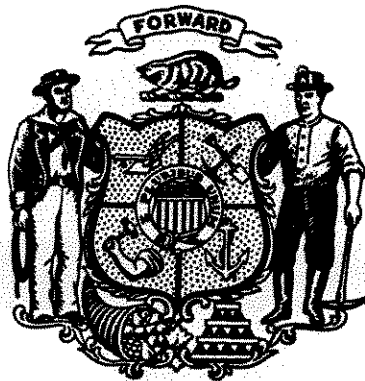


Exhibit 9 Expenses As A Percentage Of Total Revenue By State



Data source: La Fleur's 2000 World Lottery Almanac

END



END

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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## JOINT COMMITTEE ON FINANCE

March 1, 2001

Secretary George Lightbourn  
Department of Administration  
101 East Wilson Street  
Madison, Wisconsin

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, received on February 12, 2001, pursuant to s. 13.48(14)(d)4, Stats., regarding the sale of 31.239 acres, known as Troy Gardens, to the Madison Area Community Land Trust Corporation at a cost of \$308,000.

No objections to this request have been raised. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE  
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD  
Assembly Chair

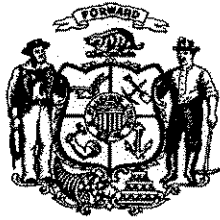
BB:JG:dh

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

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Brian Burke  
Representative John Gard

Re: 14-Day Passive Review Approval

Date: February 12, 2001

Attached is a copy of a letter from the Department of Administration, received on February 12, 2001, which requests Committee approval of the sale of 31.239 acres of land, known as Troy Gardens, 500 Troy Drive, Madison, to the Madison Area Community Land Trust Corporation at a cost of \$308,000. The request is pursuant to s. 13.48 (14)(d)4, Stats., which requires 14-day passive review and approval by the Joint Committee on Finance.

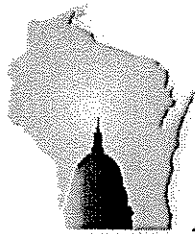
Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Wednesday, February 28, 2001**, if you have any concerns about the request or if you would like the Committee to meet formally to discuss it.

Also, please contact us if you need further information.

Attachment

BB:JG:dh





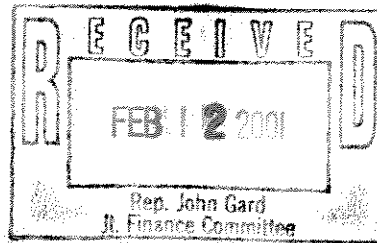
WISCONSIN DEPARTMENT OF  
ADMINISTRATION

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

February 7, 2001



The Honorable Brian Burke  
The Joint Committee on Finance  
Wisconsin State Senate  
Room 316 North, State Capitol  
Madison, WI 53702

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

RE: Sale of 500 Troy Drive, Madison, Wisconsin (Troy Gardens)

Dear Senator Burke and Representative Gard:

This request is submitted pursuant to s. 13.48(14)(d)4, Stats., as a notification of intent to sell 31.239 acres of land known as Troy Gardens, 500 Troy Drive, Madison, to the Madison Area Community Land Trust Corporation at a cost of \$308,000.00.

The property is currently leased by the Madison Area Community Land Trust Corp. and Urban Open Space Foundation from the Department of Health & Family Services. The lease agreement contains an option to purchase which was exercised by the Madison Area Community Land Trust Corp. on December 29, 2000. General information on this property, submitted to the State Building Commission, is attached.

On January 25, 2001, the State Building Commission approved the sale for the appraised amount under the following conditions: a) a conservancy easement is placed on majority of the site; b) the housing to be constructed will be for low to medium income occupants; and c) if "a" and "b" are not adhered to, the property will, pursuant to a deed restriction, revert back to the state. Attached is a map which shows the locations and approximate area of the proposed residential space (#1), the current community garden space (#2), and future garden and open space (#3).

February 7, 2001

Page 2

We understand that s. 13.48(14)(d)4, Stats., provides 14 working days for review by the Joint Committee on Finance and we would appreciate a letter approving the sale or scheduling a hearing on this matter so that, if approved, the Department and Madison Area Community Land Trust Corporation can proceed with the closing. Please feel free to call Edward Main, Department Legal Counsel at 266-2765, if you have any questions regarding this transaction.

Sincerely,



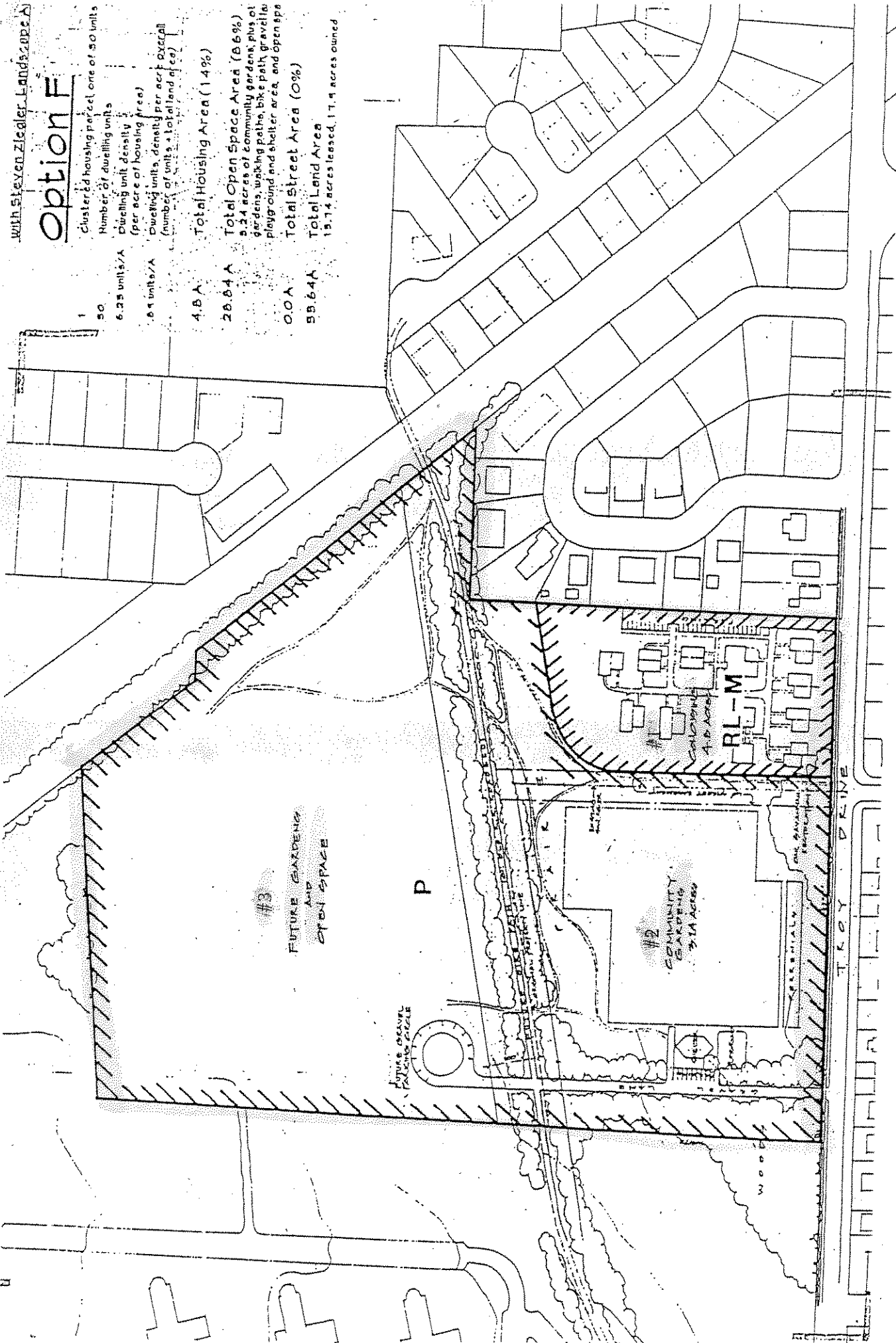
George Lightbourn  
Secretary

cc: Legislative Fiscal Bureau  
Sol Levin, Madison Area Community Land Trust Corp.  
David Schmiedicke

With Steven Zisler Landscape

# Option F

1	Cluster'd housing parcel one of 50 units
50	Number of dwelling units
6.25 units/A	Dwelling unit density (per acre of housing area)
.89 units/A	Dwelling units, density per acre overall (number of units ÷ total land of ca)
4.8A	Total Housing Area (1.4%)
28.84A	Total Open Space Area (8.6%) 5.24 acres of community gardens, plus of gardens, walking paths, bike path, gravelle playground and shelter area, and open spe
0.0A	Total Street Area (0%)
59.64A	Total Land Area 15.74 acres leased, 17.9 acres owned



P - Parks, Recreation, Open Space and Conservancy  
 RL-M - Low-Medium Density Residential

**AGENDA REQUEST FOR  
BUILDING COMMISSION ACTION**

**January 17, 2001**

**AGENCY:** Department of Administration and Department of Health & Family Services

**LOCATION:** 500 Troy Drive, Madison, Wisconsin (known as Troy Gardens)

**REQUEST:**

Request approval to sell the property to Madison Area Community Land Trust Corp. at a price to be determined by the State Building Commission.

**PROJECT DESCRIPTION:**

The property contains 31.239 acres with 953.23 feet of frontage on Troy Drive. About three acres of the site is currently being used as "community gardens" with the remainder being vacant excess land. The property is zoned C, Conservancy, by the City of Madison. An abandoned railroad spur bisects the site in an East-West direction.

**JUSTIFICATION OF REQUEST:**

The site was formerly part of Mendota State Hospital but is now considered excess to their needs. The property is currently leased by the Madison Area Community Land Trust Corp. and Urban Open Space Foundation from the Department of Health & Family Services. The lease agreement contains an option to purchase which has now been exercised by the Madison Area Community Land Trust Corp.

Two appraisals were obtained for this property. An appraisal obtained by the Department of Administration dated February 1, 2000, estimated the value of the property at \$590,000. An appraisal obtained by the Madison Area Community Land Trust Corp. and Urban Open Space Foundation dated April 26, 2000 valued the property at \$308,000. State Building Commission policy indicates that the sale of land should be based on the average of two appraisals. The Madison Area Community Land Trust Corp. considers the State's appraisal to be insufficient and, therefore, requests that the purchase price for this property be determined based on their appraisal amount. As a result, we are submitting their request to the State Building Commission for approval to sell this property to the Madison Area Community Land Trust Corp. at a price to be determined by the Commission. Attached is a letter exercising the option to purchase from the Madison Area Community Land Trust Corp.



MADISON AREA COMMUNITY LAND TRUST

100 N. Blount Street  
Madison, WI 53703

Phone: (608) 280-0131  
Fax: (608) 255-6793

December 29, 2000

Mr. George Lightbourn  
Secretary, Department of Administration  
101 East Wilson Street  
Madison, WI 53707

Mr. Joseph Leean  
Secretary, Dept. of Health and Family Services  
1 West Wilson Street  
Madison, WI 53702

ATTENTION: Mr. Edward Main, Chief Legal Counsel, Dept. of Administration

Dear Messrs. Lightbourn and Leean:

This is in reference to the Agreement to Lease Property (the "Lease Agreement") for the property known as the Troy Drive Property (the "Property") in the City of Madison, Dane County, Wisconsin. This Lease Agreement was entered into as of June 9, 1997, by the State of Wisconsin, as Lessor, and Madison Area CLT Corporation and Urban Open Space Foundation, Inc., as joint Lessees, and was later modified by an Agreement of Modification (the "Modified Lease Agreement") entered into as of October 28, 1998 by the said parties.

Section 4 of the Modified Lease Agreement grants the Madison Area CLT Corporation ("MACLT") an option to purchase the Property from the State of Wisconsin. The purpose of this letter is to notify you of MACLT's intent to exercise its option to purchase the Property from the State, subject to (a) our receipt of the Community Development Block Grant (CDBG) funds needed from the City of Madison to complete the said purchase; and (b) mutually satisfactory resolution of other related matters, as provided for in the various subsections of Section 4 of the Modified Lease Agreement.

MACLT's application for the CDBG funds has been recommended for approval by the CDBG staff, and will be considered by the City's CDBG Commission on Thursday, January 4, 2001. A copy of the staff recommendation is attached. Following its approval by the CDBG Commission, our application will be submitted to the Mayor and Common Council for further approval, in accordance with the City's established procedures for CDBG loan approvals. We anticipate that the Mayor and Common Council will act favorably on our application in late January or early February of 2001, and that the City will then tender us a funding contract for the project. Upon execution of this contract by MACLT and the City, we will be able to draw down the loan proceeds needed to close on the purchase of the Property from the State.

Section 4.C. of the Modified Lease Agreement provides that the State's obligation to sell the Property to MACLT is subject to the written approval of the State Building Commission, the Joint Committee on Finance and the Governor of the State of Wisconsin. We understand that this notice of our election to exercise our option to purchase the Property will be on the agenda for the State Building Commission's meeting scheduled for January 17, 2001. If appropriate, representatives of the Troy Drive Community Gardens Coalition, and possibly City officials, will request the opportunity to be heard by the Commission on this matter.

MACLT is offering to purchase the property from the State at the purchase price of \$308,000. The basis for this price is fully documented in the appraisal report prepared by Karen Scott, MAI, SRA, GAA. Ms. Scott is an appraiser from the Madison area whose name was taken from the list of qualified appraisers maintained and distributed by the Wisconsin Department of Natural Resources (DNR). In the words of DNR, its Contract Appraiser List is

"... a list of appraisers who have worked on appraisals reviewed by the Department in the past, or who have indicated an interest in doing appraisals for the Department or for Non-Profit Conservation Organization and local Communities who apply to the Department for acquisition grants in the past."

Among the Madison area appraisers considered for this appraisal assignment, Ms. Scott's qualifications and experience best matched the appraiser selection criteria DNR provided to MACLT along with the Contract Appraiser List. A copy of Ms. Scott's appraisal report, which includes a list of her clients, was previously given to Mr. Main. In addition to numerous major financial institutions (banks, credit unions and mortgage companies) and the University of Wisconsin-Madison, her clients have included governmental agencies at all levels -- Federal (HUD, FNMA, U.S. Marshall's Service), county (Dane County Parks Department and Regional Airport), municipal (Cities of Madison, Middleton and Monona, Villages of Lake Delton and McFarland) -- and perhaps most relevant -- the following agencies of the State of Wisconsin: Department of Natural Resources, Department of Transportation, Department of Veteran's Affairs, Wisconsin Housing and Development Authority (WHEDA), and the Department of Administration.

Ms. Scott's appraisal was prepared in strict accordance with the requirements of Section 4.D (iii) of the Modified Lease Agreement, and accordingly sought to "appraise the fair market of the Property at its highest and best use, subject to any existing zoning and use restrictions and any development plan approved by the Common Council of the City of Madison."

A copy of the development plan for the Property, as approved by the City of Madison Plan Commission on November 16, 1998, and by the Common Council on December 1, 1998, is attached. This development plan was provided to both Ms. Scott and the Milwaukee-based firm selected by the Department of Administration to appraise the Property. A careful reading of the latter appraisal shows that the value selected by the appraiser was based on only one (unreported) comparable, a 31.6 acre parcel of land located at Green and Sauthoff Streets, six blocks northwest of the Troy Drive Property, formerly owned by the State. In 1996 the State sold this property, now the Meadow Ridge Plat, to a for-profit developer, for subdivision into lots for construction of upscale single-family homes. Also, the appraiser did not distinguish between the two different types of use areas provided for in the approved development plan, a 25+ acre area to be restricted to open space uses, and a 4.9 acre area to be developed for permanently affordable housing under the community land trust model, and provided only one overall value for the Property, based on the explicit assumption that it "would be offered for sale in the open market," the provisions of the Modified Lease Agreement notwithstanding. In our view, this appraisal does not comply with the requirement set forth in Section 4.D (iii) of the Modified Lease Agreement, and for this reason should not be used for "averaging" purposes.

In addition to the thorough research completed by Karen Scott and documented in her appraisal report, we respectfully request that the following be taken into consideration by the State in deciding whether the purchase price offered by MACLT constitutes fair value for the Property:

- the community-based planning process that guided the preparation of the development plan for the Property and led to its approval by the City;
- the composition of the Troy Drive Community Gardens Coalition -- four nonprofit organizations (the Northside Planning Council, the Community Action Coalition of South Central Wisconsin, the Urban Open Space Foundation, Inc., and MACLT) and several departments and centers of the University of Wisconsin-Madison that are involved with food security issues;
- the proposed uses of the Property and their importance to the surrounding community and the City, and the restrictions that will be placed on the Property to assure that it is held in trust for the benefit of the community in perpetuity and can continue to be used for community-benefiting purposes over the long term; and
- the City's support for the project, as evidenced by the City's willingness to help MACLT finance the purchase of the land on affordable terms, and Mayor Susan J. Bauman's Congressional Housing Initiative that is included in the approved Federal budget for FY 2001, and which will provide funds to assure that the housing MACLT will develop on the 4.9 acre residential site will be of good quality and remain permanently affordable to low- and moderate-income homebuyers under the community land trust model.

If the purchase price offered by MACLT is not considered acceptable for any reason, we are willing to share in the cost of having a competent, jointly selected review appraiser review both appraisal reports as a basis for establishing the value of the Property. This review would specifically take into account the restrictions that have already been placed on the use of the Property by the City of Madison, and also the additional restrictions that will be placed on the Property after its acquisition by MACLT. These include a CDBG Program-related land use restriction agreement with the City, a permanent conservation easement on 25+ acres of the 30+ acre Property, a HOME Program-related restriction agreement with the City on the long term affordability of the housing to be developed on the 4.9 acre residential site, a 98-year ground lease (renewable for a second 98-year term) which will also assure the long-term affordability of the said housing, and other restrictions which will assure that the land underlying this housing and the 25+ acre open space site will be held in trust by MACLT in perpetuity for the benefit of the community.

Please do not hesitate to contact me if you have any questions, or require any additional information from MACLT in connection with our proposed purchase of the Property or any related matters.

Sincerely,



Sol Levin  
Executive Director

Enclosures (2)

STAFF REVIEW OF PROPOSALS FOR  
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS  
Acquisition Rehabilitation Funds

- 1. Project Name/Title: Troy Gardens Land Acquisition
- 2. Agency Name: Madison Area CLT
- 3. Requested Amount: \$321,180
- 4. Project Type: X New or Continuing (Prior Year Level       )

5. Framework Plan Objective Most Directly Addressed by Proposed Activity:  
Community Gardens: Create, enhance or sustain the operation of neighborhood centers and community gardens that bring people of diverse backgrounds together, serve as neighborhood focal points or provide residents with skills or opportunities that will lead to stronger communities.

6. Product/Service Description:  
Madison Area CLT is seeking funds to assist in the purchase of property owned by the State of Wisconsin which will be used for urban open space, community gardening and a site for 24-30 owner-occupied affordable housing units.

7. Anticipated Accomplishments (Numbers/Type/Outcome):  
Assist in the purchase of the property. Assists in the development of 25 affordable housing units for sale to LMI families and the use of the gardens site by LMI families.

8. Staff Review:  
The CLT has been working with the Northside community and many groups to facilitate the purchase of this property and it's continued use as garden and open space since 1995. The project as described was originally developed through a futures fund study in 1995 and 1996. The application before you is the culmination of that study and will allow the property to see continued use as gardens space, open space and to meet the neighborhood goal of in-fill of affordable owner-occupied housing.

The use of CDBG funds for the purchase would allow the property to be purchased from the State by the CLT who will continue to hold title to the land as land trust property which they will lease to the Urban Open Space Foundation and CAC and other potential non-profit users of the land. The CDBG funds used to acquire that portion of the land on which the housing will be developed will be re-paid upon the receipt of the HUD-EDI \$750,000 grant.

Total Cost/Total Beneficiaries Equals:	<u>To be determined</u>
CD Office Funds/CD-Eligible Beneficiaries Equals:	<u>To be determined</u>
CD Office Funds as Percentage of Total Budget:	<u>100%</u>

9. Staff recommendation:  
Fund at \$321,180 as a 2-part loan totaling \$ 318,680 and a \$2500 grant.

The first portion of the loan will be for \$189,880 and will be a long term deferred loan to the CLT under the terms of the Acquisition rehab fund, secured with a mortgage and note reflecting the 100% of appraised value due on sale change of use or transfer of property. The 25+ acres of property acquired with this portion of the loan shall remain gardens and open space as described in the CLT application.

The second portion of the loan will be a short term loan, under the same terms as above, for \$128,800 for the acquisition and related costs for the housing site, to be re-paid immediately upon receipt of the HUD-EDI grant by the CLT.



January 25, 2001

Subcommittee

Full Commission

**ADMINISTRATIVE AFFAIRS SUBCOMMITTEE**

The Administrative Affairs Subcommittee meeting was held on Thursday, January 25, 2001 at 9:00 a.m. in Room 201 SE Capitol. All committee members were present. Senator Roessler chaired the meeting.

**Department of Administration**

**Sale of Property for the Department of Health and Family Services**

- 4. 500 Troy Drive (Madison) - Request approval to sell 31.239 acres of land known as Troy Gardens to Madison Area Community Land Trust Corporation at a cost of \$308,000.

MOVED BY SENATOR RISSER, SECONDED BY SENATOR MEYER TO APPROVE THE SALE OF THE PROPERTY AT A PRICE OF \$308,000 UNDER THE FOLLOWING CONDITIONS:

- A) CONSERVANCY EASEMENT IS PLACED ON MAJORITY OF SITE.
- B) HOUSING IS FOR LOW TO MEDIUM INCOME OCCUPANTS
- C) IF ITEMS "A" AND "B" ARE NOT ADHERED TO, THE PROPERTY REVERTS BACK TO THE STATE. MOTION CARRIED.

**Lease for the Department of Workforce Development**

- 5. 230 S. Courtney Street (Rhineland) - Request authority to approve a 10-year lease of 5,900 sq. ft. of office space at \$12.59 per sq. ft. for an annual lease cost of \$74,281.

The lessor is Solberg Investments and there is one five-year option to renew.

MOVED BY SENATOR ROESSLER, SECONDED BY SENATOR RISSER TO APPROVE THE REQUEST. MOTION CARRIED.

Moved by Senator Risser, seconded by Senator Meyer to approve the request with the amended motion.  
4-0-0

Approved the request with the revised motion.  
7-0-1

Approved the request.  
4-0-0

Approved the request.  
7-0-1

Revised Motion

Administrative Affairs Subcommittee

January 25, 2001

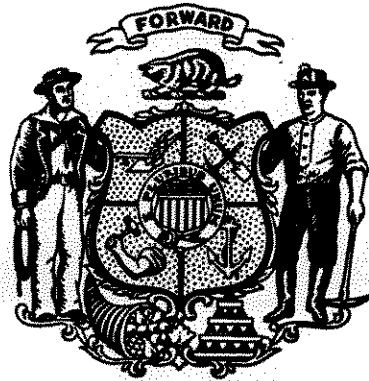
Department of Administration for the Department of Health and Family Services

4. 500 Troy Drive (Madison)

Move to approve the sale of the property at a price of \$308,000 under the following conditions:

- a) conservancy easement is placed on majority of site.
- b) housing is for low to medium income occupants
- c) If items "a" and "b" above are not adhered to, the property reverts back to the State.

*END*

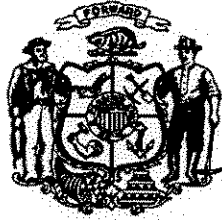


*END*

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

316-S Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-8535



ASSEMBLY CHAIR  
**JOHN GARD**

315-N Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: (608) 266-2343

## JOINT COMMITTEE ON FINANCE

March 20, 2001

Secretary George Lightbourn  
Department of Administration  
101 E. Wilson Street, 10<sup>th</sup> Floor  
Madison, WI 53702

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, received March 1, 2001, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Department of Health and Family Services and the Department of Public Instruction.

No objections have been raised to this request. Therefore, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE  
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD  
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance  
Secretary Phyllis Dube, Dept. of Health and Family Services  
Superintendent John Benson, Dept. of Public Instruction  
Robert Lang, Legislative Fiscal Bureau  
Vicky LaBelle, Department of Administration

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

316-S Capitol  
P.O. Box 7882  
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Phone: (608) 266-8535



ASSEMBLY CHAIR  
**JOHN GARD**

315-N Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: (608) 266-2343

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

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

Re: s. 16.515/16.505, Stats. Request

Date: March 1, 2001

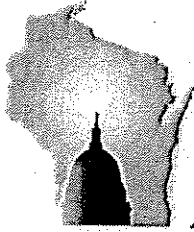
Attached is a copy of a request from the Department of Administration, received March 1, 2001, pursuant to s. 16.515/16.505(2), Stats., pertaining to a requests from the Department of Health and Family Services and the Department of Public Instruction.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Monday, March 19, 2001**, if you have any concerns about the request or if you would like to meet formally to consider it.

Also, please contact us if you need further information.

Attachment

BB:JG:dh



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

**Date:** February 28, 2001

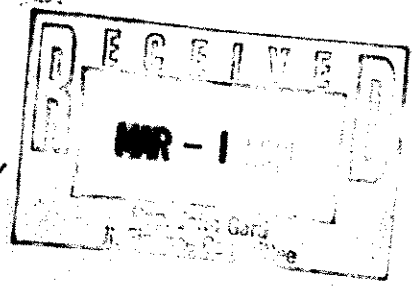
**To:** The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance

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

**From:** George Lightbourn, Secretary  
Department of Administration

**Subject:** S. 16.515/16.505(2) Request(s)

*George Lightbourn*



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

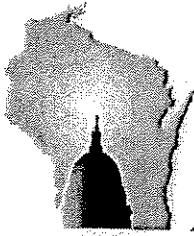
AGENCY	DESCRIPTION	1999-2000		2000-01	
		AMOUNT	FTE	AMOUNT	FTE
DHFS 20.435(3)(kc)	Interagency and intra-agency aids; kinship care and long-term kinship care			\$ 197,800 *	
DPI 20.255(1)(ke)	Funds transferred from other state agencies; program operations				1.00

\* One-time expenditure authority.

As provided in s. 16.515, the request(s) will be approved on March 21, 2001, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Vicky LaBelle at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

**Date:** February 12, 2001

**To:** George Lightbourn, Secretary  
Department of Administration

**From:** Gretchen A. Fossum, Budget Analyst *SAF*  
State Budget Office

**Subject:** Request Under s. 16.515 and s. 16.54(2)(a)2 from the Department of  
Health and Family Services

**REQUEST:**

The Department of Health and Family Services (DHFS) requests an increase of \$197,800 in FY01 in expenditure authority in appropriation s. 20.435(3)(kc), interagency and intra-agency aids; kinship care and long-term kinship care.

**REVENUE SOURCES FOR APPROPRIATION:**

DHFS receives Temporary Assistance for Needy Families (TANF) Block Grant funds from the Department of Workforce Development which are allocated to counties and tribes to finance the kinship care program. There are currently \$485,200 in unallocated TANF funds that have been determined to be unallowable expenditures of Maximus, Inc., a W-2 agency in Milwaukee County.

**ANALYSIS:**

Kinship care is the care of minor children by a relative for whom the relative receives a monthly payment of \$215. DHFS surveys counties and tribes on a monthly basis to obtain data on the number of children whose relatives are on a waiting list for kinship care payments. As of December 1, 2000, fifteen counties and two tribes had 184 children on waiting lists. The department is requesting \$197,800 TANF to fund the waiting lists for the period from February 1, 2001 through June 30, 2001.

The following counties and tribes have children on waiting lists: Adams (4); Brown (17); Chippewa (7); Dane (53); Dunn (8); Fond du Lac (14); Green (7); Green Lake (4); Jefferson (7); Juneau (6); Manitowoc (6); Marinette (1); Ozaukee (4); Shawano (23); Waushara (2); Menominee Tribe (9); and Oneida Tribe (12).

**RECOMMENDATION:** Approve the request.



State of Wisconsin  
Department of Health and Family Services

cc JAK  
RB  
GF

Tommy G. Thompson, Governor  
Joe Leean, Secretary

January 18, 2001

Mr. Richard Chandler, Director  
State Budget Office  
10<sup>th</sup> Floor, 101 East Wilson Street  
Madison, WI 53702

Dear Mr. Chandler:

The Department requests under the provisions of s.16.515 additional budget expenditure authority of \$197,800 in appropriation 20.435(3)(kc), Interagency and Intra-agency Aids; Kinship Care, numeric 364, Kinship Care-- non-Milwaukee Counties. Approval of this request would constitute a modification to the current TANF block grant plan, under s.16.54(2)(a)2 of the statutes, to provide an additional \$197,800 TANF for Kinship Care in FY01. The purpose of this request is to allow the Department to use \$197,800 to support --from February 1, 2001 through June 30, 2001-- kinship children who, as of December 1, 2000, were on a county kinship care waiting list, according to information reported to DHFS by counties.

Background

Kinship Care is the care of minor children by a relative for which the relative receives \$215 payment per month per child from a public child welfare agency. Kinship Care was created as part of the W-2 legislation as a replacement program for the AFDC/Non-Legally Responsible Relative (NLRR) program. Kinship Care is administered by county and tribal child welfare agencies and by the Department in the case of Milwaukee County. Kinship Care is funded by federal TANF funds which DHFS receives from DWD.

Kinship cases must meet certain eligibility criteria. The key eligibility requirements for Kinship care are:

- (a) The county or tribe (or the Department in Milwaukee County) determines that there is a need for the living arrangement and that the living arrangement is in the best interests of the child;
- (b) The county or tribe (or Department in Milwaukee County) determines that the child or juvenile is in need of protection or services (as defined in statute as CHIPS or JIPS case), or is at risk of meeting the CHIPS or JIPS statutory criteria if the child remained in his or her home; and
- (c) The caretaker relative and other adults living in the home of the relative and any employees of the relative who might have regular contact with the child satisfactorily pass a criminal background check administered by the county or tribe (or Department).



The 1999-01 biennial budget provides \$17.1 million to fund kinship care cases in non-Milwaukee counties. The Department allocates kinship care funding to these counties on a calendar-year basis. Funding is allocated based on each county's historical caseload level as a percentage of the total non-Milwaukee caseload. If a county is unable to support its caseload through its annual allocation, it may either begin a kinship care waitlist or provide support using county funds.

In order to assure that funds are utilized to the extent possible, this Department each year has taken the step, with the concurrence of the counties, of re-allocating funds from counties with surpluses to those counties with deficits. The Department recently completed this process for CY 2000 and was able to fully fund all counties' requests.

Maximus, Inc. is one of the W-2 agencies operating in Milwaukee County. It was recently determined that \$485,208 in expenditures by Maximus were unallowable under provisions of the W-2 agency contract and the federal temporary assistance for needy families (TANF) program. These funds will no longer be available to Maximus under its W-2 contract and can be used to support other TANF-eligible expenditures. This request would use \$197,800 of these funds.

#### County Waiting Lists

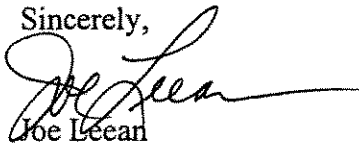
The Department surveys counties on a monthly basis to obtain kinship care waitlist information. For the month of November, information was received from 56 counties and tribes. According to these responses, as of December 1, fifteen counties and two tribes currently have waitlists for Kinship Care cases. The total number of children is 184. The specific counties/tribes and number of children are: Adams (4 children); Brown (17 children); Chippewa (7 children); Dane (53 children); Dunn (8 children); Fond du Lac (14 children); Green (7 children); Green Lake (4 children); Jefferson (7 children); Juneau (6 children); Manitowoc (6 children); Marinette (1 child); Ozaukee (4 children); Shawano (23 children); Waushara (2 children); Menominee (9 children); Oneida (12 children). To fund these cases from February 1, 2001 through June 30, 2001 would require \$197,800 TANF. To provide funding for these cases, the Department is requesting \$197,800 additional expenditure authority in numeric 364.

#### Revenue Source for Appropriation

The revenue source for appropriation s.20.435(3)(kc) is federal TANF funds from the Department of Workforce Development.

Thank you for consideration of this request. If you have questions or need further information, please contact Jason Witt at 266-9364.

Sincerely,



Joe L'ecan  
Secretary



WISCONSIN DEPARTMENT OF  
ADMINISTRATION

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

**Date:** February 9, 2001

**To:** Scott McCallum, Governor

**From:** George Lightbourn, Secretary  
Department of Administration

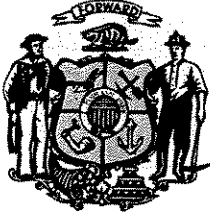
**Subject:** Notification of Modification of Federal Temporary Assistance for Needy  
Families (TANF) Block Grant

**Recommendation:** Approve the expenditure of funds from the Federal TANF Block Grant as requested by the Department of Health and Family Services (DHFS).

**Description of Purposes of Expenditure:** The Federal Government has made \$317 million available to Wisconsin for FFY00 and FFY01. Of these funds, \$485,200 are unallocated in SFY01 due to unallowable expenditures by Maximus, Inc., a Wisconsin Works agency in Milwaukee County.

TANF funding of \$26 million is allocated to counties, tribes and the DHFS in Milwaukee County to fund kinship care, a program whereby relatives receive \$215 per month for the care of their minor relatives. DHFS is requesting increased TANF funding of \$197,800 in FY01 for payment to relatives for 184 children who are on waiting lists in 15 counties and 2 tribes.

Prepared by: Gretchen A. Fossum  
266-2288



**SCOTT MCCALLUM**  
Governor  
State of Wisconsin

The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance  
State Capitol, Room 316 South  
Madison, Wisconsin 53707

The Honorable John Gard, Co-Chair  
Joint Committee on Finance  
State Capitol, 315 North  
Madison, Wisconsin 53707

**SUBJECT:** Notification of Federal Block Grant

Dear Senator Burke and Representative Gard:

Attached is a request for expenditure of block grant funds being made available to the state by the federal government. Pursuant to s. 16.54(2)(a)2., the grant funds will be made available for encumbering through the allotment process within 14 working days after the date of this notification letter, unless you notify me that a meeting has been scheduled for the Joint Committee on Finance to review the proposed expenditure of grant monies.

Please also contact State Budget Director Richard G. Chandler (266-1035) in the Department of Administration if you have any additional questions or if you schedule a meeting to review the proposed expenditure.

Thank you for your prompt attention to this notification letter.

Sincerely,

A handwritten signature in black ink that reads "Scott McCallum".

SCOTT MCCALLUM  
Governor

Date: 2/28/01

Attachments



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

---

**Date:** February 15, 2001

**To:** George Lightbourn, Secretary  
Department of Administration

**From:** Steven Milioto *SRM*

**Subject:** Request under s. 16.505 from the Department of Public Instruction for 1.0 FTE PR-S project positions.

**REQUEST:**

The Department of Public Instruction (DPI) is requesting the creation of 1.0 FTE PR-S project positions in FY01 in appropriation 20.255(1)(ke), Funds transferred from other state agencies; program operations. DPI will use the additional position authority to create a 0.75 FTE education consultant position and a 0.25 FTE program assistant position. The department is not requesting additional expenditure authority for this appropriation as the current level of expenditure authority is sufficient to offset the salary, fringe benefits and supplies and services costs associated with these positions.

**REVENUE SOURCES FOR APPROPRIATION(S):**

Costs associated with the eighteen month duration of the project positions are \$99,655 PR-S for the education consultant position and \$17,011 PR-S for the program assistant position. DPI will fund the project positions with the administrative portion of a \$1.25 million grant received from the Wisconsin Tobacco Control Board (WTCB). The term of the grant is from January 1, 2001 to June 30, 2002.

**BACKGROUND:**

The WTCB has awarded \$1.25 million to DPI to promote school-based and school-linked smoking prevention efforts as part of a statewide effort to reduce tobacco use. DPI plans to set aside \$122,000 from the grant to hire staff to implement and administer the program. Staff would consist of a tobacco education consultant and a program assistant.

The tobacco education consultant position would work to promote smoking prevention efforts at the school level through the use of grants. The tobacco consultant would

also provide technical assistance to grant recipients in developing anti-smoking policies and programs consistent with the Center for Disease Control Guidelines for School Programs to Prevent Tobacco Use and Addiction.

The program assistant position's primary function would be to assist the tobacco education consultant with implementation of DPI's tobacco cessation grant program. The program assistant's duties would include developing correspondence with grant recipients, maintaining files and records related to school-based tobacco projects, maintaining and routing telephone calls, and responding to requests for materials.

**ANALYSIS:**

DPI notes in its request that the department does not have any vacant positions it can reallocate for this purpose. Furthermore, DPI maintains that current staff are unable to add additional responsibilities to their workloads.

DPI's request appears reasonable given that the creation of a new grant program to prevent smoking use at the school level will entail new work on the department's part. Since the WTCB has made a significant financial commitment to DPI develop this program, the creation of two new project positions would allow the department to better implement tobacco use programs.

In addition, the WTCB's \$1.25 million award to DPI stipulates that a certain portion of the award can be used for administrative purposes. This obviates the need for any new General Purpose Revenue to support the successful implementation of this program.

**RECOMMENDATION:**

Approve the request for 1.0 FTE PR-S project positions in appropriation 20.255 (1)(ke). DPI has demonstrated the need for creating new support staff for this program. The result will be better implementation of anti-smoking activities in Wisconsin's schools.



State of Wisconsin  
Department of Public Instruction

Mailing Address: P.O. Box 7841, Madison, WI 53707-7841  
125 South Webster Street, Madison, WI 53702  
(608) 266-3390 TDD (608) 267-2427 FAX (608) 267-1052  
Internet Address: www.dpi.state.wi.us

CC B H  
S M

John T. Benson  
State Superintendent

Steven B. Dold  
Deputy State Superintendent

**DATE:** January 30, 2001

**TO:** Richard Chandler, Director  
State Budget Office

**FROM:** John T. Benson  
State Superintendent

**SUBJECT:** s. 16.505 Request for 1.0 FTE Position on Prevention and Wellness Team

Agency Request

The department requests an increase in position authority for a .75 FTE education consultant project position and a .25 FTE program assistant project position in its PR-S continuing appropriation under s. 20.255(1)(ke), Funds transferred from other state agencies; program operations.

Funding Source

The request for 1.0 FTE would be funded with the administrative portion of a \$1.25 million grant received from the Wisconsin Tobacco Control Board through the Department of Health and Family Services. The term of the grant is 18 months, from January 1, 2001 through June 30, 2002. A copy of the agreement is enclosed for your review.

Background

1999 Wisconsin Act 9, the 1999-2001 state budget bill, allocated \$23 million over the biennium to the Tobacco Control Board. The board in turn has contracted with various state agencies to reduce tobacco use. The department has been awarded \$1.25 million to assist the board in implementing its strategic plan to reduce tobacco use among Wisconsin citizens through a grant program for school-based and school-linked smoking prevention efforts. The department will retain \$122,000 to offset the costs of administering the program.

The department would use these administrative funds to hire additional staff assigned specifically to administer the program. Staff would consist of a .75 FTE tobacco education consultant and a .25 FTE program assistant. The tobacco education consultant would coordinate the administration of a grant program for schools and provide limited technical assistance to potential and funded grantees in developing plans, policies, and programs consistent with the Center for Disease Control (CDC) Guidelines for School Programs to Prevent Tobacco Use and Addiction. The tobacco education consultant would work in concert with existing staff to ensure continuity with the department's other grant programs and be responsible for grant oversight and data collection related to project implementation. The program assistant would develop correspondence, maintain file information related to the projects, maintain and route telephone calls, and respond to requests for materials.

These additional staff members are needed to assure the timely development and implementation of tobacco grant materials; to process awards and claims for payment; and to collect data to assure that projects are consistent with the Wisconsin Tobacco Board's strategic plan. Current staff are unable to add these additional duties to their workload, and there are no vacant positions in the department available to assume these responsibilities. This request is for position authority only, since the current expenditure authority in the appropriation is sufficient to offset the salary, fringe benefits and supplies and services costs associated with these positions.

Summary

Based on the preceding information, I request an increase in position authority for 1.0 FTE position in the department's PR-S continuing appropriation under 20.255(1)(ke). If you have questions regarding this request, please contact Brian Pahnke, Policy and Budget Director, at 266-2804.

JTB:tj

Enclosure

cc: Bob Hanle, SBO  
Steve Milioto, SBO  
Steve Dold  
Faye Stark  
Brian Pahnke

SEND INVOICE IN TRIPLICATE TO:

STATE OF WISCONSIN  
PURCHASE ORDER

ENTER TYPE CODE

PURCHASE ORDER NUMBER

Wisconsin Tobacco Control Board  
1 W. Wilson St., Rm. 250  
MADISON WI 53701-1190

JAN 26 2001

- 1 - Regular
- 2 - Change Previous
- 3 - Cancel Previous
- 4 - Interagency
- 5 - Blanket - Non Contract
- 8 - Blanket Contract
- G - Grant (Pass-thru)
- L - Master Lease Program
- P - Project (Construction)

FAA 24248

SHOW THIS NUMBER ON ALL SHIPMENT  
CORRESPONDENCE AND INVOICES

DATE: 1/24/2001

Fund	Dept.	App	L1	L2	L3	Proj.	Class	F	Cen Acctg.	For Agency Use	Requisition No.
01	Alea	197	59200	013	0021001				\$1,250,000.00		\$1,250,000.00

Vendor	Federal Employer Identification No. / Social Security No.	SHIP TO:
0000291203	396006487	Wisconsin Tobacco Control Board 1 W. Wilson St., Rm. 250 MADISON WI 53701-1190
Dept. of Public Instruction ATTN: Doug White Student Syces/Prevention & Wellness Team P.O. Box 7841 MADISON WI 53707-7841		

FOB	Terms	Delivery	Reference	Bid No.	State Procurement Bulletin No.
DESTINATION	Net 30				

Item	Quantity	Unit	Item Description	Commodity Code	Unit Price	Total
01	1	ea	School Anti-Tobacco Grant Facilitation for project costs 01-01-01 thru 06-30-02  (Req. 630)			\$1,250,000.00
					TOTAL	\$1,250,000.00

COPY

Payment of your invoice may be delayed if:  
1. This Purchase Order is not referenced on your invoice.

AGENCY CONTACT - Name and phone no.  
David F. Gundersen (608) 267-0944  
SALES TAX EXEMPT NO. 49676

TAX EXEMPTIONS  
The State of Wisconsin and its agencies are exempt from payment of all federal tax and Wisconsin state and local taxes on its purchases except Wisconsin excise or occupation tax as described on the back of this form.

PLEASE NOTE  
Delivery between 8 A.M. and 3 P.M.  
No Saturday, Sunday or Holiday deliveries.  
Acknowledge this order promptly.  
Accompany each delivery with a shipping ticket or memo showing Purchase Order Number and material furnished.  
If any item(s) on this order is a hazardous chemical, as defined under 29 CFR 1910.1200, provide one copy of a Material Safety Data Sheet for each item with the shipped container and one copy with the invoice.  
VENDOR-See Other Side for Standard Terms and Conditions of Purchase.

Federal Exemption No. 39-73-1021-K is on file with the Internal Revenue Service, Milwaukee.  
ORDER APPROVED - Signature and Title  
*David F. Gundersen*