

THE STATE OF WISCONSIN

Pt 5

SENATE CHAIR
BRIAN BURKE

316-S Capitol
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ASSEMBLY CHAIR
JOHN GARD

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JOINT COMMITTEE ON FINANCE

March 20, 2001

Secretary George Lightbourn
Department of Administration
101 E. Wilson Street, 10th 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 Workforce Development.

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

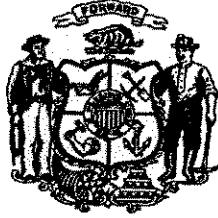
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cc: Members, Joint Committee on Finance
Secretary Jennifer Reinert, Dept. of Workforce Development
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

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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

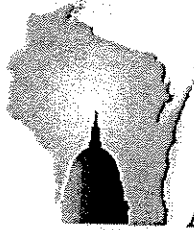
Attached is a copy of a request from the Department of Administration, received March 1, 2001, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Department of Workforce Development.

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

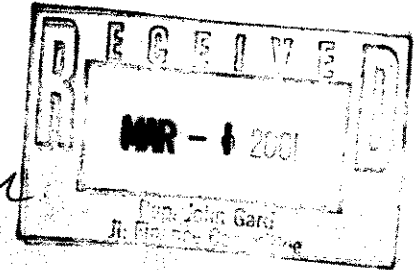
To: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance

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:

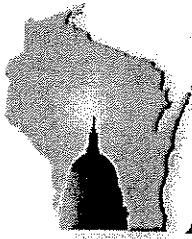
AGENCY	DESCRIPTION	1999-2000		2000-01	
		AMOUNT	FTE	AMOUNT	FTE
DWD					
20.445(1)(gb)	Local agreements				10.00 *
20.445(1)(ka)	Interagency and intra-agency agreements				13.00 *
20.445(1)(ha)	Worker's compensation operations			\$ 253,100	

* Project position authority to end on January 31, 2002.

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
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Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Date: February 21, 2001

To: George Lightbourn, Acting Secretary
Department of Administration

From: Joshua Hummert 

Subject: Request Under s. 16.505 from the Department of Workforce
Development for 10.0 FTE project positions.

REQUEST:

The Department of Workforce Development (DWD) requests to extend the termination dates for 10.0 FTE PR-S one-year project positions in the agency's PR-S appropriation under s. 20.445 (1)(ka) and 13.0 FTE PR one-year project positions in the agency's PR appropriation under s. 20.445(1)(gb) by one year.

REVENUE SOURCES FOR APPROPRIATION(S):

Funds to support the PR-S positions will come from DWD's interagency and intra-agency appropriation under s. 20.445(1)(ka). The Division of Workforce Excellence (DWE) in DWD has signed a Memorandum of Understanding with the Division of Vocational Rehabilitation (DVR) in DWD to operate the Placement Project for Persons with Disabilities. DVR will transfer funds to DWE from its federal program aids appropriation under s. 20.445(5)(na) to fund 8.0 FTE PR-S project positions. 2.0 FTE PR-S project positions will be funded through a contract with the Department of Corrections (DOC).

Funds to support the 13.0 FTE PR positions will come from DWD's local agreements appropriation under s. 20.445(1)(gb). DWE has entered into a number of contracts with local Workforce Development Boards (WDBs) to provide job-training services at Job Centers around Wisconsin. WDBs use federal funds from the Workforce Investment Act (WIA) and the Workforce Attachment and Advancement (WAA) program to support the contracts.

BACKGROUND:

These positions were created in a 16.505 request that was approved by the Joint Committee on Finance on February 1, 2000. The 8.0 FTE PR-S project positions funded by DVR advise disabled individuals receiving services from

DVR about job training options and employment opportunities. The 2.0 FTE PR-S project positions funded by (DOC) provide help identify employment options for prisoners who are about to be released. DWD requested that the project positions have a length of one year due to the fact that it was uncertain whether funding would be available for this purpose in future fiscal years. DVR and DOC have identified funding for this purpose and have entered into memoranda of understanding with DWE to provide employment counseling services.

WIA and WAA prohibits WDBs from providing job training counseling services directly to Job Center users. As a result, WDBs must contract with organizations to provide job training counseling. Many have chosen to contract with DWE for this purpose due to DWE's experience in providing these services. To fill these contracts, DWD requested the conversion of 13.0 FTE PR permanent positions into one-year project positions. DWD requested this change due to the fact that there was uncertainty about how long the WAA program would be in existence and contracts with WDBs were annual contracts.

ANALYSIS:

DOA approved the original request for one-year project positions on January 11, 2000. At the time of the original request, DWD was uncertain regarding whether funding for the requested positions would be available in future fiscal years. DWD is now requesting to extend the positions for an additional year due to the fact that the need for the positions still exists and the funding remains available. The original January 2000 analysis is attached.

RECOMMENDATION:

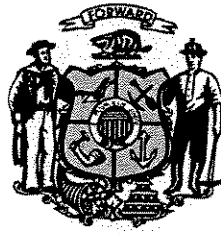
Approve extending the termination date for 10.0 FTE PR-S one-year project positions and 13.0 FTE PR one-year project positions by one year.

cc: Rick Chandler
Bob Hanle
John Montgomery

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
ACTING SECRETARY



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

Date: January 11, 2000

To: George Lightbourn, Acting Secretary
Department of Administration

From: Joshua Hummert

Subject: Request Under s. 16.505 from the Department of Workforce Development for 10.0 FTE project positions.

REQUEST:

The Department of Workforce Development (DWD) requests 10.0 PR-S FTE one-year project positions in the agency's PR-S appropriation under s. 20.445 (1)(ka).

REVENUE SOURCES FOR APPROPRIATION(S):

Funds to support these positions will come from DWD's interagency and intra-agency appropriation under s. 20.445(1)(ka). The Division of Workforce Excellence (DWE) in DWD has signed a Memorandum of Understanding with the Division of Vocational Rehabilitation (DVR) to operate the Placement Project for Persons with Disabilities. DVR will transfer funds to DWE from its federal program aids appropriation under s. 20.445(5)(na).

BACKGROUND:

The mission of DVR is to provide rehabilitation services to Wisconsin's disabled population in order to help members of this population find employment. DVR focuses on helping its clients overcome barriers to employment through a variety of services. These services include counseling, vocational training, transportation, post-employment services and rehabilitation technology. While DVR also provides job-related services such as placement assistance and job retention services, this is not the sole focus of the division. DWE, on the other hand, focuses on providing integrated employment services to both employers and employees.

DWD's request aims to link the rehabilitative services offered by DVR with the employment services of DWE. Under the Placement Project for Persons with Disabilities, DWE would use the funds received from DVR to place 13.0 FTE job service specialists in job centers around the state. Since DWD has converted 3.0 FTE permanent positions to project positions for this purpose, the department is requesting the creation of 10.0 project positions to meet this number. The job service specialists would provide assistance in matching people with disabilities to suitable employers.

DVR's funding primarily comes from the federal government. To receive federal funds, however, the state is required to provide 21.3% in matching funds. In the 1995-97 and 1997-99 budgets, a total of \$1 million in GPR authority was converted to PR authority under the assumption that DVR would be able to partner with other organizations to acquire the necessary match. Since that time, DVR has often found itself in the position where it does not have sufficient match to collect its entire federal allotment. DVR entered this agreement with DWE to obtain more matching. DWD is viewing this agreement as a pilot project, since it is unclear whether Job Centers will be a source of reliable funding for this purpose. As a result, DWD is requesting project positions instead of permanent positions. If the project does provide a reliable source of funding for match, DWD may submit a proposal to make the positions permanent in the biennial budget process.

ANALYSIS:

This appears to be a reasonable request. First, this request is an example of the coordination of services that the Governor envisioned when he recommended transferring DVR from the Department of Health and Family Services to DWD in the 1995-97 biennial budget. One reason the Governor recommended DVR's transfer to DWD was that it would make it easier for DVR to take advantage of the specialized knowledge DWD possesses regarding workforce preparation and placement.

Additionally, the Governor has recently been involved in the creation of the Pathways to Independence program. The goal of this program is to provide a way for people with disabilities to enter the workforce without immediately losing state and federal benefits. Previously, a sizable number of people with disabilities had the desire to work, but they remained unemployed due to the fact that they would lose these benefits. If Pathways encourages more people with disabilities to enter the workforce, additional specialists to help with job placement will be beneficial.

Finally, as it stands now, this request will reduce the size of government. While creating 10.0 FTE project positions will boost the number of state employees in the short-term, the conversion of 3.0 FTE permanent positions to project positions will ultimately reduce the number of state positions.

RECOMMENDATION:

Approve 10.0 FTE PR-S project positions to end 12/31/01.

Tommy G. Thompson
Governor

Jennifer Reinert
Secretary



State of Wisconsin

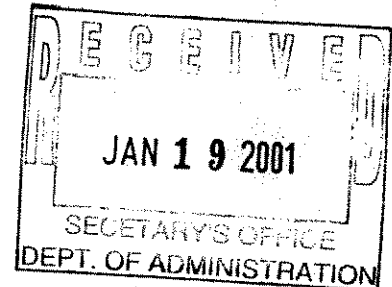
Department of Workforce Development

BH
JH

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201 East Washington Avenue
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Fax: (608) 266-1784
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e-mail: DWDSEC@dwd.state.wi.us

January 18, 2001

George Lightbourn, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53707



Dear Secretary Lightbourn:

The Department of Workforce Development requests authority under s. 16.505 of the statutes to extend 26.0 FTE project positions for an additional year to meet staffing needs associated with federal programs in the Division of Workforce Excellence. Thirteen (13) positions are funded under appropriation s. 20.445 (1)(gb) - Local Agreements and ten (10) positions are funded under appropriation s. 20.445 (1)(kb) - Interagency Agreements. Expenditure authority for these funds will be requested through the DOA allotment process as contracts are signed.

Request for extension of Project Positions for Local Agreements

The Local Agreement positions are program revenue and in a continuing appropriation. The original funds relating to the purpose of this request are federal funds. These federal funds are granted to local organizations, which in turn contract with the Division of Workforce Excellence to provide job services. The positions are associated with staffing needs related to providing services under the new federal Workforce Investment Act (WIA), WAA (TANF), and W-2 (TANF).

There are four project numbers associated with the WIA program. The new federal Workforce Investment Act (WIA) went into effect July 1, 2000, replacing the former Job Training and Partnership Act (JTPA). Under WIA, local Workforce Development Boards (WDBs) are responsible for leading the development, coordination and monitoring of customer driven service delivery systems for workforce preparation and development programs. The WDBs must create and maintain a One-Stop Delivery System with at least one comprehensive physical center that provides core services. One of the differences between WIA and JTPA is under JTPA, the planning boards, known as Private Industry Councils (PICs), were allowed to deliver services directly to clients, as well as contract for those services. Under WIA, the federal government strongly encourages the planning boards not to provide direct services. Therefore, the new boards will have to contract out for all services. The Department of Workforce Development's Job Service is one of the mandated partners of the One-Stop Delivery System. The Boards have turned to Job Service to provide these services.

There are five project numbers associated with the WAA program. 1999 Act 9 (the biennial budget act) provided \$19.7 million in TANF funds to create a Workforce

Secretary George Lightbourn

01/18/01

Page 2 of 2

Attachment and Advancement Program (WAA). This program provides employment services that promote job retention and advancement and improves basic skills and literacy of former W-2 participants and of individuals who have not participated in W-2, but who are eligible for TANF funded assistance. One-half of the funding was provided to W-2 agencies with the other half provided to the Workforce Development Boards. Under WAA, services are provided through the statewide Job Center System and designed to assist low income families and non custodial parents find employment, remain attached to the workforce and advance to higher paying employment. Local entities have contracted with Job Service to provide services to eligible recipients.

There are seven project positions associated with the W-2 program. Job Service received these sub contracts from the county.

In order to fulfill our obligations and provide program continuity for our customers, an extension of these positions is necessary.

Request for extension of Project Positions for Interagency Agreements

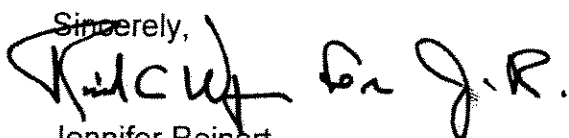
The Interagency Agreement positions are program revenue service and in a continuing appropriation. The positions are providing services to assist employers in meeting worker shortage needs through the placement and retention of special target groups in the workforce.

There are 8 positions associated with the statewide Memorandum of Understanding between the Division of Workforce Excellence and the Division of Vocational Rehabilitation. The MOU was just recently extended to June 30, 2001 with the possibility of another extension for SFY02. The MOU is a joint venture to secure employment outcomes for eligible job ready consumers of the DVR. Job service activities are provided at the respective One-Stop Centers.

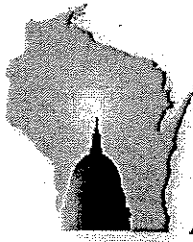
There are 2 positions associated with the statewide contract with the Department of Corrections. They are providing placement services to inmates leaving prison. The services include: employer relations, retention, case management, supportive services and follow-up. Services are performed in a Milwaukee One-Stop Center. These types of relationships foster good agency communications and cross-departmental strategies. The end result has been efficient and quality customer service.

Since these are extensions of existing positions and consistent with plans previously approved I hope your staff in the DOA budget office will be able to expedite the processing of this request. If you have any questions or concerns, please let me know.

Sincerely,



Jennifer Reinert
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 21, 2001
To: George Lightbourn, Secretary
Department of Administration
From: Joshua Hummert 
Subject: Request Under s. 16.515 from the Department of Workforce
Development.

REQUEST:

The Department of Workforce Development (DWD) requests additional budget authority for the Division of Worker's Compensation (WC). The department is requesting \$322,500 PR in FY01 in the appropriation under s. 20.445(1)(ha).

REVENUE SOURCES FOR APPROPRIATION(S):

Revenue for the appropriation under s. 20.445(1)(ha), worker's compensation operations, comes from fees that are assessed on insurers and self-insured employers who pay worker's compensation claims. The fee rate is based on worker's compensation claims paid in the latest complete year. For example, the FY01 rate is based on claims paid in FY99.

BACKGROUND:

This request seeks to address rising information technology costs for WC. DWD is requesting that the base supplies and services budget for WC permanently increase by \$322,500 PR in FY01. WC has been relying heavily on information technology to process WC claims more efficiently and quickly without increasing the number of permanent FTEs in the division. The division expects to have increases in charges for the following cost-pools: (a) general administration (\$42,584); (b) mail services (\$26,857); (c) external connectivity (\$161,777); (d) applications and database servers (\$25,135); (e) financial systems (\$110,809); and (f) Department of Administration Info Tech charges (\$79,983). The only cost pool that the division expects to see decrease significantly in FY01 is the network support cost pool (-\$124,655).

In the 1997-99 biennial budget, WC received a permanent base budget increase of \$177,300 PR for technology applications. In the 1999-2001 biennial budget, WC received one-time increases of \$188,800 PR in FY00 and \$165,600 PR in FY01 and 4.0 FTE project positions to transfer case files into an electronic format and to develop an automated levy system for uninsured employers. In addition, a 16.515 approved on May 5, 2000 provided the division with \$150,500 PR in FY01 to meet a database server projected cost of \$469,825 in FY01. The \$322,500 PR included in this request reflects the increased costs of operating this expanded IT system.

The operations budget for WC is approximately \$10.3 million PR in FY01. Of this total, WC has \$4,054,522 on the supplies and services line. Approximately 40% of this amount will be used to pay for ASD and Info Tech costs. To establish the amount that insurance companies will likely pay in a given fiscal year, WC uses the amount paid in claims from two fiscal years earlier. In FY98, for example, insurance companies paid \$177,542,251 in new WC claims. For each dollar paid, WC assessed a fee of 5.42% to collect \$9,607,932 PR in FY00. If insurance companies are assessed a rate that results in greater revenues than WC has authority to expend, WC uses the excess revenue to lower the general assessment rate in the following year. While insurance companies pay the fees, the real cost of raising the assessment rate will be borne by private employers who currently pay approximately \$1.15 billion in WC insurance premiums each year.

ANALYSIS:

The two cost-pools that the division expects the largest increases in are external connectivity and the financial systems. The external connectivity cost-pool reflects new costs associated with expanding access to worker's compensation documents to insurance companies and self-insured employers. Previously, all correspondence with insurance companies was conducted through mailed documents. Under an initiative that was started in 1999 Wisconsin Act 9, WC began the development of a system that would give insurance companies access to documents and information over the Internet. Funding was only provided for the development of the system, however, not ongoing costs associated with the operating of the system. Due to the confidential nature of the information involved in WC claims, a high level of security is necessary. The requested funding will allow for the construction and maintenance of the infrastructure necessary to allow insurance companies to access this data.

The financial systems cost pool supports the department's various financial systems. Following the transfer of the Division of Economic Support and the Division of Vocational Rehabilitation to DWD, the department faced a number of barriers. One barrier was the existence of a number of different financial

systems that needed to be coordinated. The department is still addressing the need to coordinate its financial systems. Activity in this area is one factor increasing WC finance cost-pool payments. Another reason for the increase is that the department has switched to a method that charges each division for the number of transactions the division processes. Under this new methodology, WC costs have risen significantly to reflect the division's actual use of DWD's financial systems.

If the request is approved, the WC rates that insurance companies are charged will still drop from 5.42% in FY00 to 5.00% in FY01. In addition, the increase in budget authority is supported by the Worker's Compensation Advisory Council, which has representatives from both labor and the insurance companies. Insurance companies support this action, according to DWD, due to the fact that this will help them process and track worker's compensation claims.

While approving this request will help insurance companies and workers by processing claims faster, some major reasons DWD cites for increasing WC's authority to charge insurance companies are standard state operations areas. In particular, before the database system was introduced, all transactions were processed through the mail as manual correspondence. This would suggest that there should be savings in the mail cost pool, but DWD is budgeting for an increase of \$26,857 in mail costs. In addition, the general administrative services cost pool that supports the Secretary's office and budget personnel is budgeted to increase by \$42,584 in FY01. At a time when the state is encouraging budget efficiencies in GPR funded areas by mandating a 0.5% lapse in state administrative appropriations, it is not consistent to allow a PR funded division to offset increases in standard administrative expenditures by increasing its revenue.

An alternative to approving the entire request is to grant the division increased authority to meet the new on-going costs of funding its external connectivity without increasing its authority to cover general administrative expenses. Items such as general administrative costs and mailing costs would be denied, but new costs such as the connectivity, database applications, financial systems, and Info Tech charges costs would be approved. This would allow the division to expand its services to insurance employers while limiting the amount that the state charges its businesses for state administration.

RECOMMENDATION:

Approve \$253,100 PR.

Tommy G. Thompson
Governor

Jennifer Reinert
Secretary



State of Wisconsin

Department of Workforce Development

OFFICE OF THE SECRETARY

201 East Washington Avenue

P.O. Box 7946

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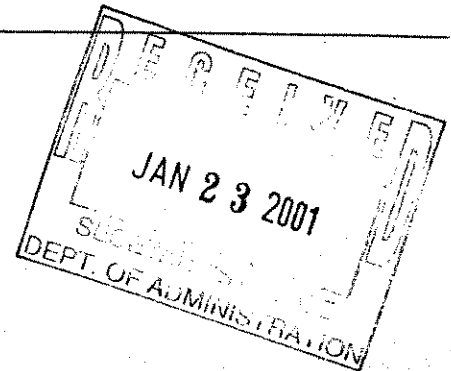
http://www.dwd.state.wi.us/

e-mail: DWDSEC@dwd.state.wi.us

cc: BH
JK

January 23, 2001

George Lightbourn, Secretary
Department of Administration
101 east Wilson Street, 10th Floor
Madison, WI 53707



Dear Secretary Lightbourn:

The Department of Workforce Development requests approval under s. 16.515(1) for increased expenditure authority in PR Appropriation 129, 20.445(1)(ha), Workers Compensation Operations, of \$322,500 in SFY01. The request is necessary to provide sufficient supplies and services expenditure authority in the Worker's Compensation Division to address the division's costs associated with increased technology service needs and financial system cost assessments during SFY01. The resources to fund these supplies and services needs in successive biennia have been included in the Department's 01-03 Biennial Budget request.

These costs cannot be absorbed within the division's SFY01 operating budget. To reduce services, analyst programming (which has already been reduced by 1,000 hours of programming), or staff to operate within existing expenditure authority would curtail and/or delay essential services to claimants, employers, insurance companies and client attorneys. To reduce or curtail the E-Government/E-Business applications, that WC has implemented, would not be favorably received by WC's external users, and could well result in additional workload that could not be accommodated by existing staff.

Request

Requested funding is as follows:

<u>PR Appropriation 129, 20.445(1)(ha)</u>	<u>SFY01</u>
Permanent Salary Base Increase	\$ 0
Fringe Benefits Increase	\$ 0
Supplies & Services Base Increase	\$ 0
Supplies & Services (One Time Increase)	\$ 322,500
Total Increase	\$ 322,500

Revenue Source for Appropriation

An administrative cost assessment, issued annually by the Worker's Compensation Division in accordance with s. 102.75 to all insurance carriers and self-insured employers conducting business in Wisconsin, provides the revenues needed to fund the Department's fiscal year costs of administering the worker's compensation program (Appropriation 129).

Problem

Information Technology Service Needs

The Worker's Compensation Division (WC) does not have sufficient expenditure authority in appropriation 129; 20.445(1)(ha) to cover its SFY01 information technology service needs. Use of servers and associated software, the storage of data and images, and the technical support staff to maintain the databases and infrastructure have increased. Worker's Compensation has also expanded its capacity to grant outside users (insurance companies, self-insured employers) access to WC systems via the internet, i.e., provides for external connectivity (access). These accesses provide insurance companies and self-insured employers the ability to retrieve and send timely information electronically. This E-Government/E-Business application was implemented by the Worker's Compensation Division in October 1999. As a result, Worker's Compensation Division's costs for information technology services have increased.

Most of the division's information technology services are purchased from the Department's Administrative Services Division, Bureau of Information Technology Services via PR-S (program revenue-services) costs/charges. Following is a chart providing a comparison of the budgeted Worker's Compensation appropriation 129 amounts for both SFY00 and SFY01, and the division's actual expenditures during SFY00:

Budget Comparison SFY00 - 01

Budget Item	SFY00			SFY01 Budget	00 Budget less 01 Budget
	Budget	Expenditures	Budget less Expenditures		
General Admin	\$389,795	\$378,223	\$11,572	\$432,379	-\$42,584
Mail Services	\$65,463	\$75,093	-\$9,630	\$92,320	-\$26,857
External Connectivity	\$0	\$0	\$0	\$161,777	-\$161,777
Network Support/FTE	\$256,249	\$236,895	\$19,354	\$131,594	\$124,655
Apps & Database Servers	\$436,583	\$437,699	-\$1,116	\$461,718	-\$25,135
Mainframe Activities	\$138	\$166	-\$28	\$135	\$3
Finance Cost Pool	\$50,909	\$37,929	\$12,980	\$161,718	-\$110,809
ASD-DOA I. T. Charges	\$1,794	\$2,827	-\$1,033	\$81,777	-\$79,983
Total	\$1,200,931	\$1,168,832	\$32,099	\$1,523,418	-\$322,487

A review of the above chart indicates an overall SFY01 budget increase of \$322,487 over SFY00. Budgetary savings in Network Support charges of \$124,655 does not offset the SFY01

cost increases for External Connectivity (\$161,777), Finance Cost Pool (\$110,809) and ASD-DOA I.T. Charges (\$79,983). As a result, WC is experiencing a SFY01 shortfall in expenditure authority of approximately \$322,500.

External Connectivity

The SFY01 external connectivity charges that Worker's Compensation is experiencing are new charges. The new charges are attributable to the E-Government/E-Business connectivity (access) provided through the Worker's Compensation computer systems over the internet to insurance companies and self-insured employers. This type of connectivity requires an infrastructure, wide area network and logon security access.

Insurance companies and self-insured employers (insurers) use this access to view information via the internet about the claims that their company has sent to the WC division. The web pages for insurers display claims that are missing data. An insurer can access the individual claim record from the WC database and make the appropriate additions and/or corrections. The screen returned to the insurer for correction of a particular claim record not only indicates what is missing, but contains information from the WC claims database that is already present on the claim record. The insurer enters the additional required information and re-submits it electronically. Prior to October 1999, this was processed via the mail as manual correspondence.

WC will continue to experience external connectivity charges annually. The Department's 01-03 Biennial Budget request, DIN #5203 – Worker's Compensation Information Technology Service Needs, seeks the resources to fund the division's external connectivity costs on an on-going basis.

Finance Cost Pool

The SFY01 cost to Worker's Comp for its share of the ASD Finance cost pool is budgeted to be \$161,718. This is an increase of \$110,809 over SFY00. These increases are primarily due to:

- 1) A re-distribution (effective 7/1/00) of the finance cost pool's total cost to the program divisions based on each division's actual usage of the financial systems, i.e., the number of transactions processed for the division by the department's financial systems. Based on the transactional methodology, WC's usage/cost has increased.
- 2) Additional programmer/analyst hours required to re-engineer the department's financial computer systems and the hiring of contract programmers to backfill staff assigned to the re-engineering have all contributed to cost increases.

Additional resources to cover Finance Cost Pool cost increases in the Worker's Compensation Division on an on-going basis have been incorporated into the department's 01-03 Biennial Budget request, DIN #5203 – Worker's Compensation Information Technology Service Needs.

ASD-DOA Info Tech Charges

ASD-DOA Info Tech Charges are mainframe computer usage costs that are generated by the department's Administrative Services Division (ASD) staff and are charged back to the program divisions within the department. The Worker's Compensation division's share of these costs for SFY01 is budgeted at \$81,777. This represents an increase of \$79,983 over the SFY00 budgeted amount.

SFY01 increased costs to WC for its share of the ASD-DOA Info Tech charges is due to a change in the way DOA Info Tech charges for the Administrative Services Division are allocated back to the program divisions.

In SFY00, these costs were included in the Mainframe Activities cost pool. The cost pool was funded through charges to the divisions based upon their per CPU second usage. Since the cost pool revenue was based on their mainframe usage, divisions theoretically had some discretionary control. Thus, if a division, like Worker's Compensation, did not have significant mainframe usage, it did not pay significantly into this cost pool. (Except for a portion of one system, WC has all other systems on its own client server network.)

In SFY01, when the new PR-S cost pools were established, to promote an equitable distribution of charges, the Department shifted the ASD-DOA info Tech charges out of the Mainframe Activities cost pool to a direct charge base to the divisions. As a result, the cost to the Worker's Compensation Division for its share of the SFY01 ASD-DOA Info Tech charges has increased accordingly based on usage. The previous fiscal year methodology of funding the ASD mainframe costs through the Mainframe Activities cost pool understated WC's true share of these Info tech costs. In reality, the previous methodology may not have been capturing WC's "fair share" of the HRS, Budget and Finance systems.

Affect on Administrative Assessment

An administrative cost assessment, issued annually by the Worker's Compensation Division to all insurance carriers and self-insured employers in Wisconsin, provides the revenues needed to fund the Department's fiscal year costs of administering the worker's compensation program. Revenue to cover the requested \$322,500 expenditure authority amount is included in the SFY01 administrative assessment. The following table reflects the Assessment History for the past seven years, Revenue to be Collected, and the associated Indemnity. (The assessment rate is determined by dividing the Revenue to be Collected by the Indemnity).

SFY	General Assessment Rate	Revenue To be Collected	Indemnity
1993	3.83%	\$6,947,850	\$181,516,644
1994	4.22%	\$7,934,818	\$188,144,406
1995	3.22%	\$7,408,621	\$230,622,260
1996	4.58%	\$8,944,455	\$195,506,754
1997	4.83%	\$9,427,796	\$195,170,801
1998	4.27%	\$9,386,939	\$219,654,689
1999	5.46%	\$10,010,218	\$183,466,981
2000	5.42%	\$9,607,932	\$177,542,251
*2001	5.00%	\$11,558,454	\$231,593,871

* The SFY2001 Assessment Rate (5.00%) includes the s.16.515 requested expenditure authority amount.

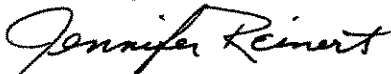
Summary

The department requests approval of a one-time increase in expenditure authority in PR Appropriation 129, 20.445(1)(ha), Worker's Compensation Operations, of \$322,500 in SFY01. This request is to cover the Worker's Compensation Division costs associated with increased technology service needs and financial system cost assessments.

The Worker's Compensation Division must keep pace with its information technology needs. Application and database servers, external connectivity and financial systems are all essential services for the Worker's Compensation Division to carry out its mission and objectives. The costs for these services cannot be absorbed.

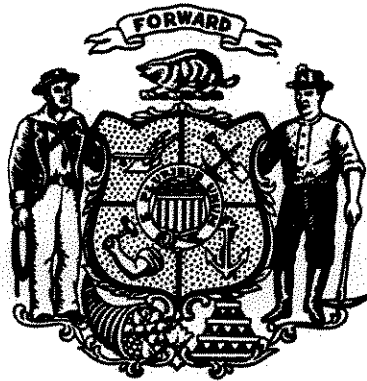
The Council on Worker's Compensation is supportive of this request. If you have any questions or concerns, please let me know.

Sincerely,



Jennifer Reinert
Secretary

END

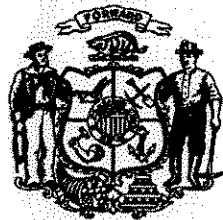


END

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
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Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

March 20, 2001

Acting Secretary Shirley Eckes-Meyer
Department of Revenue
2135 Rimrock Road
P.O. Box 8933
Madison, Wisconsin 53708-8941

Dear Acting Secretary Eckes-Meyer:

We are writing to inform you that the Joint Committee on Finance has reviewed the Department of Revenue lottery prize payout report, dated March 1, 2001, pursuant to s. 565.02(7), Stats.

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

Sincerely,

Handwritten signature of Brian Burke in cursive.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in cursive.

JOHN G. GARD
Assembly Chair

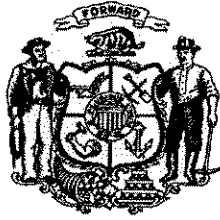
BB:JG:dh

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: 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



Legislative Fiscal Bureau

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

March 14, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Department of Revenue's Annual Lottery Prize Payout Report

Under s. 565.02(7) of the statutes, the Department of Revenue (DOR) is required to submit a lottery prize payout report to the Joint Committee on Finance, not later than March 1 of each year, that includes: (a) an estimate for that fiscal year and for the subsequent fiscal year of the gross revenues from the sale of lottery tickets; (b) the total amount paid as prizes and the prize payout ratio for each type of lottery game offered; 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 the lottery and gaming tax credit.

The report, submitted to the Committee on February 28, 2001, addresses the requirements of s. 565.02(7). The report is subject to a 14-day passive review by the Committee. If, by March 20, the Co-chairs notify DOR that the Committee has scheduled a meeting for the purpose of reviewing the Department's proposed prize payouts, DOR may proceed with its plans for the prize payouts for the subsequent fiscal year only with Committee approval. If the Co-chairs do not notify the Department by March 20 that the Committee has scheduled a meeting to review the Department's proposed prize payouts, the Department's plans for the prize payouts for the subsequent fiscal year are considered approved by the Committee.

No modifications of current lottery prize payout ratios are proposed in the report. It should be noted, however, that the Department's lottery sales estimates for 2000-01 in the report differ from the previous estimate made in October, 2000. Further, the report's estimate of 2001-02 sales differs from the estimate made in the Governor's 2001-03 biennial budget bill. The Governor's estimates under the bill are identical to those provided in the Department's 2001-03 budget request.

Lottery Sales Estimates

Under the 1999-01 biennial budget bill (Act 9), lottery sales were projected to total \$427.3 million in 2000-01. In October, 2000, under an annual statutory process whereby the Department of Administration (DOA) and the Joint Committee on Finance certify the amount of lottery funds available for the lottery and gaming tax credit, the 2000-01 sales estimate was modified to \$409.1 million. Under the Department's prize payout report, the estimate for 2000-01 sales is lowered to \$405.6 million. The reduction, totaling \$3.5 million, reflects lower sales estimates for: (a) scratch ticket sales (-\$0.4 million); (b) pull-tab sales (-\$2.3 million); and (c) on-line sales (-\$0.8 million).

Under the Governor's bill, lottery sales in 2001-02 were estimated at \$412.4 million. Under the March prize payout report, this estimate is reduced to \$405.5 million. This reduction totals \$6.9 million and reflects lower sales estimates for: (a) scratch ticket sales (-\$1.3 million); (b) pull-tab sales (-\$3.9 million); and (c) on-line sales (-\$1.7 million).

The following table compares: (a) the 2000-01 sales estimate made under the October, 2000, lottery and gaming credit certification and the 2001-01 estimate made in the prize payout report; and (b) the 2001-02 estimate under the Governor's bill and the 2001-02 estimate under the prize payout report.

Comparisons of Lottery Sales Estimates
(Millions)

Game Type	2000-01			2001-02		
	October 2000	Payout Report	Percent Change	Governor's Budget	Payout Report	Percent Change
Scratch	\$237.6	\$237.2	-0.2%	\$238.5	\$237.2	-0.5%
Pull-Tab	6.5	4.2	-35.4	8.1	4.2	-48.1
On-Line	<u>165.0</u>	<u>164.2</u>	<u>-0.5</u>	<u>165.8</u>	<u>164.1</u>	<u>-1.0</u>
Total	\$409.1	\$405.6	-0.9%	\$412.4	\$405.5	-1.7%

While the report does not discuss the reasons for the Department's modifications of these sales estimates, lottery officials indicate that the scratch and on-line adjustments for 2000-01 are based primarily on year-to-date sales results. The report projects no growth in scratch ticket sales in 2001-02. Officials indicate that one reason for this is that attempts to recruit additional lottery retailers for scratch ticket sales have not yet been successful. On-line sales in 2000-01 and 2001-02 were reestimated primarily on the basis of a reassessment of sales relating to the Megabucks game.

The largest decrease in projected sales made in the report relates to pull-tab sales. In the Governor's 2001-03 biennial budget bill, pull-tab sales were estimated at \$8.1 million in 2001-02. This represented a significant increase from actual sales of \$5.4 million in 1999-00 and the \$6.5 million projection for 2000-01 made in October, 2000. The increase was predicated on planned improvements in pull-tab prize structure, recruitment and contracting procedures affecting nonprofit organizations that sell pull-tab tickets. However, lottery officials now indicate that these changes are not being implemented as quickly as originally expected and that it will take additional time to build the interest of nonprofit organizations in the new pull-tab prize structure. In addition, pull-tab sales by for-profit retailers, primarily taverns, have declined in the last year, according to lottery officials.

It is not clear, at this point in the fiscal year, whether the revised DOR sales estimate for 2000-01 (\$405.6 million) will be realized. A straight-line projection based on year-to-date sales (through 35 weeks) would total about \$398.0 million. Seasonal variations in sales and larger Powerball jackpots have the potential to boost sales above this straight-line estimate. However, year-to-date sales in 2000-01 are about \$6.3 million behind 1999-00 sales through the same period (35 weeks). Sales in 1999-00 totaled \$406.7 million.

This office will be reviewing sales estimates for 2000-01 and the 2001-03 biennium during the Committee's deliberations on the Governor's budget bill.

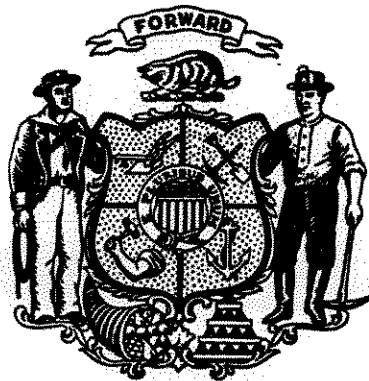
Summary

The report before the Committee conforms to the requirements of s. 565.02(7) and proposes no modifications of current lottery prize payout ratios. In the report, the Department reestimates lottery sales to \$405.6 million in 2000-01 and \$405.5 million in 2001-02.

The Committee's response to the lottery's proposal must be provided to DOR no later than March 20, 2000.

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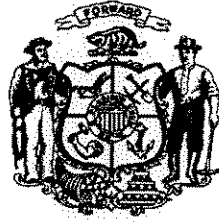


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THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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ASSEMBLY CHAIR
JOHN GARD

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JOINT COMMITTEE ON FINANCE

March 20, 2001

Secretary Darrell Bazzell
Department of Natural Resources
101 South Webster Street
Madison, Wisconsin 53707-7921

Dear Secretary Bazzell:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed your request, received on March 2, 2001, pursuant to s. 23.0915(4), Stats., regarding a proposed land purchase in Door County from Dean and Lenore Carmody for \$765,000.

The previous objection to this request has been removed. Accordingly, the request is now approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

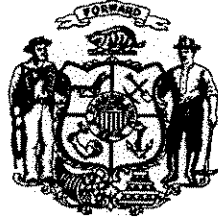
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cc: Members, Joint Committee on Finance
Bob Lang, Legislative Fiscal Bureau
Vicki LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

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

Date: March 16, 2001

Re: 14 Day Passive Review/Land Purchase

Last week, your office received notification that an objection has been raised concerning the request from the Department of Natural Resources (DNR), dated March 2, 2001, pursuant to s. 23.0915(4), Stats., regarding a land purchase in Door County from Dean and Lenore Camody for \$765,000. The Committee would routinely schedule a future meeting to consider such a request.

However, our offices were notified yesterday that the objection to the request has been withdrawn. In order to give all members an opportunity to further consider the request, we will delay until **Tuesday, March 20, 2001**, before we notify DNR that the objection has been removed.

Please notify us by that time if you have any concerns about the request or if you would like to meet formally to consider it. If there are no further objections by that time, we will notify DNR that the request is approved and that a meeting of the Committee is not necessary.

Feel free to contact us should you have any questions or concerns, or if you need another copy of the original request.

BB/JG/js



JOHN GARD

State Representative • Assembly Chairman, Joint Committee on Finance

FOR IMMEDIATE RELEASE
MARCH 15, 2001

CONTACT: JEFF SCHOENFELDT
(608) 266-2343

REP. GARD MOVES TO ALLOW DOOR COUNTY LAND PURCHASE TO PROCEED

Madison... State Representative John Gard (R-Peshtigo) announced today that he will withdraw his objection to a land purchase slated to buy 2.6 acres of land in Door County by the state of Wisconsin.

Gard had originally held up the land purchase for further review by the Joint Finance Committee. Gard, who is Assembly Chairman of the Joint Finance Committee, issued the following statement on the withdrawal:

"I am pleased to announce that after extensive discussions with State Representative Garey Bies (R-Sister Bay) I have agreed to move the process forward."

"I want to make sure that the state has a well thought out strategy in land purchases. Too often, these land purchases go through unnoticed and not properly researched. When this occurs, the state purchases lower priority land and therefore doesn't have the funds available to purchase the land it should."

"However, Representative Bies underscored with me the importance of this purchase in Door County and I agreed. His research and voice was instrumental in preserving this land."

Gard said that other fifteen Joint Finance Committee members will now have until March 22nd to issue their objection to the land purchase. If no additional objections are raised, the \$765,000 purchase will be approved.

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STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

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JOINT COMMITTEE ON FINANCE

March 9, 2001

Secretary Darrell Bazzell
Department of Natural Resources
101 South Webster Street
Madison, WI 53707-7921

Dear Secretary Bazzell:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed your request, dated March 2, 2001, concerning the proposed 2.16 acre land purchase in Door County from Dean and Lenore Carmody for \$765,000.

A meeting will be scheduled to further discuss this request. Therefore, the request is not approved at this time.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

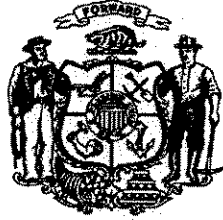
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cc: Members, Joint Committee on Finance
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

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

Date: March 2, 2001

Re: 14 Day Passive Review/Land Purchase

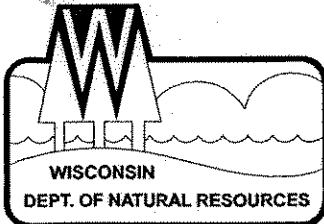
Rep. Gard is objecting

Attached is a copy of a request from Secretary Darrell Bazzell, received March 2, 2001, regarding a proposed 2.16 acre land purchase in Door County from Dean and Lenore Carmody for \$765,000. This request is pursuant to s. 23.0915(4), Stats., which requires the Department of Natural Resources to notify the Joint Committee on Finance of all stewardship projects in excess of \$250,000.

Please review this item and notify **Senator Burke** or **Representative Gard** no later than **Tuesday, March 20, 2001**, if you have any questions about this request or would like the Committee to meet formally to consider it. If no objections are heard by that date, the request will be approved.

Also, please contact us if you need further information.

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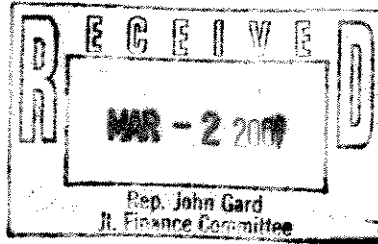


State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TDD 608-267-6897

MAR - 2 2001



IN REPLY REFER TO: Fi-2691

Honorable Brian Burke
Member State Senate
Room 316S
CAPITOL

Honorable John Gard
Member State Assembly
Room 315N
CAPITOL

Brian John

Dear Senator Burke and Representative Gard:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed 2.16-acre land purchase from Dean and Lenore Carmody for \$765,000. This notice is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects more than \$250,000 in cost. The Natural Resources Board approved the purchase at the February meeting. The land is required for a public access point to Little Sturgeon Bay.

The file number is Fi-2691 and the land is located in Door County. Attached please find a memo and maps describing this transaction.

I certify that this request for consideration meets all applicable state and federal statutes, rules, regulations, and guidelines. This certification is based upon a thorough and complete analysis of this request.

If you do not notify the Department within 14 working days after this notification that the Committee has scheduled a meeting to review the proposed transaction, the Department will proceed with the approval process. If the Committee has no objections, the Department will forward the proposal to the Governor for his consideration. If you need additional information, please contact Richard Steffes at 266-0201. Mr. Steffes is available to answer any questions you may have in this matter.

Thank you for this consideration.

Sincerely,

Darrell
Darrell Bazzell
Secretary

Attach.

cc: Legislative Fiscal Bureau
Department of Administration



CORRESPONDENCE/MEMORANDUM

DATE: February 8, 2001 FILE REF: Fi-2691
TO: Governor McCallum
FROM: Darrell Bazzell
SUBJECT: Proposed Land Acquisition, Dean and Lenore Carmody Tract, File # Fi-2691, Option Expires March 31, 2002

1. PARCEL DESCRIPTION:

Statewide Public Access
Door County

Grantor:

Dean and Lenore Carmody
3570 County Highway "CC"
Sturgeon Bay, WI 54235

Acres: 2.16
Price: \$765,000
Appraised Value: \$765,000
Interest: Purchase in fee.
Improvements: None

Location: The tract is located twelve miles west of the City of Sturgeon Bay, on the northern shore of southern Door County.

Land Description: The subject area slopes downward from County Trunk Highway "CC" on the west to Little Sturgeon Bay on the east.

**Comments: Door County will be purchasing 2.09 acres of the parcel containing all of the improvements and 104.16 feet of frontage for a cost of \$275,000, leaving the Department the remainder of \$765,000 for 2.16 acres of vacant land and 275 feet of frontage.

Table with 3 columns: Covertypes Breakdown, Type, Acreage. Row 1: Lawn, Scattered Trees, 2.16

Zoning: Recreational Commercial; and Shoreland
Present Use: Residential
Proposed Use: Public Access Point to Little Sturgeon Bay
Tenure: 21 years
Property Taxes: \$4,817.33
Option Date: February 8, 2001

2. JUSTIFICATION:

The Department proposes to purchase a 2.16-acre parcel from Dean and Lenore Carmody in Door County to develop and maintain a lake access site on Little Sturgeon Bay. The land will be part of the Statewide Public Access program, which provides public access to the state's surface water resources. Sites are acquired for boat and canoe landings; and related uses such as parking lots, bank fishing, and access to lakes, rivers, and streams.



The Carmody parcel is approximately 4.25 acres in size with 379 feet of frontage on Little Sturgeon Bay. The parcel contains one residence and two seasonal cottages, along with two garages, a well, and a septic system. This parcel provides the Department an opportunity to increase public access sites to Green Bay and ultimately Lake Michigan, thereby reducing the burden on the already over-taxed current access sites. During the appraisal process, two values were estimated for this transaction, Parcel A, the whole 4.25-acre parcel with improvements and 379 feet of frontage, and Parcel B, 2.09 acres of Parcel A with all the improvements and 104.16 feet of frontage. Door County has agreed to purchase Parcel B for the negotiated price of \$275,000 leaving the Department the remainder cost of \$765,000 for the other 2.16 acres and 275 feet of frontage. The Department has also entered into a Memorandum of Agreement with Door County and the Town of Gardner to help plan, develop, and maintain the access site. A condition of the option to purchase with Carmody requires Natural Resources Board approval by April 9, 2001.

In 1989, the Airport and Parks Committee of Door County compiled a Public Boat Access/ Harbor of Refuge Feasibility Study. The report identified five primary sites of importance for Door County with Little Sturgeon Bay ranking as one of the highest priorities. Little Sturgeon Bay is a popular sport fishing and boating waterbody, leading directly into Green Bay. Recently, increased pressures have been put on public boat access sites for the bay area due to the closing of private launch points that allowed public access. Development of this site will allow for foul weather launches, providing a harbor of refuge status that is sorely needed in the area. Shallow reefs offshore in Green Bay make use of other boat landings to the north and south difficult to reach in hazardous weather conditions.

Door County, by Resolution No. 97-00, has agreed to purchase the 2.09-acre portion of the Carmody parcel with the house. After approval by the NRB, the County will expend \$40,000 as an option payment to the Carmodys, which amount is nonrefundable and will serve as a credit against the purchase price. The County assumes that the Department, through a Stewardship or other grant, will provide \$137,500 toward the County's purchase price of \$275,000 for the 2.09 acres, reducing the County's net cost to \$137,500.

The Department recommends purchase of the property to develop and maintain an access site on Little Sturgeon Bay, with support and cooperation from Door County and the Town of Gardner.

3. FINANCING:

State Stewardship bond (52%) and Federal Sport Fish Restoration (48%) funds are anticipated:

	Funds allotted to program:	Balance after proposed transaction
Stewardship Bond:	\$5,800,000	\$35,535
Cost Share:	\$368,453	\$1,253

Comments: Subject to all necessary approvals, the Department will issue payment after July 1, 2001, using Fiscal Year 2002 money.

4. ACQUISITION STATUS OF THE STATEWIDE PUBLIC ACCESS:

Established: 1969
Acres Purchased to Date: 1,089.94
Acquisition Goal: 838.65 Acres
Percent Complete: 103.0%
Cost to Date: \$4,786,911

5. APPRAISAL:

Appraiser: Mary Buckman (Private Appraiser)
Valuation Date: September 1, 2000
Appraised Value: \$765,000
Highest and Best Use: Recreational/Commercial Site

Allocation of Values:


- a. Parcel A: 4.25 acres with 379 feet frontage @ \$2,750 per foot frontage: \$1,040,000
- b. market data approach used, three comparable sales cited
- c. adjusted value range: \$2,351 to \$2,796 per foot frontage
- d. Parcel B: 2.09 acres with 104.16 feet frontage @ \$1,500 per foot frontage: \$150,000
 - Improvements: \$125,000
 - TOTAL: \$275,000
- e. market data approach used for Parcel B, five comparable sales cited
- f. adjusted value range: \$257,700 to \$286,700 total value

Appraisal Review: Phil Lepinski — November 2, 2000

Entire 4.25-acre parcel:	\$1,040,000
Minus 2.09-acre County parcel:	\$ 275,000
Value of 2.16-acre DNR parcel:	\$ 765,000

Comments: Two appraisals were completed for this transaction. The first was by David Steiro (Private Appraiser) on July 25, 2000 with a valuation of \$1,100,000 for Parcel A and \$350,000 for Parcel B. The second appraisal was completed by Mary Buckman (Private Appraiser) on September 1, 2000 with a valuation of \$1,040,000 for Parcel A and \$275,000 for Parcel B. Final valuation was set through negotiations with the grantor at \$1,040,000 for Parcel A with Parcel B's valuation at \$275,000.

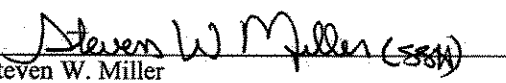
RECOMMENDED:


Richard E. Steffes

2-8-01
Date


Bureau of Legal Services

2/8/01
Date

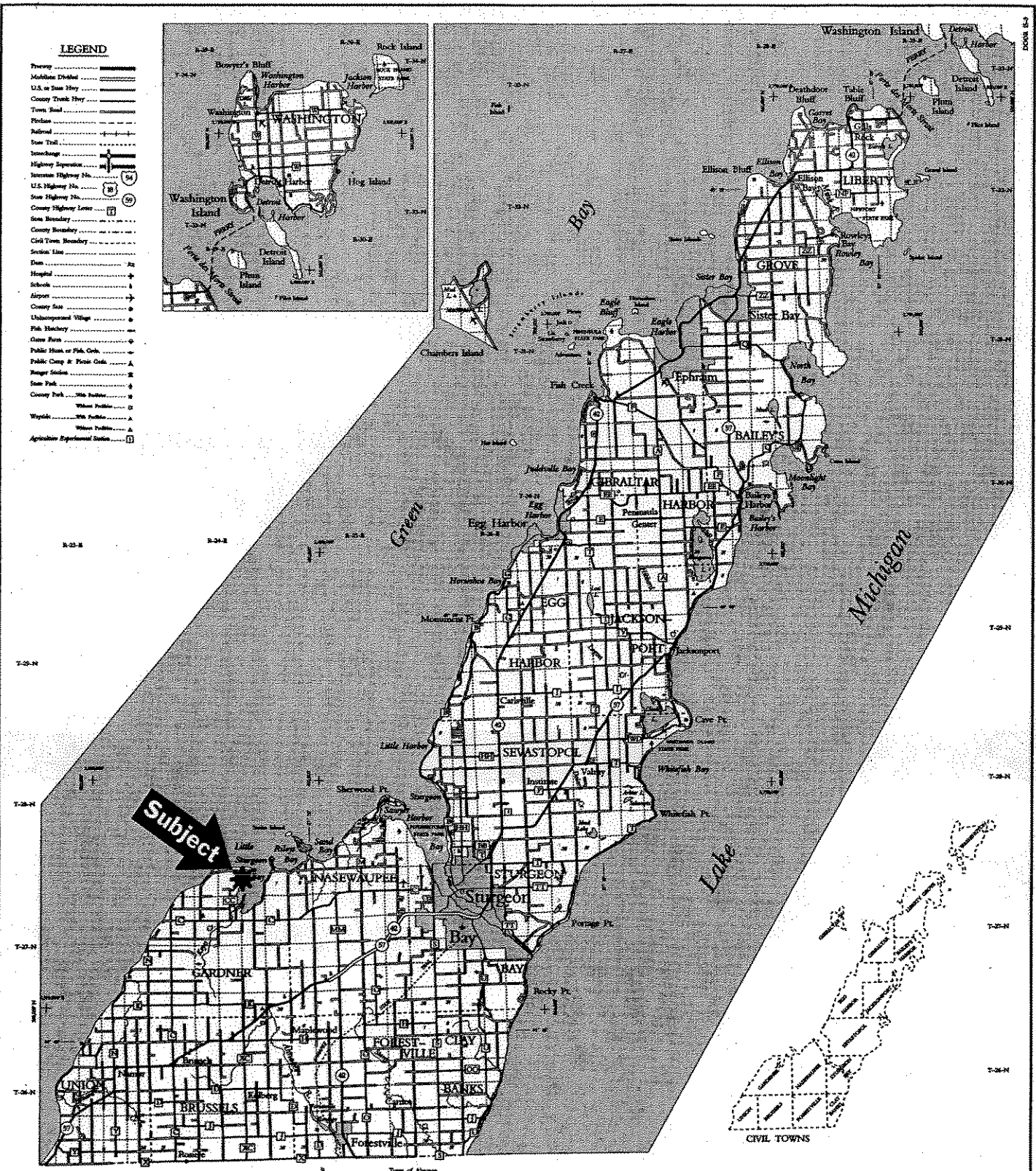
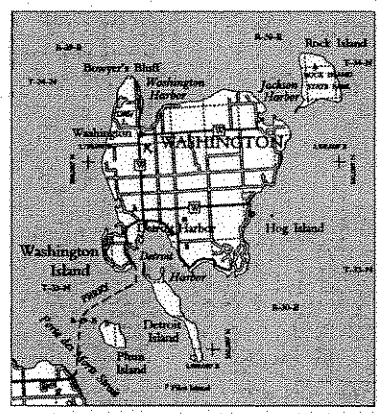

Steven W. Miller

2/9/01
Date

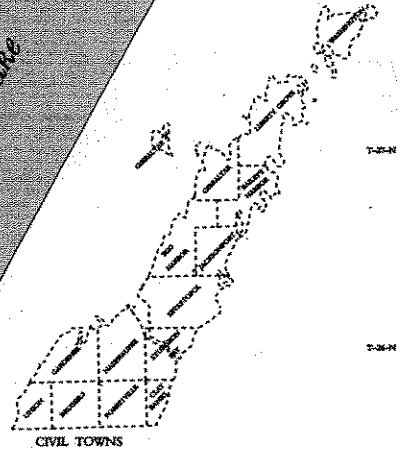
RES:jp

LEGEND

- Thruway
- Multiple Divided
- U.S. or State Hwy
- County Trunk Hwy
- Town Road
- Platoned
- State Trail
- Interchange
- Highway Separation
- Intersecting Highway No.
- U.S. Highway No.
- State Highway No.
- County Highway Letter
- Sea Boundary
- County Boundary
- Civil Town Boundary
- Section Line
- Dam
- Hospital
- School
- Airport
- County Seat
- Unincorporated Village
- Fish Hatchery
- Game Farm
- Public House or Fish Crib
- Public Camp or Pleasure Crib
- Ranger Station
- State Park
- County Park
- White Building
- Black Building
- Wreck
- White Building
- Black Building
- Agricultural Experimental Station



Subject →



Town of Red River Town of Lincoln Town of Shepcon Town of Junck

8-23-E 8-24-E 8-25-E 8-26-E 8-27-E

UNION TWP. Kewaunee Co. UNION TWP.

MILES OF HIGHWAY as of Jan. 1, 1939

STATE	96
COUNTY	29
LOCAL ROAD	97
COUNTY ROAD	8
TOTAL FOR COUNTY	130

Total Area: 374 sq. mi.
Population: 2649
County Seat: Shepcon, Wis.

SECTION NUMBERS OF A TOWNSHIP

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32
33	34	35	36	37	38	39	40

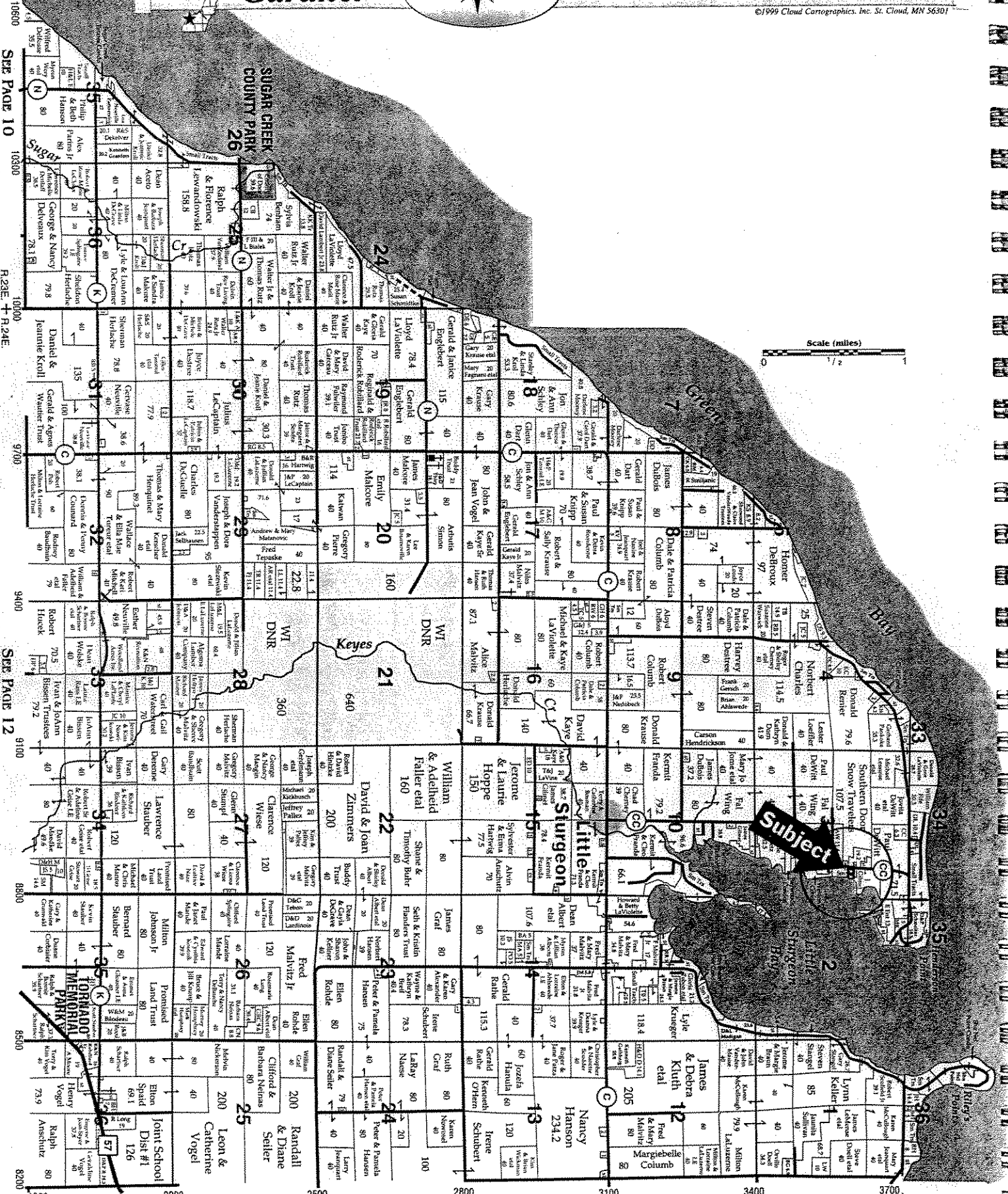
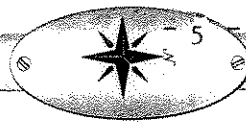
For boundaries of public landing and fishing grounds please contact the Department of Natural Resources

† Grid based on Wisconsin coordinate system, central zone

DOOR CO.
DEPARTMENT OF TRANSPORTATION
STATE OFFICE BUILDING
Manitowish, Wisconsin

SCALE: 1:50,000 (AS SHOWN)

Control No. 301,596
Map compiled from U.S.G.S. Quadmaps 1928-29 Series



SEE PAGE 10

R.23E + R.24E

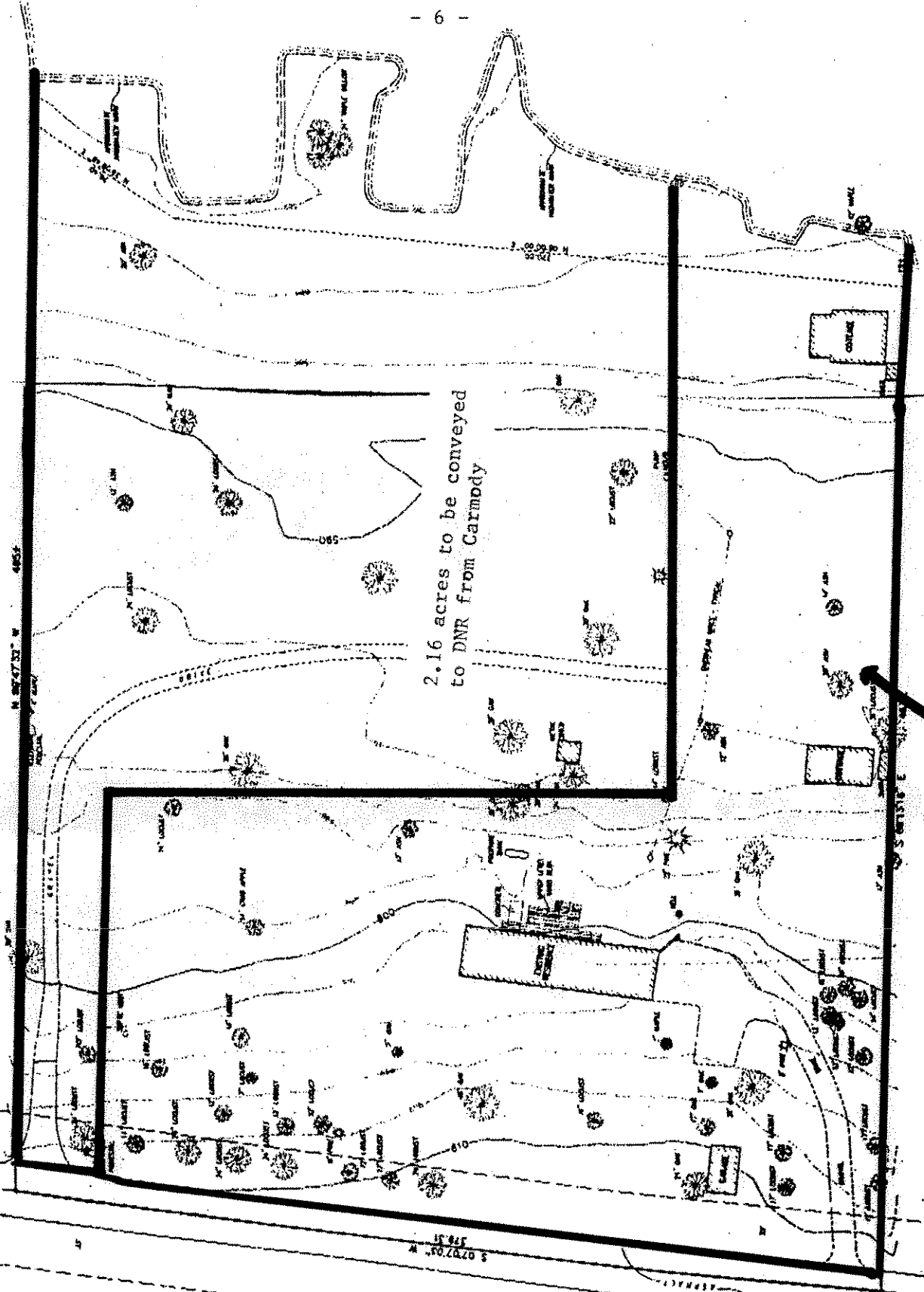
SEE PAGE 12

20

"Reproduced with permission of Cloud Cartographics, Inc."

SEE PAGE 22

T.27N. + T.28N.



2.16 acres to be conveyed to DNR from Carmody

2.09 acres to be acquired by Door County from Carmody

C.T.H. CO.

11/4/2000

107.70 3

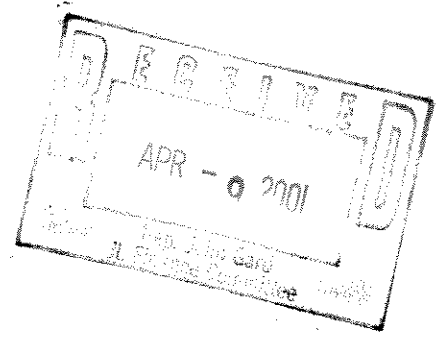
DOOR COUNTY
OFFICE OF THE COUNTY BOARD CHAIRMAN

COURT HOUSE
PHONE: 414-746-2266
FAX: 414-746-2330

PO BOX 670
421 NEBRASKA STREET
STURGEON BAY, WI 54235-0670

April 5, 2001

State Representative, John Gard
Assembly Chairman, Joint Committee on Finance
315 North, State Capitol Building
Madison, WI 53708




Representative Gard:

Your support of the land purchase in the County of Door by the State of Wisconsin is appreciated.

The Board of Supervisors had determined the County's level of participation in this acquisition on December 28, 2000 by unanimously approving \$137,500.00 (a non-budgeted amount) as our share in the joint project. The removal of your objection to the DNR involvement resulted in the issuance of a check in the amount of \$40,000.00 on March 23, 2001 by Door County to the willing land owner to "hold" the property. The realization that this dollar amount may be lost in the process was a concern, pending final approval by other participating agencies, yet previous experience dictated that the process should be completed without risk.

I encourage your guidance of this "land purchase" through the Committee's and final approval by the Governor. Thanks again for your help in assuring public access to the waters of the State of Wisconsin and Door County.

Sincerely,


Leo W. Zipperer, Chairman
Door County Board of Supervisors

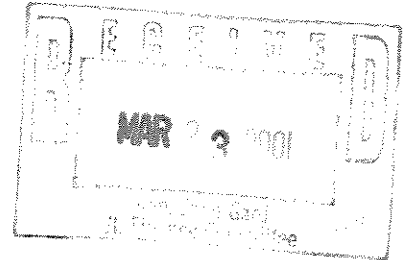
pc: Representative Bies
Parks Director, Pinney
Administrator Genereaux
Corporation Counsel Thomas
Parks Committee Chair, Kruswick

LWZ:lh



Senator **ALAN J. LASEE**
First Senate District

March 20, 2001



The Honorable Brian Burke
Co-Chairman
Joint Committee on Finance
Room 316 South

The Honorable John Gard
Co-Chairman
Joint Committee on Finance
Room 315 North

Dear Co-Chairman Burke and Gard:

I am writing to express my support for the Little Sturgeon Bay Land purchase in Door County. Representative Gard has voiced an objection to the amount of money the state stands to spend on the project through the Stewardship Fund.

I was also initially concerned about the high cost of this project. I have learned, however, that the DNR has been pursuing this piece of property for several years. In addition, a private developer had offered the property's owner more money than the state was prepared to grant. It's a valuable piece of property.

If the state retains the property, we will be able to provide public access where now there is none. If it's sold to a private developer, we will probably have another private marina in place that does not offer any public access to the residents and visitors to the area.

I am aware that sometimes objections are expressed in order to give the full Finance Committee the opportunity to review the project. I strongly urge you to support the state's purchase of the Little Sturgeon Bay Land through the Stewardship Fund.

OFFICE:

Post Office Box 7882, Madison, WI 53707-7882
Phone: 608-266-3512 FAX: 608-267-6792
Toll-free Hotline: 1-800-362-9472

HOME:

2259 Lasee Road
De Pere, WI 54115
Phone: 920-336-8830 FAX: 920-336-8830

COMMITTEES:

Agriculture, Environmental Resources and
Campaign Finance Reform
Insurance, Tourism, Transportation and Corrections

Thank you for your attention to my request. If I can be of any assistance to you and the committee, please let me know.

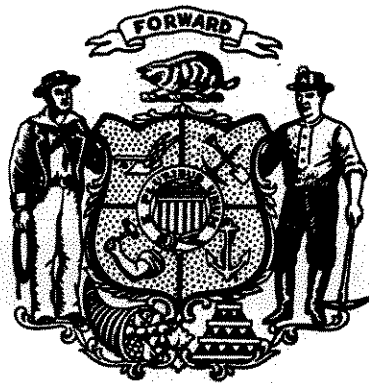
Sincerely,

A handwritten signature in black ink, appearing to read "Alan", written in a cursive style.

ALAN J. LASEE
State Senator
1st Senate District

cc. Leo Zipperer
George Pinney

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

MEMORANDUM

To: Members
Joint Committee on Finance

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

Date: March 23, 2001

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received on March 23, 2001, pursuant to s. 16.515/16.505(2), Stats., pertaining requests from the Department of Regulation and Licensing and the Wisconsin Employment Relations Commission.

Please review the material and notify **Senator Burke** or **Representative Gard**, no later than **Tuesday, April 10, 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/js



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: March 23, 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)

RECEIVED
MAR 23 2001
BY: _____

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
DRL 20.165(1)(g)	General program operations			\$ 72,000 *	
WERC 20.425(1)(h)	Collective bargaining training			20,200 **	

* One-time expenditure authority.

** This DOA recommendation includes \$29,800 for 2001-02 under s. 16.517.

As provided in s. 16.515, the request(s) will be approved on April 13, 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

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: March 5, 2001

To: George Lightbourn, Secretary
Department of Administration

From: Cynthia Dombrowski *CD*
Executive Policy and Budget Analyst

Subject: Request under 16.515 from the Department of Regulation and Licensing for one-time expenditure authority in the appropriation under s.20.165(1)(g), General program operations

REQUEST:

The Department of Regulation and Licensing (DRL) requests the release of \$72,000 PRS one time funding for FY01 from the Joint Committee on Finance's supplemental PR appropriation to the appropriation under s.20.165(1)(g).

REVENUE SOURCES FOR APPROPRIATION:

The revenues deposited into 20.165(1)(g), general program operations, appropriation are obtained from fees charged to professional credential holders.

BACKGROUND:

DRL has undertaken several technology initiatives in order to more efficiently manage both the growth in the numbers of professions required to be regulated and the individuals required to be credentialed by the department.

As part of its 1999-2001 biennial budget, DRL requested \$77,000 in fiscal year 2000 and \$70,000 in fiscal year 2001, one-time funding, in order to hire an Internet consultant to study the feasibility of expanding the use of Internet technologies in agency business operations. 1999 Wisconsin Act 9 approved \$72,000 annually for this purpose, but placed it in the Joint Committee on Finance's supplemental PR appropriation to be released upon the agency's submittal to the Committee of a detailed plan for using the consulting services.

ANALYSIS:

In February 1998, DRL, working in conjunction with the Department of Administration, developed a pilot application to access DRL's credential holder

database via the Internet. This application, made available to a select group of Wisconsin hospitals, allowed the verification of credential information for prospective employees as well as renewal information for current employees. Previously, hospitals would have telephoned DRL to verify the same standard information.

In July 1999, DRL expanded access to the production system, now called the Internet Credential Holder Query, to all Wisconsin hospitals. In January 2000, the system was made available to the general public via DRL's web site. Questions regarding a person's credential(s) that were previously answered via the telephone can now be handled via the Internet, freeing DRL staff time to respond to the more specific or time consuming inquiries. The Internet Credential Holder Query provides general information including the credential holder's name, city and state, credential number, the date through which the credential is current (credential holder's renew date), status of credential, eligibility to practice, date the credential was granted and any specialty information. A detailed payment history is also available to view. All permanent credential holders are found in the database. DRL reports that the response to the Internet Credential Holder Query system has been very positive. Daily, more than 1,000 queries take place.

In June 2000, an Internet Application Tracking system was implemented. This system allows a person applying for a professional credential to monitor their application progress. Previously, a person wishing to check the status of their application needed to telephone DRL and speak with an agency representative, often times receiving a busy signal or lengthy waits which resulted in abandoned calls. DRL reports that the response to this system is very positive with more than 80 application checks completed daily.

Due to the success of the Credential Holder Query and Internet Application Tracking systems, customers have requested an expansion of Internet services and DRL proposes the following projects, some of which it has been working on in fiscal year 2000 using Internet consultancy expertise:

1. E-Commerce: As a pilot, DRL made available to real estate credential holders, the ability to renew their credential on the Internet. The pilot, developed in conjunction with the Department of Administration allowed 6% of real estate professionals to renew on-line.
2. Reports of Decisions: The consultant has also begun preliminary work on development of a web-based search engine to assist users in locating information in the reports of decisions made by professional regulatory boards, currently available on the Internet.
3. Address Changes over the Internet: Approximately 100 change of address applications are processed by DRL employees per day. DRL's plan includes the development of a system to allow credential holders to change their address using

the Internet. This system will use encryption technology to ensure the security of the information.

4. E-Government Portal Project: It is expected that a credential renewal system will be included under the scope of the E-Government Portal project. Included in this project will be the need to investigate and develop on-line forms, application processing and testing to be made available to applicants.

By freeing staff time from providing basic information such as credential holder renewal information, additional staff time will be made available to aid in processing applications, thus streamlining the time it takes DRL to process an application. This is a direct benefit to the applicant as DRL reports slow application processing time is the primary complaint from applicants.

RECOMMENDATION:

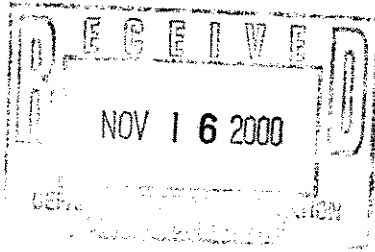
Approve the request.



State of Wisconsin \ DEPARTMENT OF REGULATION & LICENSING

CC DC

Tommy G. Thompson
Governor



Marlene A. Cummings
Secretary

1400 E. WASHINGTON AVENUE
P.O. BOX 8935
MADISON, WISCONSIN 53708-8935
Website: <http://www.drl.state.wi.us>
E-Mail: dorl@mail.state.wi.us
(608) 266-2112
FAX#: (608) 267-0644
TTY#: (608) 267-2416
TRS#: 1-800-947-3529

November 14, 2000

TO: Rick Chandler, Administrator
Division of Executive Budget and Finance

FROM: Secretary Marlene A. Cummings
Department of Regulation and Licensing

SUBJECT: 16.515 Request

This is a request under ss. 16.515, Stats., for a supplement to the Department of Regulation and Licensing (DRL) ss. 20.165 (1) (g) appropriation. This supplement is to cover the costs to hire an Internet consultant to study the feasibility of and implement where feasible Internet technologies that will aid the department in its regulatory activities.

Background

The department requested funds for an Internet consultant in the 1999-2001 biennial budget request. One-time funds were requested in the amounts of \$77,000 in FY00 and \$70,000 in FY01. The total annual cost estimated for this consultant was \$90,000. The department planned to use base budget authority of \$13,000 in FY00 and \$20,000 in FY01.

1999 Wisconsin Act 9 placed \$72,000 annually in the Joint Committee on Finance's supplemental PR appropriation. These funds can be released upon submittal of a detailed plan for the use of the consulting services to the Committee.

Request for Additional Funding

This request lays out the plan for the consulting services as indicated by the Joint Committee on Finance. These initiatives address the department's business plan to provide expanded access to consumers by utilizing the Internet. Progress in this area was significant in the last fiscal year and was a direct result of consultant time spent on these projects. A brief summary of these projects follows:

In February 1998, working in conjunction with the Department of Administration, this department developed a pilot application used by a select group of hospitals, which allowed access to the credential holder database via the Internet. A year later, access to the Internet Credential Holder Query was expanded to all hospitals. In January 2000, the Internet Credential Holder Query was made available to all citizens from this department's home page <http://www.drl.state.wi.us>. The Internet Credential Holder Query now allows all employers and members of the public to verify the status of professional credentials held by 280,000 individuals credentialed by this department. Response to this new service is very positive, on average there are over 1000 Credential Holder Queries done each day by the public.

Mr. Rick Chandler
Page 2
November 14, 2000

Availability of this information on the Internet shifts the response to requests for verification normally from staff to an electronic or e-government solution.

In June 2000, temporary permits were also made available from the Credential Holder Query. Previously issuing temporary permits was a manual process. This manual process was automated and has added additional services to the Credential Holder Query.

In July 2000 Internet Application Tracking was implemented. The Internet Application Tracking allows persons applying for professional credentials the ability to check on the progress of their application. Response to this new service is very positive, on average there are 80 application checks done each day by the public. Availability of this information on the Internet provides an immediate response with up-to-date information to the applicant.

Based on the success of the Credential Holder Query and the Internet Application Tracking Query, the department's customers have requested further expansion of Internet services. The department's use of a consultant to implement the Credential Holder Query and the Internet Application Tracking was critical in the success of this project.

The continued funding of this initiative will allow the department to study the feasibility; and if feasible, the implementation of other Internet services. Our progress to date on additional Internet projects:

- E-Commerce for credential renewal. Credential holders can renew their credentials over the Internet. As a pilot project, Internet renewal will be available 11/16/00 for real estate professionals credentialed by the agency. This pilot was developed in conjunction with the Department of Administration. Consultant time was critical to the implementation of Internet renewal. Consultant time will be an important factor in adding more credential types to online renewal. Estimated time consultant will spend on this project in next fiscal year - 60%.
- Reports of Decisions on the Internet. Reports of decisions contain disciplinary orders issued by the professional regulatory boards and by the department. Estimated time consultant will spend on this project in next fiscal year - 10%.
- Credential holder address changes over the Internet utilizing encryption and public and private key implementations (approximately 100 changes a day). Estimated time consultant will spend on this project in next fiscal year - 10%.
- Development of services to be integrated into the DOA Portal project. It is expected that credential renewal will be included in the DOA Portal. Also being investigated is online forms, application processing over the Internet and online testing available for applicants. Estimated time consultant will spend on this project in next fiscal year - 20%.

Mr. Rick Chandler
Page 3
November 14, 2000

Access to department database information over the Internet provides better service to the public. Availability is 7 days a week, 24 hours a day. Internet requests for information are immediately processed. Internet services also enhance staff efficiency in responding to inquiries from the public. Common requests for information may be satisfied by Internet services, freeing staff to quickly respond to unique or specialized inquiries from the public.

Rationale for Request

The department requests that funds in the amount of \$72,000 in FY01 be released from the Joint Committee on Finance's supplemental PR appropriation. The department continues to move forward with increased use of the Internet by our customers.

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: March 20, 2001

To: George Lightbourn, Secretary

From: John Koskinen

Subject: Request to Increase the Wisconsin Employment Relations Commission's PR Expenditure Authority

Under s. 16.515, the Wisconsin Employment Relations Commission (WERC) requests an increase of \$50,000 in FY01 in its s. 20.425 (1) (h)—"Collective Bargaining Training" program revenue appropriation.

The WERC requests this funding to pay the Department of Employment Relations (DER) to deliver training in Labor Management Cooperation (LMC) to supervisors and union members in state agencies and to expand the LMC program to local governments.

Revenue Sources for Appropriation

The funding source for s. 20.425 (1) (h) is fees from participants in WERC collective bargaining training programs. The fees are authorized under ss. 111.09 (3), 111.71 (5) and 111.94 (3).

Background

This is a WERC request. However, WERC intends that DER receive the funding and administer the actual expenditures. These expenditures would serve to continue the DER LMC project by funding the following activities:

<u>Item</u>	<u>Cost</u>
1. Meeting and administrative costs for the current participants to design the program expansion	\$10,800
2. Workshops to train new volunteers from other work sites	9,000
3. Forums to train teams in the LMC approach and best practices	9,900
4. Development of training modules	12,600
5. Development of a web site	3,500
6. Production and distribution of 3 newsletters	<u>4,200</u>
Total	\$50,000

DER plans to conduct these activities over the 12 months following the receipt of the funding.

DER - Labor Management Cooperation Project

The Wisconsin LMC Project began as a "consensus bargaining." approach used in the 1991-1993 Wisconsin State Employees Union (WSEU) and the State of Wisconsin contract negotiations. This process has been used in negotiations with WSEU ever since and has been expanded to negotiations with other state employee unions as well.

The WSEU and DER used this experience to secure a \$90,000 FY98 Federal Mediation and Conciliation Service (FMCS) grant. This grant helped to create a Joint Labor/Management Committee to identify, communicate and replicate "best practices" in Wisconsin labor/management cooperation. The grant and WSEU and DER matching funds paid for several regional forums and for a "best practices" approach to the promotion of consensus bargaining.

WSEU and DER built an organization to disseminate the best practices of consensus bargaining to other state agencies. This organization included a network of labor/management cooperation teams who resolve problems that otherwise would consume time, effort and expense in traditional negotiations or grievances.

DER mentions two principal areas where the consensus bargaining strategy is improving state operations: (1) reduced numbers of grievance filed in the state agencies practicing the approach and (2) markedly expedited resolution of outstanding arbitration cases.

The FMCS grant and its matching funds have been spent. This WERC s. 16.515 request will allow DER to continue to train state labor/management teams in consensus bargaining techniques.

WERC - Collective Bargaining Training

This request originates with WERC for two reasons:

1. WERC has an appropriation that allows it to spend and collect fees for collective bargaining training.

Appropriation s. 20.425 (1) (h) authorizes WERC to provide collective bargaining training programs to (and collect fees from) a very diverse audience that includes municipalities, state agencies and private sector businesses.

2. This appropriation has a sufficient balance to support the proposed expenditure.

As an average over the last four fiscal years, this appropriation annually has had revenues of \$23,400 and expenditures of \$9,800. The balance in this appropriation is now approximately \$95,000.

Under this s. 20.425 (1) (h) authority, WERC currently offers two basic training programs: "Consensus Bargaining" and "Labor/Management Cooperation Committee". As an annual average (based on the last three years), WERC has trained 414 participants in 21 separate training sessions. School Districts are the most frequent user of this WERC service with county and state government tied for a distant second place.

The "Consensus Bargaining" course teaches a problem solving approach to negotiations which emphasizes the mutual interest of the parties. The "Labor/Management Cooperation Committee" course teaches a consensus decision making and problem solving approach to disputes or concerns that arise after a settlement has been reached on a collective bargaining agreement.

Analysis

There are two issues worth noting about this request.

1. The requested funding allows WERC to purchase DER services.

This request is consistent with the mission and authority of WERC. WERC currently provides training that is very similar in purpose to the DER's LMC project. This request will combine WERC's funding and authority with the DER's LMC infrastructure to extend the LMC's best practices experience throughout state and local government.

The WERC funds fill a critical financing need for the continuing support of the existing LMC teams and for a moderate expansion to additional teams. In return DER will provide to WERC and any local government participants all materials and information developed. WERC will be able to incorporate these materials into its current training or use them to expand and re-write courses as appropriate.

2. Most of the requested funding cannot be spent in FY01.

Some, perhaps most, of the requested funding cannot be spent in FY01. Ancillary materials supplied by DER indicate that much of the requested \$50,000 will be spent in FY02.

The WERC s. 20.425 (1) (h) appropriation is an annual appropriation so the FY02 amount could be approved under s. 16.517.

Recommendation

Approve the following items requested for FY01 with modifications.

<u>Item</u>	<u>Request</u>	<u>FY01</u> <u>REC</u>	<u>FY02</u> <u>REC</u>	<u>Total</u> <u>REC</u>
1. Meeting and administrative costs for the current participants to design the program expansion	\$10,800	\$ 2,700	\$ 8,100	\$10,800
2. Workshops to train new volunteers from other work sites	9,000	3,000	6,000	9,000
3. Forums to train teams in the LMC approach and best practices	9,900	3,300	6,600	9,900
4. Development of training modules	12,600	6,300	6,300	12,600
5. Development of a web site	3,500	3,500	0	3,500
6. Production and distribution of 3 newsletters	<u>4,200</u>	<u>1,400</u>	<u>2,800</u>	<u>4,200</u>
Total	\$50,000	\$20,200	\$29,800	\$50,000

Also, approve under s. 16.517 the remainder of the appropriate funding (\$29,800) for FY02.

James R. Meier
Chairperson
A. Henry Hempe
Commissioner
Paul A. Hahn
Commissioner



Mailing Address:
18 South Thornton Avenue
P. O. Box 7870
Madison, WI 53707-7870
Telephone: (608) 266-1381
Fax: (608) 266-6930

State of Wisconsin
Wisconsin Employment Relations Commission

DATE: December 12, 2000
TO: Richard G. Chandler, State Budget Director
Department of Administration
FROM: James Meier, Chair
Peter D. Fox, Secretary Department of Employment Relations
SUBJECT: 16.515 Request for Wisconsin Employment Relations Commission
Collective Bargaining Training

REQUEST

The Wisconsin Employment Relations Commission (WERC) requests a one-time increase of \$50,000 PR in expenditure authority in s. 20.425(1)(h), "Collective Bargaining" for fiscal year 2001. The increase is needed to pay the Department of Employment Relations (DER) to deliver training in Labor Management Cooperation to supervisors and union members in state agencies and to expand this program to be available to local government participants.

REVENUE SOURCE FOR APPROPRIATION

Revenues to s.20.425(1)(h), numeric appropriation 132, are paid as fees by participants in WERC training programs. The fees are authorized under s. 111.94 (3).

The requested increase in one year's spending would come from the revenue balance of \$96,069.

COMPLIANCE WITH CRITERIA IN S. 16.515

This request meets the criteria in s 16.515 as follows:

- I. The appropriation is insufficient to accomplish the purposes for which the appropriation was made.

Without additional spending authority, the Commission will not be able to fund this valuable training opportunity. These funds are used each year to present training in labor management cooperation.

- II. The appropriation must have sufficient revenues to support the increased funding.

As shown in the analysis, the Commission has sufficient revenue balance to support the increased spending authority.

- III. Purpose of spending increase must have been authorized by law or directed by the Legislature.

Section. 111.94 (3), Wis. Stats., gives the Commission the authority to "provide training programs to individuals and organizations on collective bargaining, including on areas of management and labor cooperation directly or indirectly affecting collective bargaining, and may charge a reasonable fee for participation in the programs."

BACKGROUND

WERC Labor Management Cooperation Training

The WERC has provided training in collaborative labor relations since 1990. The training has specifically covered both collective (consensus) bargaining and contract administration. The training consists of face-to-face lectures delivered by qualified WERC staff members and group exercises to be completed by the trainees. Lectures are enhanced with visual aids, e.g., videos, slides, and flip charts. Training booklets, written, edited, and produced in-house by qualified WERC staff members are provided to trainees.

The WERC began charging municipalities and local municipal employee unions' fees for consensus training in 1993. (Fees have also been charged to state agencies for whom training has been provided.) Training is provided at the request of both the local management and local union. The decision to charge for training services was based on a 3-fold rationale:

- 1) The value and respect for training services seems to increase when even minimal fees are charged (as opposed to providing the training service at no charge);
- 2) Paying at least a minimal fee for training insures at least an initial commitment to giving the training a fair trial by both municipal and local union leadership;
- 3) Although the fees charged by no means cover the entire costs of providing the training services (salary and fringe benefit expenses of training personnel are not covered by the fee structure) they do enable the purchase of necessary and effective training equipment and supplies that the agency budget would be otherwise unable to support. Fees are based on two factors: number of participants and length of the training period (i.e., 1-day or 2-days).

In the past the WERC has exercised its \$12,000 PR expenditure authority by:

- 1) The purchase of training equipment (slide projectors, slide development, videos, booklet covers, paper, flip charts, easels, etc.);
- 2) Sending its trainers to "train the trainer" seminars to enhance training effectiveness.

The balance that remained in the PR account represents the difference between the fees generated from the training activities and the expenditures made in these two areas.

Labor Management Cooperation Project

The Wisconsin Labor/Management Cooperation Project (LMC) began during negotiations of the 1991-1993 Labor Agreement between the Wisconsin State Employees Union (WSEU) and the State of Wisconsin. State and union negotiators used a bargaining approach called "consensus bargaining," often referred to as "win-win." Joint sub-committees of labor and management representatives used group problem solving to resolve issues on the table. The bargaining parties had a more amicable bargaining experience, and one in which all members of the union and the management bargaining teams fully participated. This process has been used in negotiations with WSEU ever since, and has been expanded to negotiations with other state employee unions as well.

In September 1998, the WSEU and the Department of Employment Relations (DER) wanted to expand the concept and application of labor/management cooperation efforts. They applied for, and won, a grant from the Federal Mediation and Conciliation Service (FMCS). The grant was to be used to underwrite the cost of creating a Joint Labor/Management Committee to identify, communicate and replicate "best practices" in Wisconsin labor/management cooperation. Wisconsin was the only state to receive a labor/management cooperation grant from FMCS in 1998.

The \$90,000 grant, matched with additional funds invested by WSEU and DER, was used to present several regional forums around the state and to develop follow-on activities promoting "best practices" as identified by two-person labor and management teams. A structure consisting of a steering committee, project co-directors, a project coordinator, a faculty group of facilitators/trainers, and advisory/administrative support personnel representing labor and management was put in place to administer the effort. WSEU and DER created a network of labor/management cooperation teams from various local unions and state agencies. These teams identified and put into place ideas to successfully resolve problems that otherwise would consume time, effort and expense in traditional negotiations or grievances.

This cooperative, problem-solving approach to labor/management relations was a welcome change from what had become at some state labor sites the customary "table banging" and "in your face" confrontations. A more satisfying and productive work environment is one of the side effects of improved employee and management morale that follows the introduction of the team approach to labor issues. Additionally, problems that were in the past brought to the costly and time consuming grievance procedure were now being discussed and resolved in a cooperative, joint problem-solving mode. The documented savings in grievance processing expenses have been dramatic. There was, for example, a reduction of 45.3% in the number of grievances filed in Department of Corrections Institutions having a joint labor/management team in place compared to the number at those institutions in prior years. DER has seen a 58% drop in grievances in the larger state agencies using teams from the numbers filed in 1998.

Until recently, DER had a back-log of 46 outstanding discharge arbitration cases filed by WSEU members dating back from 1992 to the present. Cases of employee discharge filed to arbitration at DER comprise the greatest potential for significant back-pay liability of state agencies. Arbitrators may award reinstated employees full back-pay. In the last two months, DER and WSEU have intensified efforts applying LMC principles to cut the number of outstanding discharge cases by 72 %. Further reduction of cases is anticipated. DER and WSEU are also working together to devise a system that will resolve these cases within one year of discharge in order to set a permanent limit on the state's potential liability and to address the union's concern of timely adjudication of appeals. Based on costs incurred in similar cases, DER estimates the reduction of discharge arbitrations avoids costs to state agencies of nearly \$150,000.

The Labor/Management Cooperation program has paid substantial returns on the state's and union's mutual investment. According to DER, an expansion of LMC to participants of other state unions, local governments and local government unions would render additional cost savings and create expanded labor peace.

ANALYSIS

DER is committed to expanding the Labor/Management Cooperation program's benefits to state employee unions other than WSEU and to more state agencies. In addition, there is now an opportunity to include local government work units in this unique consensus approach to labor relations.

These are the guiding principles of the Labor/Management Cooperation project:

- ◆ Labor and management can and will cooperate in a supportive environment to achieve mutually agreed upon results.
- ◆ Joint training, assistance, support and follow-up will create cooperation, change and improved service to the public.
- ◆ People want to cooperate and work better together; therefore, productivity, performance, and effectiveness will improve as a result of better cooperation.

The labor-management concept should be expanded beyond state government. DER has proposed working with the WERC to universalize the LMC best practices for use by diverse public employer entities. In order to develop the expanded program, DER will need \$50,000 in funding from WERC's Labor Management Cooperation training funds.

WERC will contract with DER to:

◆ Meeting costs and administrative costs for the current participants to design the program expansion	\$10,800
◆ Costs to present three workshops in which established Labor/Management teams will train new volunteers from other work sites	\$ 9,000
◆ Costs for nine forums to train teams in the Labor/Management unique approach and best practices	\$ 9,900
◆ Costs to develop LMC principles and practices into training modules for use by WERC, DER and other agencies for labor management training courses	\$12,600
◆ Develop a web site	\$ 3,500
◆ Produce and distribute 3 newsletters to all participants and other interested parties.	\$ 4,200
 Total	 \$50,000

The intended end result is a program of labor management cooperation that is incorporated into existing union and management structures to communicate the benefits to all phases of the participants' employment operations.

DER and WERC fully expect the cost savings to continue for participating state agencies. DER expects to add agencies and more unions to this program. With WERC participation, DER can make the forums available to local government management and unions so that these benefits can be translated to the local level.

The WERC contribution will be paid in fiscal year 2001 to be used by DER over a twelve-month period. Beyond that period, DER intends to seek base funds to make the program a permanent portion of labor management training. This program could also be made available to local government participants in the future.

The chart below shows that revenues are available in this appropriation for the planned expenditure for LMC.

Revenue	SFY 2000 Actuals	SFY 2001 EST	SFY 2002 EST
Opening Balance	86,722	96,069	54,069
Program Revenue from Training Fees	20,997	20,000	22,000
Total Revenue	107,719	116,069	76,069
EXPENDITURES			
WERC training in labor management cooperation	11,650	12,000	12,000
DER Labor/Management Cooperation Expansion		50,000	
Total Expend. & Reserves	11,650	62,000	12,000
Closing Balance	96,069	54,069	64,069

RECOMMENDATION

Approve a \$50,000 increase in expenditure authority for s.20.425(1)(h) for fiscal year 2001.

STATE OF WISCONSIN

SENATE CHAIR
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JOINT COMMITTEE ON FINANCE

April 12, 2001

Secretary George Lightbourn
Department of Administration
101 E. Wilson Street, 10th Floor
Madison, WI 53703

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated March 23, pursuant to s. 16.515, Stats., relating to requests from the Department of Regulation and Licensing and the Wisconsin Employment Relations Commission.

With respect to the request from the Department of Regulation and Licensing for release of one-time funding in the amount of \$72,000 PR in 2000-01 reserved in the Committee's s. 20.865(4)(g) appropriation to the agency's s. 20.165(1)(g) appropriation for information technology consulting activities, an objection has been raised. Furthermore, it is our understanding that the agency has already incurred significant information technology consulting services expenditures relating to this request. We wish to reiterate that an agency request for increased expenditure authority under s. 16.515 must be approved by this Committee prior to the agency incurring any of the obligation. Requests from agencies that do not comply with this requirement should not be forwarded to this Committee for approval.

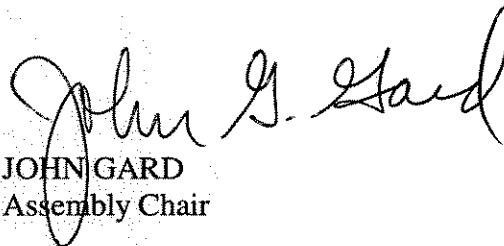
With respect to the request from the Wisconsin Employment Relations Commission for one-time funding of \$20,200 PR in 2000-01 (and an additional \$29,800 PR in 2001-02 pursuant to s. 16.517, Stats.) to enable the Commission to contract with the Department of Employment Relations for the provision of training in labor management cooperation to state agencies and to local governments, only that portion of the request relating to the 2000-01 fiscal year (\$20,200

PR) is approved. Future funding of this activity in 2001-02 will be addressed by this Committee as part of its 2001-03 biennial budget deliberations.

Sincerely,



BRIAN BURKE
Senate Chair



JOHN GARD
Assembly Chair

BB:JG:js

cc: Members, Joint Committee on Finance
Secretary-Designate Oscar Herrera, Department of Regulation and Licensing
Chairperson James Meier, Wisconsin Employment Relations Commission
Secretary Peter D. Fox, Department of Employment Relations
Vicky LaBelle, Department of Administration

**WISCONSIN DEPARTMENT OF
REGULATION & LICENSING**

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April 19, 2001

Senator Brian Burke
State Capitol, 316 South
Madison, WI 53702

Representative John Gard
State Capitol, 315 North
Madison, WI 53702

Dear Co-Chairman Burke and Co-Chairman Gard:

The Department of Regulation and Licensing respectfully requests the withdrawal of our 16.515 request submitted to you by the Department of Administration on March 23, 2001.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Oscar Herrera".

Oscar Herrera
Secretary

Cc: John Montgomery, State Budget Office, DOA
Robert W. Lang, Legislative Fiscal Bureau