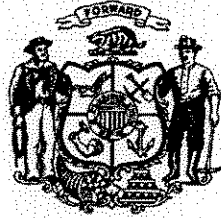


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# THE STATE OF WISCONSIN

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

April 4, 2001

Jane Hojan-Clark  
Executive Secretary  
Higher Educational Aids Board  
131 W. Wilson St.  
Madison, Wisconsin

Dear Secretary Hojan-Clark:

We are writing to inform you that the Joint Committee on Finance has reviewed the administrative memorandum for the Minnesota-Wisconsin Interstate Tuition Reciprocity Program.

No objections to the memorandum have been raised. Accordingly, the memorandum 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

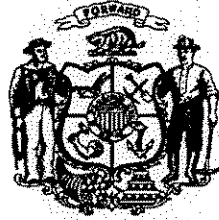
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cc: Members, Joint Committee on Finance  
Robert Lang, Legislative Fiscal Bureau  
Vicky LaBelle, Department of Administration

# THE STATE OF WISCONSIN

SENATE 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 19, 2001

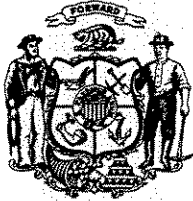
Re: 14-Day Passive Review

Attached is a copy of the administrative memorandum for the Minnesota-Wisconsin Interstate Tuition Reciprocity Program. The notice is pursuant to s. 39.47(2g), Stats., which requires a 14 day passive review and approval by the Joint Committee on Finance.

Please review the material and notify Senator Burke or Representative Gard no later than Tuesday, April 3, 2001, if you have any concerns about the request or if you would like the Committee to meet formally to discuss it.

Also, please contact us if you need further information.

BB:JG:js



# State of Wisconsin Higher Educational Aids Board

131 West Wilson Street, Madison, Wisconsin

Post Office Box 7885 Phone: (608) 267-2206

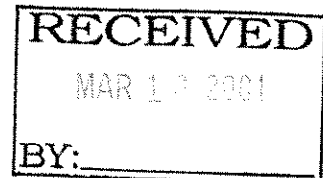
Madison, WI 53707-7885 Fax: (608) 267-2808

Scott McCallum  
Governor

E-Mail: [HEABmail@heab.state.wi.us](mailto:HEABmail@heab.state.wi.us)

Web Page: <http://heab.state.wi.us>

Jane M. Hojan-Clark  
Executive Secretary



March 15, 2001

The Honorable Senator Brian Burke, Co-Chair  
The Honorable Representative John Gard, Co-Chair  
Joint Committee on Finance  
State Capitol  
Madison, WI 53702

RE: Administrative Memorandum for the Minnesota-Wisconsin Interstate Tuition Reciprocity Program

Dear Senator Burke, Representative Gard, and Members:

I have attached the Administrative Memorandum for the Minnesota-Wisconsin Interstate Tuition Reciprocity Program. Under S. 39.47 (2g) it is required that this memorandum be submitted to the Joint Committee on Finance for its approval.

The memorandum essentially outlines administrative procedures for the program. It includes the application process, the procedure for computing interstate reimbursement, and tuition rate related information.

Sincerely,

Jane Hojan-Clark  
Executive Secretary  
Higher Educational Aids Board

**ADMINISTRATIVE MEMORANDUM FOR THE  
MINNESOTA-WISCONSIN INTERSTATE TUITION  
RECIPROCITY PROGRAM**

TO: All Interested and Concerned Parties

FROM: Robert Poch, Director  
Minnesota Higher Education Services Office  
and  
Jane Hojan-Clark, Executive Secretary  
State of Wisconsin Higher Educational Aids Board

SUBJECT: Administrative Memorandum for the Minnesota-Wisconsin Interstate  
Higher Education Agreement, 2001-2002 Academic Year

DATE: July, 2001

**INTRODUCTION**

In order to implement the statutory authority and the formal interstate agreement negotiated between the two states, this administrative agreement has been prepared to specify administrative procedures of the program.

**DURATION OF THE AGREEMENT AND PROCEDURES FOR MODIFICATION**

This memorandum is subject to the principles and conditions of the Minnesota-Wisconsin Public Higher Education Reciprocity Agreement and is to be effective July 1, 2001. The memorandum is subject to annual review by both administrative agencies.

**ADMINISTRATIVE PROCEDURES**

To insure procedural regularity and compatibility, the two administering agencies have agreed to follow the procedures outlined in this memorandum:

1. **Public Information**

After formal adoption of the agreement, each agency executive will direct a detailed written communication regarding the administration of the program to the institutions of post-secondary education, all secondary schools, and other interested individuals, and organizations in his state. Prior to the start of each

academic year, the two administering agencies will cooperatively develop and implement training workshops for personnel from participating institutions of higher education if such workshops are deemed necessary by both agencies.

## 2. Application Form

A common application and procedure will be used in both states. All students from each state will complete the same application and submit it to the respective administering agency in their home states. Both new and continuing students will use the same application. The application will require general and institutional information. Each administering agency will print a supply of applications on paper of a mutually agreed upon color for distribution to institutions of post-secondary education in its home state, and secondary schools in its home state. Either state may adopt a paperless application process, in lieu of or in addition to, the paper application. The student needs to complete one application. This application will provide reciprocity for the student in continuous attendance. Should the student not attend an institution for 365 days, the student must reapply for reciprocity. Should a change in the student's residence occur, the student and/or the institutions must notify the appropriate administering agency in writing of the change.

## 3. Residency

The administering agency in the student's home state will make a determination of residency based on the information provided by the student during the application process. The agency reserves the right to refuse eligibility if the information provided by the student does not substantiate the claim of residency.

## 4. Approval and Certification Year

Once eligibility is determined, it shall continue through the academic year for which certification has been granted. Should a student's residency status for fee assessment purposes change during the academic year, the originating state's responsibility to the student under the agreement will cease with the beginning of the first term following establishment of residency in the other state. The certification year begins with the Fall of each academic year and ends with the last

Summer session or workshop which begins before the first day of the Fall term of the succeeding academic year. The student that is in attendance and has earned credits during the 2001-2002 academic year, will automatically have reciprocity benefits renewed for the 2002-2003 academic year unless notification has been received by the administering agency of a change in residency.

**5. Application Deadline**

Applications must be postmarked or electronically submitted no later than the last day of scheduled classes of the first term for which the student expects to receive benefits under the agreement. Eligibility shall continue for the remainder of the academic/certification year. The administering agencies will cooperate in a mutual exchange of academic calendar information.

**6. Coordinative Procedures**

Periodically throughout the certification year, the administering agencies will exchange alphabetical listings of all residents of their respective states who are participating in the reciprocity program. The administering agencies will also provide alphabetical listings of their state's residents eligible for participation in the agreement to the designated institutions of post-secondary education in the other state. Nothing shall prohibit agencies from exchanging data in electronic format.

**7. Institutional Monitoring**

Each administering agency will be responsible for monitoring institutions in its home state for compliance with the provisions and spirit of the agreement.

**PROCEDURE FOR COMPUTATION OF INTERSTATE REIMBURSEMENT**

**1. Definition of Terms.**

Terminology used in the computation of the net state interstate reimbursement is described in the Agreement.

**2. Student Categories.**

In determining the net state interstate reimbursement obligation, the following categories of student enrollment institutions and associated instructional costs will

be used:

**A. Undergraduate Students**

1. Undergraduate students enrolled at the University of Wisconsin-Madison, the Minnesota-Twin Cities and the University of Minnesota-Morris.
2. Undergraduate students enrolled at the University of Wisconsin-Milwaukee and the University of Minnesota-Duluth.
3. Undergraduate students enrolled at the University of Wisconsin Comprehensive institutions and the Minnesota State Universities and the University of Minnesota-Crookston.
4. Undergraduate students enrolled at the University of Wisconsin System Colleges and the Minnesota Community Colleges.
5. Undergraduate students enrolled at consolidated Minnesota Community and Technical Colleges.

**B. Graduate Students**

1. Graduate students enrolled at the University of Wisconsin-Madison and the University of Minnesota-Twin Cities.
2. Graduate students enrolled at the University of Wisconsin-Milwaukee and the University of Minnesota-Duluth.
3. Graduate students enrolled at the University of Wisconsin Comprehensive institutions and the Minnesota State Universities.

**C. Professional Students**

1. Law school students enrolled at the University of Wisconsin-Madison and the University of Minnesota-Twin Cities.
2. Pharm D students enrolled at the University of Wisconsin-Madison and the University of Minnesota-Twin Cities.

The total costs and the reciprocity cost differentials for each of the categories of students and institutions listed in this section will be determined after each state's operating budget for public higher education systems has been finalized. These cost differentials will be based on actual costs per student for the 2001-2002

academic year.

3. **Reciprocity Tuition.**

Institutions covered under this agreement will charge the following reciprocity tuition rates to students who are determined eligible to receive tuition reciprocity benefits during the 2001-2002 academic year.

**A. Undergraduate Students**

**UW-MADISON** (per semester term/per semester credit)

Minnesota residents attending UW-Madison will be charged the UM-Twin Cities undergraduate resident tuition rate. Students taking 12-18 credits per term will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each additional credit over 18.

**UM-TWIN CITIES** (per semester term/per semester credit)

Wisconsin residents attending UM-Twin Cities will be charged the UW-Madison undergraduate resident tuition rate plus 25% of the difference between the UW-Madison undergraduate resident tuition rate and the UM-Twin Cities undergraduate resident rate. Students taking 12-18 credits per term will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each additional credit over 18.

**UM-MORRIS** (per semester term/per semester credit)

Wisconsin residents attending UM-Morris will be charged the UW-Madison undergraduate resident tuition rate. Students taking 12-18 credits per term will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits will be charged the



term rate plus the per credit rate for each credit over 18.

**UW-MILWAUKEE** (per semester term/per semester credit)

Minnesota residents attending UW-Milwaukee will be charged the UM-Duluth undergraduate resident tuition rate. Students taking 12-18 credits per term will be charged the per term rate. Students taking 1-11 credits will be charged by the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each additional credit over 18.

**UM-DULUTH** (per semester term/per semester credit)

Wisconsin residents attending UM-Duluth will be charged the UW-Milwaukee undergraduate resident tuition rate. Students taking 12-18 credits per term will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each additional credit over 18.

**WISCONSIN UNIVERSITY COMPREHENSIVE** (per semester term/per semester credit)

Minnesota residents attending Wisconsin Comprehensives will be charged a weighted average of the undergraduate resident tuition rates for MN State Universities and UM-Crookston. Minnesota residents attending the University of Wisconsin Stout and Eau Claire campuses will be charged the weighted average plus the tuition differential rates in place at the University of Wisconsin Stout and Eau Claire, the sum of which may not exceed the undergraduate tuition rate charged to Wisconsin residents attending those institutions. If the Minnesota weighted average tuition is larger than the undergraduate tuition rate charged to Wisconsin residents attending the University of Wisconsin Eau Claire and Stout campuses, only the Minnesota weighted average tuition will be charged. Students taking 12-18 credits per term will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each

additional credit over 18.

**MINNESOTA STATE UNIVERSITIES/UM-CROOKSTON** (per semester/per credit) Wisconsin residents attending Minnesota State Universities and UM-Crookston will be charged the weighted average Wisconsin Comprehensive undergraduate resident tuition rate. Students taking 12-18 credits will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each additional credit over 18.

**UNIVERSITY OF WISCONSIN SYSTEM COLLEGES** (per semester term/per semester credit)

Minnesota residents attending University of Wisconsin System Colleges will be charged the Minnesota Community College undergraduate resident tuition. Students taking 12-18 credits will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each additional credit over 18.

**MINNESOTA COMMUNITY COLLEGES** (per semester term/per credit)

Wisconsin residents enrolled at Minnesota Community Colleges will be charged the University of Wisconsin System College undergraduate resident tuition rate. Students taking 12-18 credits will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per credit rate for each additional credit over 18.

**MINNESOTA CONSOLIDATED COLLEGES** (per semester term/per credit)

Wisconsin residents enrolled at Minnesota Consolidated Colleges will be charged the University of Wisconsin System College undergraduate resident tuition rate. Students taking 12-18 credits will be charged the per term rate. Students taking 1-11 credits will be charged the per credit rate. Students taking more than 18 credits per term will be charged the term rate plus the per

credit rate for each additional credit over 18.

### **WISCONSIN TECHNICAL COLLEGES**

Minnesota residents attending Wisconsin Technical Colleges will be charged the Wisconsin Technical College undergraduate resident tuition rate.

### **MINNESOTA TECHNICAL COLLEGES**

Wisconsin residents attending Minnesota Technical Colleges will be charged the Minnesota Technical College undergraduate resident tuition rate.

## **B. Graduate Students**

### **UW-MADISON**

**Graduate Rate** (per semester term/per semester credit) Minnesota residents attending UW-Madison will be charged the higher of the UM-Twin Cities or UW-Madison graduate resident tuition rate. Students taking 8+ credits will be charged the per term rate. Students taking 1-7 credits will be charged the per credit rate.

**Business Masters Rate** (per semester term/per semester credit) Minnesota residents attending UW-Madison Business Masters program will be charged the higher of the UM-Twin Cities or the UW-Madison Business Masters resident tuition rate if they first enrolled in the program during the 1998-99 academic year or thereafter. Minnesota residents who enrolled in the UW-Madison Business Master program prior to the beginning of the 1998-99 academic year will be charged the UM-Twin Cities graduate school resident tuition rate. Students taking 8+ credits will be charged the per term rate. Students taking 1-7 credits will be charged the per credit rate.

### **UM-TWIN CITIES**

**Graduate Rate** (per semester term/per semester credit) Wisconsin residents attending UM-Twin Cities will be charged the higher of the UW-Madison graduate resident tuition rate or the UM-Twin Cities graduate resident tuition rate. Tuition plateaus will be based on the banding mechanism in place for the University of Minnesota - Twin Cities Graduate School. (Currently,

students taking 6 - 14 credits are charged the term rate, students taking 1- 5 credits are charged the per credit rate and students taking more than 14 credits are charged the term rate plus the per credit rate for each additional credit over 14 credits. This is subject to any changes taking place for the 2001-2002 academic year.)

**Business Masters Rate** (per semester term/per semester credit) Wisconsin residents attending UM-Twin Cities will be charged the higher of the UW-Madison Business Masters resident tuition rate or the UM-Twin Cities Business Masters resident tuition rate if they first enrolled in the program during the 1998-99 academic year or thereafter. Wisconsin residents who enrolled in the UM-Twin Cities Business Master programs prior to the beginning of the 1998-99 academic year will be charged the UW-Madison Business Masters program resident tuition rate. Tuition plateaus will be based on the banding mechanism in place for the University of Minnesota - Twin Cities Business Masters Program. (Currently, students taking 12 - 19 credits are charged the term rate, students taking 1- 11 credits are charged the per credit rate and students taking more than 19 credits are charged the term rate plus the per credit rate for each additional credit over 19 credits. This is subject to any changes taking place for the 2001-2002 academic year.) Those students enrolled prior to the first semester of the 1989-90 academic year will be charged the higher of the UW-Madison graduate resident tuition rate or the UM- Twin Cities graduate resident tuition rate.

#### **UW-MILWAUKEE**

**Graduate Rate** (per semester term/per semester credit) Minnesota residents attending UW-Milwaukee will be charged the higher of the UW-Milwaukee graduate resident tuition rate or the UM-Duluth graduate resident tuition rate. Students taking 8+ credits per term will be charged the per term rate. Students taking 1-7 credits will be charged the per credit rate.

**Business Masters** (per semester term/per semester credit) Minnesota residents attending UW-Milwaukee will be charged the higher of the UW-Milwaukee Business Masters resident tuition rate or the UM-Duluth Business Masters resident tuition rate if they first enrolled in the program during the 1998-99 academic year or thereafter. Minnesota residents who enrolled in

the UW-Milwaukee Business Master program prior to the beginning of the 1998-99 academic year will be charged the UM-Duluth graduate school resident tuition rate. Students taking 8+ credits will be charged the per term rate. Students taking 1-7 credits will be charged by the per credit rate.

#### **UM-DULUTH**

**Graduate Rate** (per semester term/per semester credit) Wisconsin residents attending UM-Duluth will be charged the higher of the UM-Duluth graduate resident tuition rate or the UW-Milwaukee graduate resident tuition rate.

Tuition plateaus will be based on the banding mechanism in place for the University of Minnesota - Duluth Graduate School. (Currently, students taking 6 - 14 credits are charged the term rate, students taking 1- 5 credits are charged the per credit rate and students taking more than 14 credits are charged the term rate plus the per credit rate for each additional credit over 14 credits. This is subject to any changes taking place for the 2001-2002 academic year.)

**Business Masters** (per semester term/per semester credit) Wisconsin residents attending UM-Duluth will be charged the higher of the UM-Duluth Business Masters resident tuition rate or the UW-Milwaukee Business Masters resident tuition rate if they first enrolled in the program during the 1998-99 academic year or thereafter. Wisconsin residents who enrolled in the UM-Duluth Business Master programs prior to the beginning of the 1998-99 academic year will be charged the UW-Milwaukee Business Masters program resident tuition rate. Tuition plateaus will be based on the banding mechanism in place for the University of Minnesota - Duluth Business Masters Program. (Currently, students taking 12 - 19 credits are charged the term rate, students taking 1- 11 credits are charged the per credit rate and students taking more than 19 credits are charged the term rate plus the per credit rate for each additional credit over 19 credits. This is subject to any changes taking place for the 2001-2002 academic year.) Those enrolled prior to the first semester of the 1989-90 academic year will be charged the higher of the UW-Milwaukee graduate resident tuition rate or the UM-Duluth graduate resident tuition rate.

## WISCONSIN UNIVERSITY COMPREHENSIVE

**Graduate Rate** (per semester term/per semester credit) Minnesota residents attending Wisconsin University Comprehensives will be charged the higher of the Wisconsin University Comprehensive graduate resident tuition rate or the Minnesota State University graduate resident tuition rate. Students taking 9+ credits will be charged the per term rate. Students taking 1-8 credits will be charged by the per credit rate.

**Business Masters** (per semester term/per semester credit) Minnesota residents attending Wisconsin University Comprehensive Business Masters will be charged the higher of the Wisconsin University Comprehensive Business Masters resident tuition rate or the Minnesota State University Business Masters resident tuition rate. Students taking 9+ credits will be charged the per term rate. Students taking 1-8 credits will be charged by the per credit rate.

## MINNESOTA STATE UNIVERSITIES

**Graduate Rate** (per semester credit) Wisconsin residents attending Minnesota State Universities will be charged the higher of the Minnesota State Universities graduate resident tuition rate or the Wisconsin University Comprehensive graduate resident tuition rate. Tuition plateaus will be based on the banding mechanism in place for the Minnesota State Universities graduate programs.

**Business Masters** (per semester credit) Wisconsin residents attending Minnesota State Universities Business Masters will be charged the higher of the Minnesota State Universities Business Masters resident tuition rate or the Wisconsin University Comprehensive Business Masters resident tuition rate. Tuition plateaus will be based on the banding mechanism in place for the Minnesota State Universities Business Masters program. Those students enrolled prior to the first semester of the 1989-90 academic year will be charged the higher of the Minnesota State Universities graduate resident tuition rate or the Wisconsin University Comprehensive graduate resident tuition rate.

### C. Professional Students

#### **UW-MADISON**

**Law** (per semester term/per semester credit) Minnesota residents enrolled at UW-Madison Law school will be charged the higher of the UW-Madison Law school resident tuition rate or the UM-Twin Cities Law school resident tuition rate. Students taking 12+ credits will be charged the per term rate. Students taking 1-11 credits will be charged by the per credit rate.

**Pharm.D.** (per semester term/per semester credit) **Minnesota** residents enrolled at UW-Madison Pharm.D. will be charged the higher of the UW-Madison Pharm.D. resident tuition rate or the UM-Twin Cities Pharm.D. resident tuition rate. Students taking 12+ credits will be charged the per term rate. Students taking 1-11 credits will be charged by the per credit rate.

#### **UM-TWIN CITIES**

**Law** (per semester term/per semester credit) Wisconsin residents who enrolled at the UM-Twin Cities Law school after the 1995-96 academic year will be charged the higher of the UM-Twin Cities Law School resident tuition rate or the UW-Madison Law school resident tuition rate. Tuition plateaus will be based on the banding mechanism in place for the University of Minnesota - Twin Cities Law School. (Currently, students taking 12 or more credits are charged the term rate and students taking 1- 11 credits are charged the per credit rate This is subject to any changes taking place for the 2001-2002 academic year.) Wisconsin residents who enrolled at the UM-Twin Cities Law School before or during the 1995-96 academic year will be charged the UW-Madison Law school resident tuition rate.

**Pharm.D.** (per semester term/per semester credit) Wisconsin residents attending UM-Twin Cities Pharm.D. will be charged the higher of the UM-Twin Cities Pharm.D. resident tuition rate or the UW-Madison Pharm.D. resident tuition rate. Tuition plateaus will be based on the banding mechanism in place for the University of Minnesota - Twin Cities College of Pharmacy. (Currently, students taking 12 or more credits are charged the term rate and students taking 1- 11 credits are charged the per credit rate. This is subject to any changes taking place for the 2001-2002 academic year.)

Eligible students enrolled in professional academic programs not available in their home state will be charged the resident tuition of the school attended.

**4. Institutional Procedures.**

After each academic term, each administering agency will provide three copies of the cooperatively designed final certification (enrollment status) list to the other state's participating public institutions. The list will include the names of all students who have been certified as eligible for participation in the reciprocity agreement during that term. Using these lists, each institution will enter the number of credits carried by category (undergraduate or graduate) and the amount of the reciprocity tuition paid by each student certified. The institutions will cross out the names of these certified students who did not enroll or withdrew at any time during the period of that term for which the student is eligible for a tuition/fee refund. The institutions will certify by signature for correctness of this data and will send two copies of this completed certification list to the administering agency in their home states. Nothing shall prohibit participating schools and agencies from exchanging data in electronic format.

**5. Agency Procedures.**

A. Each administering agency will be responsible for the timely return of the completed certification lists from the institutions in its home state. The administering agency will forward one copy of each institution's completed certification list to the administering agency in the other state.

B. The data provided by the institutions for each term on the certification lists will be balanced for each institution and any adjustments adequately documented for subsequent auditing.

C. Once the data for each term have been balanced, a copy of the results will be supplied to the agency in the other state, along with a report of the number of undergraduate and graduate students for whom nonresident tuition has been waived under the agreement. Each state will certify to the other state the number of students, the number of credits carried and the total amount of reciprocity tuition paid by each student at each institution. Student and credit hour totals for each



institution will be grouped by category and the school and category totals will be grouped by each agency. This information will be used by each state to facilitate the computation of the net interstate reimbursement obligation and to monitor institutional reporting. The deadline for such reconciliation for each term shall be 90 days from the conclusion of that term. Subsequent changes to institutional certifications shall be only with consent of both agencies.

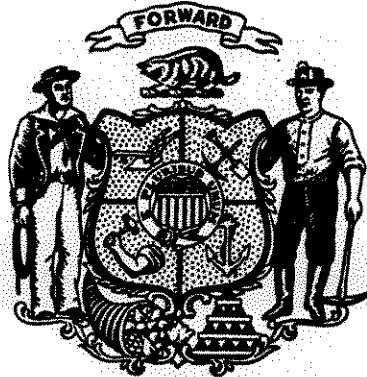
D. The net state reimbursement obligation will be calculated and paid in a manner described in the Agreement.

6. **Common Data Format and Coordinated Planning.**

To insure compatibility of information pertaining to the program, both agencies will adopt a common data format and share data maintenance and reporting responsibilities.

To improve the information about the program for purposes of research, planning and evaluation, both agencies agree to collect and maintain any mutually agreed upon data.

*END*



*END*

# STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

316 South, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-8535



ASSEMBLY CHAIR  
JOHN GARD

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

## JOINT COMMITTEE ON FINANCE

April 23, 2001

Honorable Scott McCallum, Governor  
Room 115 East  
State Capitol

Dear Governor McCallum:

Your request dated April 18, 2001, seeking approval of the expenditure of Child Care Development Fund and Temporary Assistance for Needy Families block grant funds being made available to the state by the federal government has been received by the Joint Committee on Finance. An objection to this request has been raised. The Committee will take action on this request at its s. 13.10 meeting scheduled for April 24, 2001.

Sincerely,

A handwritten signature in black ink that reads 'Brian Burke'.

BRIAN BURKE  
Senate Chair

A handwritten signature in black ink that reads 'John G. Gard'.

JOHN GARD  
Assembly Chair

BB:JG:js

cc: Members, Joint Committee on Finance



## Legislative Fiscal Bureau

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

April 23, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

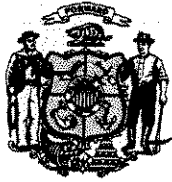
SUBJECT: Additional Paper for the Committee's April 24 Meeting

Attached is a paper, prepared by this office, on a request by the Governor for the transfer of TANF and federal child care funds for child care and community aids.

This item has been added to the agenda of the Committee's April 24 meeting under s. 13.10.

The meeting is scheduled to begin at 9:00 a.m. in Room 411 South, State Capitol.

BL/sas  
Attachment



## Legislative Fiscal Bureau

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

April 24, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development and Health and Family Services: Section 16.54/16.515/13.10  
Request Related to Transfer of TANF and Federal Child Care Funds for Child Care  
and Community Aids -- Agenda Item XVI

### REQUEST

On April 18, 2001, the Governor submitted a request to expend funds from the federal temporary assistance for needy families (TANF) block grant and the federal child care and development fund (CCDF) in 2000-01. The request provides funds to accomplish three purposes: (a) address a projected shortfall in the child care subsidy program in the Department of Workforce Development (DWD); (b) transfer additional TANF funds to the Department of Health and Family Services (DHFS) for use under the social services block grant (SSBG), as allowable under federal law, so that the GPR budgeted in DHFS for community aids will lapse to the general fund, as assumed under the Governor's 2001-03 budget; and (c) correct for errors made in past years regarding the amount of TANF transferred to DHFS for SSBG eligible activities.

The Governor's request would increase the amount of TANF and CCDF funds allocated to the direct child care program in 2000-01 by \$36,321,900, bringing the total child care allocation to \$237,180,100. In addition, the request would increase the amount of TANF funds transferred for SSBG purposes by \$14,709,100 to \$32,795,300. This transfer would free up \$14,709,100 GPR currently budgeted for community aids in DHFS that would then be used for three purposes: (a) lapse \$13,713,800 GPR to the general fund as assumed in the Governor's proposed 2001-03 budget; (b) provide \$148,500 GPR for current community aids contracts; and (c) transfer \$846,800 GPR to DWD to be placed in unallotted reserve for child care subsidies.

Under s. 16.54(2)(a)2. of the statutes, the Governor may not administer, and no state agency may encumber or expend, certain federal monies unless the Governor first notifies the Co-chairs of

the Joint Committee on Finance under a 14-day passive review process. The Co-chairs notified the Governor on April 23, 2001, that a meeting would be scheduled to address the request. In addition, the requests to transfer TANF funds to SSBG and to set up a GPR child care reserve require Committee action under s. 13.10.

## BACKGROUND

### Sources of Funds

The Governor recommends using several sources of funds to address the anticipated child care subsidy shortfall and to transfer additional TANF funds to SSBG. These funding sources and uses are summarized in the table below. As the table shows, several additional revenues have been identified that were not included in 1999 Wisconsin Act 9 (the 1999-01 biennial budget act). Each revenue source is discussed in more detail following the table. To date, none of the federal revenues identified below have been appropriated in DWD, except for \$5,176,500 associated with the earned income tax credit (EITC).

### Summary of Governor's Request Source and Use of CCDF and TANF Funds

Federal Revenues	<u>Amount</u>
High Performance Bonus	\$15,909,400
CCDF Discretionary Funds	8,324,700
TANF FFY 1996 Award	20,058,200
Earned Income Tax Credit	5,176,500
Immunization	827,100
W-2 Disallowances	586,600
Federal Repayment	<u>148,500</u>
Total	\$51,031,000
Federal Expenditures	
Child Care	\$36,321,900
Transfer to SSBG	<u>14,709,100</u>
Total	\$51,031,000

*TANF High Performance Bonus.* The TANF high performance bonus was awarded for the state's performance in three categories: (a) a high job retention and earnings gain rate; (b) an improvement in the job retention and earnings gain rate; and (c) an improvement in the job entry rate. Although the bonus was associated with the state's performance in federal fiscal year (FFY) 2000, the funds are available in FFY 2001. The Governor's proposal assumes that the entire award could be allocated in state fiscal year 2000-01.

*CCDF Discretionary Funds.* A total of \$11,805,100 in additional CCDF discretionary funds were awarded to the state as part of the FFY 2001 budget. Of this increase, \$705,600 was earmarked for certain child care quality improvement activities, leaving \$11,099,500 available for child care subsidies. The Governor's proposal assumes that three-fourths of this amount (\$8,324,700) would be available in state fiscal year 2000-01, since FFY 2001 includes the period from October 1, 2000, through September 30, 2001. The remaining one-fourth of the funds would be available in state fiscal year 2001-02.

*TANF FFY 1996 Award.* A total of \$20,058,200 in excess funds from the FFY 1996 TANF award have been identified. These funds were previously assumed by DWD to be unavailable because DWD received a higher than anticipated close-out payment for the old aid to families with dependent children (AFDC) program. DWD has received a verbal commitment from the U.S. Department of Health and Human Services that these funds are available and DWD has submitted paperwork to use these funds for basic assistance. This action frees up \$20,058,200 in other TANF funding.

*Earned Income Tax Credit.* The 2000-01 budget provided \$54,000,000 in TANF funding to pay for a portion of the state earned income tax credit. The Governor now projects that only \$48,823,500 will be needed, based on projections from the Department of Revenue, which results in a savings of \$5,176,500. [This amount is slightly larger than the amount that was used for the opening balance calculation for the 2001-03 budget.]

*Immunization.* The Governor's recommended 2001-03 biennial budget erroneously assumed the immunization education and outreach program in DHFS would expend \$2,827,100 TANF in the 1999-01 biennium, even though the program was only allocated \$2,000,000. By revising this expenditure assumption to match the program's allocation, savings of \$827,100 are available.

*W-2 Disallowed Costs.* DWD has received funds from several Wisconsin Works (W-2) agencies as repayment for disallowed costs. Maximus repaid \$485,200 and Employment Solutions Inc. repaid \$299,200. In March, 2001, the Joint Committee on Finance approved a request to spend \$197,800 of these funds to support kinship care payments to persons who had been on waiting lists. The remaining amount totals \$586,600 and could be used for other TANF-eligible purposes. Other W-2 agencies paid DWD back \$12,600 in disallowed costs, which is not reflected in the Governor's estimate.

*Federal Repayment.* The Legislative Audit Bureau recently found that the amount of TANF transferred to SSBG in state fiscal years 1997-98, 1998-99, and 1999-00 was incorrectly calculated, resulting in \$49,500 being overdrawn each year for a total of \$148,500 over the three-year period. To correct this error, \$148,500 less TANF would be transferred to DHFS than allowed for 2000-01.

### **Child Care Subsidy Program**

The direct child care program provides funds for: (a) child care subsidies through the Wisconsin Shares program; (b) local administration of Wisconsin Shares; (c) on-site child care at

job centers and counties; and (d) migrant child care. Base funding for direct child care is \$181,050,000. Due to higher than anticipated participation growth, the Joint Committee on Finance placed additional funds in unallotted reserve in July, 2000, bringing the amount currently available to \$200,858,200. Participation growth has continued to exceed estimated amounts and the Governor projects an additional funding need this fiscal year of \$36,321,900, bringing total projected expenditures to \$237,180,100 in 2000-01. The Governor's estimate is based on 2% monthly growth in participants for the remainder of the fiscal year and a 10% increase in the average cost per family over fiscal year 1999-00.

### **Social Services Block Grant**

*TANF/Social Services Block Grant Conversion.* The federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) reduced the maximum percentage of a state's TANF allocation that a state can use to fund SSBG eligible activities, from 10% in FFY 2000 to 4.25% in FFY 2001. However, the Consolidated Appropriations Act 2001 delayed this percentage reduction until FFY 2002. 1999 Wisconsin Act 9 assumed that the maximum transfer would be reduced to 4.25% effective in FFY 2001 and \$13,713,800 GPR was budgeted in Act 9 for community aids in state fiscal year 2000-01 to replace the anticipated \$13,713,800 loss in TANF funds. Now that the federal law has changed, the state can transfer the full 10% in 2000-01.

*TANF Base.* Receipt of the TANF high performance bonus in FFY 2001 increases the amount of TANF funding for the state in that fiscal year. According to federal officials, the state can calculate its SSBG transfer based on this higher grant amount. The Governor's proposal assumes, for purposes of calculating the SSBG transfer, that three-fourths of the high performance bonus funds are available in state fiscal year 2000-01 and one-fourth is available in 2001-02. This would allow a maximum TANF transfer of \$32,943,800 in 2000-01 and \$18,455,900 in 2001-02.

*Federal Repayment.* As discussed above, while the Legislative Audit Bureau was conducting its audit of the W-2 program, it was discovered that the incorrect base number has been used to determine the amount of TANF that could be transferred for SSBG purposes in state fiscal years 1997-98, 1998-99 and 1999-00, resulting in \$49,500 being overdrawn each year, for a total of \$148,500 over the three-year period. To correct this error, \$148,500 less TANF would be transferred to DHFS than allowed for 2000-01.

### **ANALYSIS**

There are two fundamental questions before the Committee. First, the Committee must decide whether it wants to fully fund the child care program for 2000-01. Second, the Committee needs to decide whether to maximize the amount of GPR or TANF funds that would be available to support expenditures in the 2001-03 biennium. Both of these issues are discussed in detail below.



## **Child Care Funding Need**

Demand for the Wisconsin Shares child care subsidy program has been rising since it began in September, 1997. The average monthly growth rate in the number of families in the program has been about 2.0% since the start of the program, resulting in an annual growth rate of approximately 26.8%. In March, 2001, there were 23,446 families participating in the program, representing 40,896 children. The Governor's projection of 2% monthly growth in participation for the remainder of the fiscal year appears reasonable, given both recent and historical growth rates. If the appropriated funds are not fully utilized by the end of the fiscal year, they will revert to the original appropriations and could be accessed next fiscal year for child care or other TANF uses. Based on the sources of funding identified by the Governor, there are sufficient funds available in 2000-01 to provide an additional \$36,321,900 to address the child care funding need.

If the Committee does not provide sufficient funding for the child care subsidy program, there would likely be insufficient funds to continue the program in May and June, 2001. Expenditures through March, 2001, total approximately \$177.9 million, including: (a) \$157.4 million for subsidies; (b) \$9.2 million for on-site child care, migrant child care and child care for foster parents in Milwaukee County; and (c) \$11.3 million for local administration. Costs for April, 2001, are expected to be about \$21 million, bringing year-to-date costs to nearly \$200 million. Since only \$200.9 million is currently available, the program would likely be out of funds by early May, 2001 and would have to cease operation if additional funds are not provided. Copayment changes could be made under current law, but there is not enough time to implement them in this fiscal year. The Committee may want to avoid halting the program for two reasons. First, affordability of child care is a pressing issue for many Wisconsin families and abruptly ending the program would have significant effects for thousands of low-income families currently participating in the program. Second, not fully funding child care would be contrary to the philosophy of the W-2 program of providing support services to families so that they can be employed.

## **Reconciling the Need for TANF versus General Purpose Revenues**

In deciding whether to transfer additional TANF funds to SSBG eligible activities in order to free up GPR currently budgeted for community aids, the Committee must reconcile two conflicting goals -- maximizing available GPR or TANF revenues. The alternatives presented in this paper allow the Committee to choose which of these goals to pursue, either completely or partially.

*Availability of TANF Funding.* For the current fiscal year, there is sufficient flexibility in the TANF program to make the changes proposed by the Governor. However, the action to transfer additional TANF to SSBG eligible activities would make the next TANF budget more difficult to balance in the 2001-03 biennium, given continued projected shortfalls in the child care subsidy program.

The Governor's biennial budget recommendations estimate that the ending balance of the TANF fund on June 30, 2001 (opening balance for the 2001-03 biennium) will be \$213.5 million, after accounting for the \$13.7 million transfer to SSBG in this request. At the end of the 2001-03

biennium (June 30, 2003), the Governor's budget projects a balance of \$0.6 million. Any change to budgeted TANF expenditures in the current fiscal year will affect the condition of the TANF fund for 2001-03. [This office is currently reviewing potential cost overruns and savings in the TANF program for 2000-01 and will present them to the Committee as a part of our analysis of the 2001-03 budget.] Likewise, demands for additional TANF expenditures in the 2001-03 biennium will be difficult to address without significant adjustments to the Governor's budget recommendations. In that regard, the Committee should note that it appears that the \$242.5 million that would be provided annually in the 2001-03 budget for the direct child care program will be insufficient to meet the demand for the program. The current program is estimated to be underfunded by approximately \$32.0 million in 2001-02 and \$63.1 million in 2002-03, for a total of \$95.1 million over the biennium. This projection is based on participation growth of 15% in 2001-02 and 10% in 2002-03. If the participant growth rate exceeds these projections, a greater amount could be needed during the biennium. To address the possibility of increased demand for the child care program, the Governor included a provision in the budget bill that would allow DWD to submit a plan to limit participation in the child care subsidy program to DOA for approval.

*Federal Repayment Requirement.* As discussed in the background section of this paper, DHFS has received an additional \$49,500 TANF annually over the last three state fiscal years for SSBG purposes. Since it is certain that DHFS will be required to pay these disallowances, the Committee should reduce the level of TANF transferred to DHFS for community aids in 2000-01 by \$148,500 to correct for this error. However, this course of action alone would reduce community aids funding by \$148,500 in 2000-01 from the amount budgeted in Act 9. Therefore, the Committee should also transfer \$148,500 TANF from DWD to DHFS (which is allowable due to the higher TANF base) to allow DHFS to fully fund the community aids county contracts. This approach has been incorporated into all of the alternatives presented in this paper. If the Committee decides not to approve the Governor's request, the federal allocation correction should be made now so that it need not be made as part of the Committee's 2001-03 biennial budget deliberations.

*SSBG Transfer Options.* The Governor's 2001-03 proposed budget assumes that \$13,713,800 GPR will lapse to the general fund from the community aids GPR appropriation in DHFS and this amount is included in the Governor's 2001-02 general fund opening balance. However, this action cannot occur without the Committee's approval. The net, closing general fund balance for 2001-03 under the Governor's budget is projected by the administration to be \$1.2 million. Thus, if the \$13.7 million GPR lapse does not occur, the Governor's general fund budget will need to be modified to bring it into balance. The Committee could approve the Governor's request, or part of the Governor's request, and transfer at least \$13,862,300 TANF from DWD to DHFS and lapse \$13,713,800 GPR to the general fund in order to keep the Governor's proposed budget in balance. The difference of \$148,500 PR would remain in DHFS to allow the Department to fully fund the community aids county contracts while adjusting for the federal repayment. If this action is not approved, then the general fund opening balance would be \$13,713,800 less than assumed in the Governor's budget.

The Committee could also choose to partially achieve both goals of maximizing TANF and GPR and convert 50% of the applicable TANF funds (\$7,354,600) to SSBG and lapse an equal

amount of GPR to the general fund from DHFS. These figures are calculated after the TANF base has been adjusted for the allocation error described above.

Under the Governor's request, \$14,709,100 TANF would be transferred from DWD to DHFS. Subsequently, \$13,713,800 GPR would lapse to the general fund, \$148,500 GPR would remain in DHFS to allow the Department to fully fund the community aids county contracts and the remaining \$846,800 GPR would be transferred to DWD to be placed in a child care reserve. The funds in this reserve that are not used by the end of 2000-01 would lapse to the general fund. These funds would only be needed for child care if the caseload growth for the remainder of the fiscal year exceeds 2% per month as projected. However, if growth does exceed projections, DWD would also have the option of administratively transferring funds available in 2000-01 from other TANF allocations, subject to DOA approval. Therefore, the Committee could modify the Governor's proposal by lapsing this \$846,800 GPR to the general fund, which would bring the total amount of lapsed GPR to \$14,560,600.

## **ALTERNATIVES**

### **Approve the Governor's Request**

1. Approve the Governor's request to: (a) increase the amount of TANF and CCDF funds allocated to the direct child care program by \$36,321,900 in 2000-01; (b) transfer \$14,709,100 TANF from DWD to DHFS in 2000-01 to reflect an increase in the federal allowable amount of TANF funds that can be used for SSBG eligible activities; (c) lapse \$13,713,800 GPR in 2000-01 to the general fund from the GPR community aids appropriation in DHFS; (d) retain \$148,500 GPR in DHFS to fully fund the community aids county contracts while also correcting for the SSBG payment error; and (e) transfer \$846,800 GPR in 2000-01 from the GPR community aids appropriation in DHFS to DWD and place these funds into unallotted reserve for the direct child care program.

### **Child Care Funding**

2. Adopt the portion of the Governor's request to increase the amount of TANF and CCDF funds allocated to the direct child care program by \$36,321,900 in 2000-01.

3. Deny the child care portion of the request.

### **TANF Transfer to SSBG Eligible Activities**

4. Choose one of the following alternatives relative to the transfer of TANF funds to SSBG eligible activities:

a. Approve the SSBG portion of the Governor's request. Transfer \$14,709,100 TANF in 2000-01 from DWD to DHFS and, in DHFS, reduce the GPR appropriation under community aids

by \$14,560,600, of which \$13,713,800 GPR would lapse to the general fund and \$846,800 GPR would be transferred to DWD and put into an unallotted reserve for child care. The \$148,500 difference between the TANF transfer and the GPR reduction would be retained in DHFS to fully fund the county contracts under community aids.

b. Transfer \$14,709,100 TANF from DWD to DHFS and, in DHFS, reduce the GPR appropriation under community aids by \$14,560,600, and lapse \$14,560,600 GPR to the general fund. The \$148,500 difference between the TANF transfer and the GPR reduction would be retained in DHFS to fully fund the community aids county contracts. This alternative is identical to the Governor's request except that it deletes the GPR funding for the child care reserve in DWD and instead lapses these monies to the general fund.

c. Transfer \$13,862,300 TANF from DWD to DHFS. Reduce the GPR appropriation in DHFS for community aids by \$13,713,800 GPR and lapse this amount to the general fund. The difference of \$148,500 TANF would be used by DHFS to fully fund the community aids county contracts. This alternative transfers \$846,800 less TANF from DWD to community aids in DHFS than under the Governor's request and does not establish a child care reserve in DWD. The \$846,800 in TANF would remain available for appropriation in the 2001-03 budget bill.

d. Reduce the amount of TANF transferred to DHFS from DWD under Act 9 in 2000-01 by \$148,500 PR. Transfer \$148,500 PR from DWD to DHFS to fully fund the community aids county contracts while correcting for the SSBG payment error from past years. This transfer is allowable because a higher TANF base is available for 2000-01. This alternative corrects for the federal repayment only and does not increase the amount of TANF transferred to SSBG eligible activities in DHFS, it does not lapse any GPR to the general fund and it does not transfer any GPR to an unallotted child care reserve in DWD.

e. Transfer 50% of the total conversion amount under the Governor's request, after adjusting for the federal repayment. Transfer \$7,354,600 TANF from DWD to DHFS for community aids. Reduce the GPR community aids appropriation by \$7,354,600 GPR and lapse this amount to the general fund. This alternative transfers \$7,354,500 less TANF from DWD to DHFS and \$7,354,500 less GPR from DHFS to the general fund than the Governor's request. In addition, it does not include a GPR transfer from the GPR community aids appropriation in DHFS to an unallotted child care reserve in DWD. The TANF that is not transferred to DHFS would remain available for appropriation for the 2001-03 budget bill.

5. Deny the SSBG portion of the request.

**Deny the Request**

6 Deny the entire request.

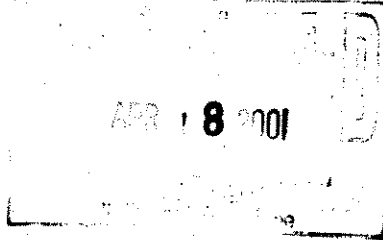
Prepared by: Yvonne Arsenault and Victoria Carreón

# State Senator GWENDOLYNNE MOORE



April 17, 2001

Governor Scott McCallum  
State Capitol  
Madison, WI 53703  
Hand Deliver



Capitol Office:  
P. O. Box 7882, Madison, WI 53707-7882  
Phone: (608) 266-5810 Fax: (608) 267-2353  
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Toll-free Legislative Hotline: 1-800-362-9472  
E-Mail: sen.moore@legis.state.wi.us  
Member: Joint Finance Committee  
Board Member: Wisconsin Housing and  
Economic Development Authority

Dear Governor McCallum,

In a letter dated February 19, 2001, I specifically requested that the Department of Administration (DOA) Secretary George Lightbourn and Department of Workforce Development (DWD) Secretary Jennifer Reinert "work cooperatively and expeditiously" to prevent a shortfall of funding in Wisconsin Shares, the child care subsidy program, during this state fiscal year. In a memorandum dated, January 29, 2001, the non-partisan Legislative Fiscal Bureau (LFB) estimated "that the deficit in the direct child care program will range from -\$37.3 million to -\$50.7 million." In a February 14, 2001, memorandum the LFB also identified \$41.6 million of projected underspending in the 2000-01 Temporary Assistance to Needy Families (TANF) program that the Joint Committee on Finance could consider for approval to assure adequate funding for the child care subsidy program during this state fiscal year.

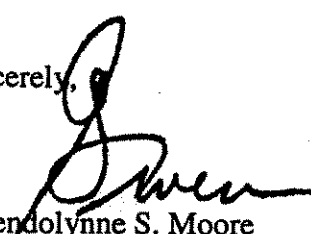
Both Secretary Reinert and Department of Health and Family Services Secretary Phyllis Dube did send a joint letter dated March 14, 2001, to the co-chairs of the Joint Committee on Finance requesting that:

*"\$8,324,700 in additional CCDF federal funds and \$26,900,700 of unbudgeted TANF federal funds be allocated to direct child care services to address the projected deficit."*

In spite of this request by two members of your cabinet, the Department of Administration (DOA) and your office did not submit a request for additional funding for the child care subsidy program to the Joint Committee on Finance pursuant to sections s. 16.515 and s.16.54. In a memorandum dated April 16, 2001, Dan Caucutt, Secretary for s. 13.10 actions, indicates that the Joint Committee on Finance Co-chairs "have determined that fifteen items are scheduled for committee action" at the next s. 13.10 meeting, Tuesday, April 24<sup>th</sup>, 2001. DOA and your office must submit a request to the Joint Committee on Finance pursuant to sections s. 16.515 and s. 16.54 in order for the child care funding request to be before the Joint Committee on Finance and available for committee action on April 24<sup>th</sup>, 2001.

I urge you and DOA to respond quickly to this letter by submitting a request for additional child care funding pursuant to sections s. 16.515 and s. 16.54. Additional funding for child care is urgently needed in order to prevent a deficit in the program and undesirable waiting lists for child care in this state fiscal year.

Sincerely,



Gwendolynne S. Moore  
State Senator  
4<sup>th</sup> District

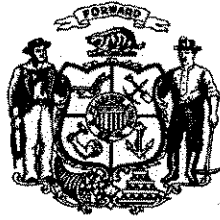
Enclosures

Cc: Members of the Joint Committee on Finance  
Secretary Jennifer Reinert, Department of Workforce Development  
Secretary George Lightbourn, Department of Administration  
Secretary Phyllis Dube

# 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

Re: 14 Day Passive Review Approval of Federal Block Grant Funds

Date: April 19, 2001

Attached is a copy of a request from the Governor, received April 18, 2001, seeking approval of the expenditure of Child Care Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) block grant funds being made available to the state by the federal government.

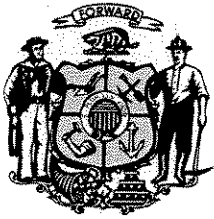
Pursuant to s. 16.54(2)(a)2, Stats., the Governor may not encumber or expend federal block grant funds authorized under any federal law enacted after August 31, 1995, without notifying the Joint Committee on Finance of the grant and the proposed expenditures. If the Co-Chairs of the Committee do not notify the Governor within 14 working days after receiving the request that a meeting has been scheduled to review the proposal, the moneys may be expended.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Friday, May 4, 2001**, if you have any concerns about the request or if you would like the Committee to meet formally to discuss it.

Also, please contact us if you need further information.

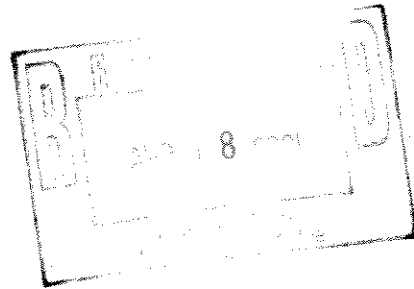
Attachment

BB:JG:dh



SCOTT McCALLUM

Governor  
State of Wisconsin



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

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

SUBJECT: Notification of Federal Block Grant

Dear Senator Burke and Representative Gard:

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

Please also contact Deputy State Budget Director John Montgomery (266-1353) in the Department of Administration if you have any additional questions or if you schedule a meeting to review the proposed expenditure.

Thank you for your prompt attention to this notification letter.

Sincerely,

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

Scott McCallum  
Governor

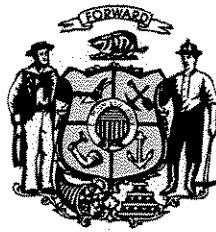
Date: April 18, 2001

Attachments



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:** April 16, 2001

**To:** Scott McCallum, Governor

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

**Subject:** Notification of new revenue from the Child Care Development Fund (CCDF), the Temporary Assistance for Needy Families (TANF) block grant, and proposed expenditures for the 2000-01 fiscal year.

**Recommendation:** Approve the expenditure of TANF and CCDF funds as proposed by the Department of Workforce Development and the Department of Health and Family Services, with four modifications.

- Increase appropriation s. 20.435 (7)(kw) by \$14,709,100, to \$32,795,300, to reflect an increase in the amount of TANF funds transferred to the Social Services Block Grant (SSBG) -- compared to the requested increase of \$13,692,400.
- Increase the amount of TANF and CCDF funds allocated to the direct child care program by \$36,321,900 -- compared to the requested \$35,225,400.
- Transfer \$846,800 GPR from appropriation s. 20.435 (7)(b) to s. 20.445 (3)(dz) and place these funds into unallotted reserve as a child care contingency reserve -- compared to the requested \$551,000 TANF child care contingency reserve.

**Description of Purposes of Expenditure:**

The Governor's 2001-03 biennial budget recommendation identified several sources of TANF and CCDF revenues originating in the 2000-01 fiscal year which would augment the balance of TANF funds available to the state. These revenues included:

- \$8,324,700 in new CCDF discretionary funds, available with the start of FFY01.
- \$15,909,400 in TANF funds from a federal High Performance Bonus award.
- \$20,058,200 in TANF funds from the 1995-96 federal fiscal year block grant award which have not been allocated or appropriated.
- \$4,200,000 in TANF underspending related to the Earned Income Tax Credit (EITC). DWD, now estimates that this underspending will total \$5,176,500 or \$976,500 more than assumed in the Governor's biennial budget.

This request represents a joint recommendation by the Department of Workforce Development (DWD) and the Department of Health and Family Services (DHFS) for the use of these revenues. First, DHFS has requested using \$13,692,400 TANF to increase the amount of TANF transferred to the Social Services Block Grant (SSBG). Second, DWD has recommended using \$35,225,400 for the direct child care program, bringing total funding for this program to \$236,083,600. Both of these actions were assumed to have occurred in the 2000-01 fiscal year in the Governor's 2001-03 proposed biennial budget. In addition, DWD has recommended placing any remaining TANF funds in unallotted reserve, to be used for the child care program if needed.

Social Services Block Grant

The Department of Health and Family Services administers the Community Aids program which is funded with state funds and federal funds, including SSBG. Federal law allows for 10% of the TANF block grant, or \$31,750,500 of the \$317,505,200 award, to be transferred to SSBG, thus reducing the amount of GPR needed for Community Aids. Regulations published in April 1999, however, indicated the amount of TANF states could transfer to SSBG would be reduced from 10% of the TANF block grant to 4.25%, or \$13,494,000, effective with the start of the 2000-01 federal fiscal year. To begin implementing this reduction crossing two state fiscal years, 1999 Wisconsin Act 9 allocated \$18,086,200 TANF for SSBG/Community Aids.

The recently enacted federal budget delayed the implementation of this reduction by one year, or until the 2001-02 federal fiscal year. This delayed implementation allows Wisconsin to transfer more TANF funds to SSBG in both the 2000-01 and 2001-02 state fiscal years. Consequently, DHFS has requested an additional \$13,692,400 PR-S for the 2000-01 state fiscal year to maximize the amount of TANF transferred from DWD.

Since the request was submitted, it has been determined that more TANF funds could be transferred than requested. The High Performance Bonus awarded to Wisconsin for exemplary achievement in its W-2 program is considered by the federal government to be part of the state's 2000-01 federal fiscal year TANF award. Therefore, these funds are subject to the same rule which allows the state to transfer 10% of its 2000-01 federal fiscal year TANF grant to SSBG. In other words, the bonus increases the 2000-01 federal TANF award to \$333,414,600, of which up to \$33,341,500 could be transferred to SSBG. Converted into state fiscal years, Wisconsin could transfer up to \$32,943,800 TANF to SSBG in the 2000-01 fiscal year. However, given the lack of sufficient TANF funding available to maximize the transfer to SSBG, it is recommended that only \$32,795,300 be transferred in the current year.

The TANF transfer to SSBG would allow a reduction of \$14,709,100 of Community Aids GPR from appropriation s. 20.435 (7)(b). Of this GPR, it is recommended that \$13,713,800 be placed into unallotted reserve to be lapsed to the General Fund at the end of the current fiscal year. This action was assumed to have occurred in calculating the 2001-02 opening balance for the Governor's biennial budget request.

It is further recommended that the remaining \$995,300 GPR be used for two purposes. \$148,500 GPR should be used by DHFS to address an audit finding that the 1997-99 and 1999-2001 biennial budgets overstated the amount of TANF that could be transferred to SSBG. To correct this overdraw, DHFS will draw \$148,500 less in TANF funds in the 2000-01 fiscal year. The additional \$148,500 GPR will be used to supplement the community aids program in light of the correction.

Finally, it is recommended that the remaining \$846,800 GPR be transferred to DWD on a one-time basis, to be placed into unallotted reserve as a reserve for the direct child care program in the event that expenditures exceed this program's budget allocation.

Direct Child Care

The Department of Workforce Development administers the Wisconsin Shares Child Care program which provides subsidies to low-income families in need of child care assistance. The department has requested an additional \$35,225,400 for child care, based on an estimate that utilized expenditure data through February 2001. This estimate assumed average costs would increase 11% over the prior year and that the caseload would grow 1% per month for the rest of the current fiscal year. Since this request was submitted, an additional month of data was made available, suggesting the original assumptions regarding cost and caseload should be revised. Therefore, it is recommended that \$36,321,900 FED be allocated to the child care program, providing for a 2% per month growth in the caseload and a 10% increase in the average cost per family over the 1999-2000 fiscal year levels.

As a result of these recommended changes, estimated federal expenditures for the 2000-01 fiscal year are \$1,562,200 higher than assumed by the two departments in this request. However, \$1,562,200 in additional revenue is available from three sources:

- \$784,400 FED was recovered by DWD from the Maximus and Employment Solutions, Inc., W-2 agencies for audit disallowances. Of these funds, \$197,800 FED was reallocated to the Kinship Care program, leaving \$586,600 available for new uses.
- The Governor's recommended 2001-03 biennial budget erroneously assumed the Immunization Education and Outreach program would have expended \$2,827,100 FED throughout the 1999-2001 biennium, though the program was only allocated \$2,000,000 FED. By revising this expenditure assumption to match anticipated program spending with the program's allocation, the TANF ending balance will increase by \$827,100 FED.
- In reimbursing the federal government for a \$148,500 overdraw of TANF funds, DHFS will be drawing fewer TANF funds in the 2000-01 fiscal year by a corresponding amount.

Prepared by: Robert Blaine  
266-8219

Gretchen Fossum  
266-2288

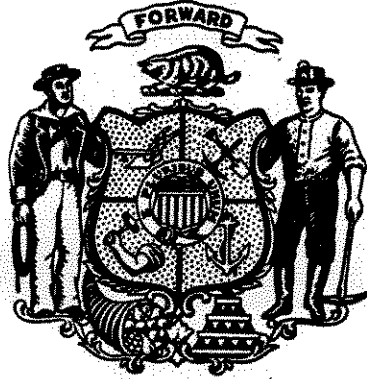
**2000-01 Federal Revenues and Expenditures**

	<i>DWD / DHFS Request</i>	<i>DOA Recommendation</i>
<b>Federal Revenue</b>		
TANF High Performance Bonus	15,909,400	15,909,400
TANF FFY96 Award	20,058,200	20,058,200
CCDF Discretionary Funds	8,324,700	8,324,700
EITC	5,176,500	5,176,500
W-2 Disallowances	-	586,600
Opening balance recalculation	-	827,100
Federal Repayment	-	<u>148,500</u>
<b>Total</b>	<b>49,468,800</b>	<b>\$51,031,000</b>
<b>Federal Expenditures</b>		
Child Care	35,225,400	36,321,900
FED Child Care Reserve	551,000	-
Transfer to SSBG	<u>13,692,400</u>	<u>14,709,100</u>
<b>Total</b>	<b>49,468,800</b>	<b>51,031,000</b>

**2000-01 GPR Revenues and Expenditures**

<i>Program</i>	<i>DWD / DHFS Request</i>	<i>DOA Recommendation</i>
<b>GPR Revenue</b>		
Community Aids GPR	<b>\$13,692,400</b>	<b>\$14,709,100</b>
<b>GPR Expenditures</b>		
General Fund Lapse	13,692,400	13,713,800
Federal Repayment	-	148,500
GPR Child Care Reserve	-	<u>846,800</u>
<b>Total</b>	<b>\$13,692,400</b>	<b>\$14,709,100</b>

*END*

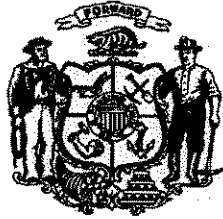


*END*

# 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

April 25, 2001

The Honorable Scott McCallum  
Governor  
Room 115 East, State Capitol  
Madison, WI 53702

Dear Governor McCallum:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed your request, received on April 5, 2001, pursuant to s. 16.54(2)(a)2, Stats., concerning the expenditure of Local Law Enforcement Block Grant funds being made available to the state by the federal government.

No objections to this request have been raised. Accordingly, the request is approved and the moneys may be expended.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE  
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD  
Assembly Chair

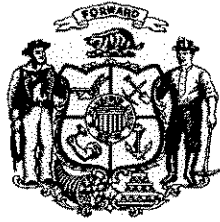
BB:JG:dh

cc: Members, Joint Committee on Finance  
Jerry Baumbach, Office of Justice Assistance  
Robert Lang, Legislative Fiscal Bureau  
Vicky LaBelle, Department of Administration

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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ASSEMBLY CHAIR  
**JOHN GARD**

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Madison, WI 53708-8952  
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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: April 6, 2001

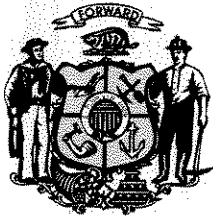
Re: Request for Expenditure of Block Grant Funds

Attached is a copy of a request, received on April 5, 2001, from the Governor seeking approval for the expenditure of block grant funds being made available to the state by the federal government. Pursuant to s. 16.54(2)(a)2, Stats., the Governor may not encumber or expend federal block grant funds authorized under any federal law enacted after August 31, 1995, without notifying the Joint Committee on Finance of the grant and the proposed expenditures. If the Co-Chairs of the Committee do not notify the Governor within 14 working days after receiving the request that a meeting has been scheduled to review the proposal, the moneys may be expended.

The attached request concerns Local Law Enforcement Block Grant funds. Please review this item and notify **Senator Burke or Representative Gard** no later than **Monday, April 23, 2001**, if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

BB:JG:js

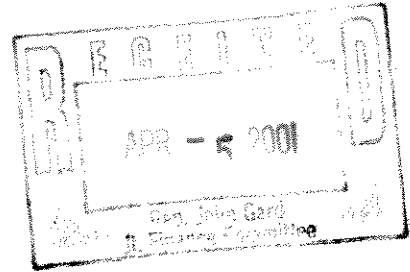


**SCOTT McCALLUM**

**Governor  
State of Wisconsin**

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

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



**SUBJECT:** Notification of Federal Block Grant

Dear Senator Burke and Representative Gard:

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

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

Thank you for your prompt attention to this notification letter.

Sincerely,

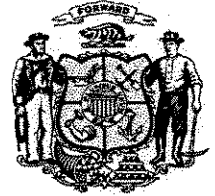
SCOTT McCALLUM  
Governor

Date: 3/30/01

Attachments

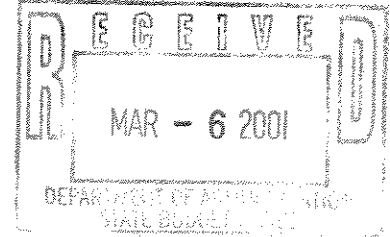


# STATE OF WISCONSIN OFFICE OF JUSTICE ASSISTANCE



SCOTT McCALLUM, GOVERNOR  
JERRY BAUMBACH, EXECUTIVE DIRECTOR

March 2, 2001



To: Wisconsin Legislature: Joint Committee on Finance

From: Jerry Baumbach  
Executive Director

**RE: Proposed Expenditure Plan - Local Law Enforcement Block Grant for Federal Fiscal Year 2000**

**Background:** This is the fifth year that the State of Wisconsin has received funds under the federal Local Law Enforcement Block Grant (LLEBG) program. Although the vast majority of the funds are awarded directly to eligible local units of government through a formula, approximately 15% of the total is available for award to other governmental units based on the state's plan. The funds to be awarded under the state's plan may be sub-awarded in any amount to agencies not eligible to receive a direct federal award. Funds must be used for activities or costs within seven broad purpose areas including: new staff, equipment purchases, new court and adjudication projects, multi-jurisdictional task forces, and crime prevention programs. Funds may not be used to supplant existing funds. A ten percent cash match is required.

Similar to last year, I propose to use these limited funds to assist rural communities in developing and implementing a variety of innovative community oriented policing and crime prevention programs. Special emphasis will be placed on enhancing coordination between communities and in promoting problem-oriented community outreach. Site selection would be based on the willingness of counties and communities to work together, and on the potential for developing and demonstrating new community policing methods which would be effective in counties and smaller cities. This program would be coordinated with the Police Corps program operated by the Office of Justice Assistance, which will develop new community policing training methods and ultimately place new officers in community policing roles.

## Funds Available

Total Allocation:	\$3,761,805
Local Allocation-Direct:	\$3,187,454
Local Allocation-Indirect:	\$ 574,351

## Plan for Administration of Local Allocation-Indirect Award

**Eligibility:** The 25 most rural counties were identified by calculating population density (the number of inhabitants per square mile of land in each county). Initially all agencies that participant in the Uniform Crime Reporting (UCR) Program within these identified counties will

be notified of the funding opportunity. Only those law enforcement agencies within counties that did not receive a direct allocation of funds are eligible to apply for a portion of the \$574,351 available for this effort. If the funds available are not awarded within this first round of funding a second round of program announcements will be made to the next set of agencies. This announcement will also be made based on population density of the county.

### **Program Areas**

Funds must be used for activities or costs within seven broad purpose areas including:

- 1) Support for Law Enforcement: a) hiring, training, and employing on a continuing basis, additional law enforcement officers and necessary support personnel; b) payment of overtime to currently employed law enforcement officers and necessary support personnel for the purpose of increasing the number of hours worked by such personnel; c) procurement of equipment, technology, and other material directly related to basic law enforcement functions;
- 2) Enhancement of Security Measures: a) in and around schools; and b) in and around other facility or location that the grant recipient considers a special risk for incidents of crime;
- 3) Establish for Support Drug Courts;
- 4) Enhance the Adjudication of Cases Involving Violent Offenses;
- 5) Establish Multi-jurisdictional Task Forces;
- 6) Establish Crime Prevention Programs;
- 7) Defray the Cost of Indemnification Insurance of Law Enforcement Officers.

I propose to use the "local allocation-indirect" for the continued effort toward crime prevention/community policing programming and equipment purchases for law enforcement agencies in the most rural counties statewide.

**Selection Process:** The following process has been established to promote the maximum access to these funds by local units of government. Paperwork requirements have been minimized to encourage participation by local units of government that might not otherwise have access to federal or state grant funds.

1. Eligible applicants will be notified of their eligibility by direct mail.
2. Application materials representing minimal program and fiscal requirements will be provided to all eligible applicants that express interest.
3. Technical assistance will be offered and provided to all eligible applicants.
4. All proposals will be received and reviewed by Office of Justice Assistance Program and Fiscal staff to determine completeness and consistency with the program requirements.
5. Office of Justice Assistance staff will make recommendations to the Executive Director of the Office of Justice Assistance who will take into consideration the geographic distribution of the applicants, their relative ranking as a rural community and the nature and cost of the project.
6. The Executive Director will make recommendations to the Governor for approval.
7. Any funds remaining after the first round will be used to support projects in the next tier of agencies, again based on the list of most rural counties and municipalities as described above.

Please call me at (608) 266-3323 if you would like further information or clarification of this proposed approach to the administration of the funds available for indirect allocation to units of local government under the Local Law Enforcement Block Grant program.