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Legislative Fiscal Bureau
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May 4, 2001 | Joint Committee on Finance | Paper #415

Additional Resources for Act 11 Implementation Costs (ETF)

CURRENT LAW

A biennial appropriation [s. 20.515(1)(v] exists under the Department of Employee Trust Funds (ETF) to support the costs associated with implementing major retirement benefit improvements contained in 1999 Wisconsin Act 11. The appropriation is currently funded at $1,575,700 SEG in 1999-00 and $1,639,800 SEG in 2000-01 and supports 19.0 SEG two-year project positions. The 2000-01 funding amounts reflect the impact of a $1,055,700 SEG supplementation by this Committee on April 24, 2001. The appropriation will be repealed on July 1, 2001.

GOVERNOR

No provision.

DISCUSSION POINTS

1. On April 27, 2001, the Department of Employee Trust Funds (ETF) submitted a biennial budget amendment request to the Committee seeking: (a) an extension of the sunset date of the s. 20.515(1)(v) biennial appropriation until July 1, 2003; and (b) additional funding of $4,763,800 SEG in 2001-02 and $453,700 SEG in 2002-03 and authorization for 20.0 SEG, two-year project positions to implement the provisions of Act 11, once the Wisconsin Supreme Court rules on the legality of various provisions of the legislation.

2. During the fall of 1999, the Legislature enacted 1999 Assembly Bill 495, which made a number of significant changes to the benefits available under the Wisconsin Retirement System (WRS) and to the manner by which the WRS would be funded. Funding was also provided

in the 1999-01 state budget under a new biennial appropriation in ETF for 75% of the total funding that the agency had initially identified that it might need to implement this legislation. The expectation was that ETF would request additional funding from this Committee under s. 13.10 procedures, once the full scope of the agency's implementation requirements was better know and any court challenges were resolved.

3. The retirement legislation was published on December 29, 1999, as 1999 Wisconsin Act 11. It would have become effective the following day; however, on the same day that the Act was published, the Wisconsin Supreme Court granted an injunction barring its implementation until the Count heard arguments on and issued an opinion in, the matter of *Wisconsin Professional Police Association, Inc., et al. v. Lightbourn, et al.*, which challenged a number of the principal provisions of the legislation. Although implementation of any of the new rights and benefits created by Act 11 was enjoined, the Court did authorize ETF to take "such contingent and preparatory measures toward implementation of the Legislation as they may deem appropriate in their discretion and consistent with their fiduciary and other duties and responsibilities for administering the public employee trust fund."

4. On October 4, 2000, the Court heard oral arguments on the case. At this writing, the Court has not yet issued its opinion on the matter.

5. Act 11 contained the following major benefit improvements and WRS funding modifications. Many of these provisions, if upheld by the Court, are expected to have important workload consequences for the Department.

- The formula factor used for retirement annuity calculations was increased by 0.165% for each WRS participant category for service earned before January 1, 2000. Current law factors continue to apply for service earned from January 1, 2000. Participants must be actively employed on or after January 1, 2000, for the provision to apply.

- Participation in the Variable Trust was reopened to participating active employees on or after January 1, 2001.

- The current formula benefit maximum of 65% of final average earnings was increased to 70% for general category participants and for elected and state executive category employees.

- A one-time $4.0 billion distribution was made from unrecognized investment earnings in the Fixed Trust's Transaction Amortization Account (TAA) for distribution to the employee, employer and annuity reserves. Of the amounts distributed to the employer reserve, the first $200 million will be used to establish a credit account for each employer to pay unfunded liabilities of the employer and then to pay employer-required contributions.

- The 5.0% annual interest crediting cap was eliminated for WRS participants hired after 1981 and interest crediting at the effective rate of earnings was restored for participants actively employed on the general effective date of Act 11.
- Death benefits for participants under age 55 (under age 50 for protective service participants) would include both the employee-required contributions and the matching employer contributions. Additionally, death benefit payments could be made to any beneficiary who is a person or a trust.

- The TAA was frozen and eliminated over a 5-year period and replaced with a new Market Recognition Account designed to flow changes in investment results into the WRS more rapidly that had been the case with the TAA.

- The underlying actuarial assumptions governing the funding needs of the WRS were changed. The Fixed Trust's assumption of long-term across-the-board salary increases for the purpose of valuing liabilities of the WRS of 4.8% (or 3.2% less than the current 8.0% long term investment earnings assumption) was reduced to 4.6% (or 3.4% less than the current 8.0% long term investment earnings assumption).

6. Consistent with the Supreme Court's injunction, which authorized the Department to continue making contingent preparations for the implementation of 1999 Wisconsin Act 11, ETF has been engaged since early in calendar year 2000 with an extensive effort to reprogram several hundred computer program modules, draft redesigned forms and brochures, and revise a variety of operational procedures in anticipation of the Court's ruling.

7. While a majority of the reprogramming effort has been completed, the agency indicates that there are significant components for which contract programmers will still be required, and many of the revised systems must be tested before they can be placed into service.

8. The Department anticipates that when the Court issues its ruling, and assuming that most of the provisions of Act 11 would be upheld, the agency will be required to undertake the following activities:

- First, it must make retroactive interest crediting adjustments to those active participants first hired before 1982 to reflect the impact of any accelerated distributions from the TAA authorized by the Court. In addition, if authorized by the Court, effective rate interest crediting would have to be applied to post 1981 active participants, retroactive to 1999 account year balances. It is anticipated that these types of adjustments would affect approximately 190,000 participant accounts.

- Second, an estimated 100,000 annuitant accounts will require multiple adjustments to correctly reflect the retirement dividend that would have been payable for 2000 and 2001, to the extent that Act 11 is ruled constitutional. Previously, retirement dividends for these years had been computed and distributed based on the current law flow of investment earnings into the WRS annuity reserve and did not reflect any extraordinary transfers from the TAA or the impact of

replacing the TAA with a new Market Recognition Account.

- Third, the accounts of approximately 16,200 participants who have retired since January 1, 2000, will require multiple recalculations to correct the cumulative impact of benefit underpayments. When these individuals initially retired, their annuity had to be calculated on current law provisions and could not factor in the impact of any Act 11 provisions, to the extent authorized by the Court.

- Finally, approximately 350 annuitants are leaving the retirement system roles each month because of death and the Department will be required to separately recalculate the adjustments that would have been payable to these individuals up to the time of their death due to the impact of any Act 11 provisions, to the extent authorized by the Court. The Department will have to make the necessary correction payments either to the decedent's beneficiary or to their estate.

9. Once the Court renders a decision, the Department anticipates an on-going need for project staffing during the next biennium to manage an increased volume of Act 11-generated Call Center inquiries, additional pre-retirement counseling workload and other activities such as an increased volume of estimated benefit calculations and inquiries about reopening participation in the Variable Trust.

10. The Department has developed the following proposed budget for its projected Act 11 implementation costs during each fiscal year of the next biennium, assuming that the Supreme Court acts to uphold most of the provisions of the legislation.

Requested Additional Funding for
Act 11 Implementation Costs during the 2001-03 Biennium

Cost Category	Request for 2001-02	Request for 2002-03
ETF Staff Costs		
20.0 FTE Project Positions, Staff Overtime and Extra Hours	$740,100	$320,400
Supplies and Services Costs		
DOA Information Technology Charges	866,100	70,600
Programming, Applications Development and Data Entry Contractual Services	2,752,400	4,600
Printing Revised Forms and Brochures	95,000	5,000
Postage for Retirement Packets and Employer Bulletins	230,000	10,000
Actuarial Services	30,000	$0
Private Space Rental	32,200	26,300
Office Supplies	18,000	16,800
Total	$4,763,800	453,700

11. The principal unknowns ultimately affecting the actual amount of the Department's funding needs in the next biennium are: (a) when the Supreme Court will act on Act 11; (b) and how it will rule when it does issue its opinion. There is no way of knowing how or when the Court will act on this matter, although a determination is likely before the Court ends its current term in June.

12. The Department believes that many of the Act 11 benefit improvement provisions will likely be upheld by the Court, and the agency would need to move in an expeditious manner to implement those provisions once the Court does rule. From the standpoint of the Department, this view argues that the most prudent course is to make the entire amount of the required supplement immediately available to the agency so that it has maximum flexibility in responding to the Court's decision. If the Committee finds this view persuasive, it could extend the current July 1, 2001, sunset on the agency's s. 20.515(1)(v) appropriation until July 1, 2003, and provide $4,763,800 SEG in 2001-02 and $453,700 SEG in 2002-03 and 20.0 SEG two-year project positions to implement the provisions of Act 11, once the Wisconsin Supreme Court rules on the legality of various provisions of the legislation.

13. The Committee might view it as more prudent to wait until the full nature and extent of the Court's ruling are known before providing the agency with the levels of funding it has requested for Act 11 implementation. Under this alternative, the Committee could act to extend the current July 1, 2001 sunset on the agency's s. 20.515(1)(v) appropriation until July 1, 2003. The Committee could also appropriate at this time approximately one-third ($1,600,000 SEG) of the total funding initially requested for the 2001-02 fiscal year and authorize 20.0 SEG two-year project positions. This level of funding should be sufficient to support the agency's initial Act 11 implementation efforts.

14. These funds would be budgeted in unallotted reserve for release to ETF by DOA, based on when the Supreme Court's Act 11 decision is handed down, its workload impact on the Department and ETF's actual need for the funds. Under DOA's ordinary procedures governing agency operations if the state budget is not in place by July 1, 2001, if the budget bill advances with an extension of the sunset date on ETF's Act 11 implementation appropriation, DOA would normally authorize ETF to continue expending at the appropriation's base level.

15. To the extent that ETF would ultimately need more than the $1,600,000 SEG initially provided under this alternative, it could return to this Committee under s. 13.10 for a further supplementation once the full extent of its funding requirements for the remainder of the biennium were known.

ALTERNATIVES TO BASE

1. Extend the sunset date of the s. 20.515(1)(v) biennial appropriation until July 1, 2003, provide $4,763,800 SEG in 2001-02 and $453,700 SEG in 2002-03 and authorize 20.0 SEG two-year project positions to implement the provisions of Act 11, once the Wisconsin Supreme

Court rules on the legality of various provisions of the legislation. *[This alternative would adopt ETF's April 27, 2001, biennial budget amendment request in its entirety.]*

Alternative 1	SEG
2001-03 FUNDING (Change to Base)	$5,217,500
[Change to Bill	*$5,217,500]*
2002-03 POSITIONS (Change to Base)	20.00
[Change to Bill	*20.00]*

2. Extend the sunset date of the s. 20.515(1)(v) biennial appropriation until July 1, 2003, provide $1,600,000 SEG in 2001-02 and authorize 20.0 SEG two-year project positions to implement the provisions of Act 11, once the Wisconsin Supreme Court rules on the legality of various provisions of the legislation. Budget these funds in unallotted reserve for release to ETF by DOA, based on when the Supreme Court's Act 11 decision is handed down, the decision's workload impact on the Department and ETF's actual need for the funds.

Alternative 2	SEG
2001-03 FUNDING (Change to Base)	$1,600.000
[Change to Bill	*$1,600,000]*
2002-03 POSITIONS (Change to Base)	20.00
[Change to Bill	*20.00]*

3. Maintain current law.

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

AGENCY: Employee Trust Funds

LFB PAPER #: 416

ISSUE: Group Health Insurance Ombudsperson Position

ALTERNATIVE: 1

SUMMARY:

Alt. 1 gives ETF 1 more omsbuddy to address the backlog of complaints by state employees regarding their group health insurance coverage.

Since 1998, the number of complaints have increased sharply. It currently takes about 90 days to resolve a grievance. OCI states that this is an unacceptable service level, since many complaints received are time-sensitive, have monetary implications or involve serious health concerns for the participant.

According to OCI standards, 65 days is the acceptable level of timeliness for the grievance resolution process. Adding this additional omsbudperson will reduce the current 90 day resolution process to the more acceptable level of 65 days.

ok w/ staff

ok

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May 4, 2001 | Joint Committee on Finance | Paper #416

Group Health Insurance Ombudsperson Position (ETF)

CURRENT LAW

The Department of Employee Trust Funds (ETF) is currently authorized 1.0 SEG position that serves as Manager of Quality Assurance in the agency's Office of Communications. This position performs ombudsperson functions relating to resolving complaints concerning group health insurance coverage offered to state employees, participating local employees and Wisconsin Retirement System (WRS) annuitants. Base level salary and fringe benefits funding for this position is $61,300 SEG annually.

GOVERNOR

Maintain base level funding for the agency's existing Manager of Quality Assurance position.

DISCUSSION POINTS

1. At the Committee's March 15, 2001, budget briefing session, the Secretary of ETF requested that the Committee consider authorizing an additional 1.0 SEG position and associated funding to provide the agency with a second ombudsperson to address a growing volume of group health insurance-related complaints and complaint backlogs.

2. The agency had originally requested $44,100 SEG in 2001-02 and $53,200 SEG in 2002-03 and 1.0 SEG position to perform this function as part of its original biennial budget request. The Governor denied the agency's request.

3. The current Manager of Quality Assurance position was initially authorized under

1991 Wisconsin Act 269 (the 1991-93 budget adjustment act), to enable the Department to be more responsive to resolving participant concerns with respect to levels of service and care received under the public employee and annuitant group health insurance plans offered by the Group Insurance Board. That original budget request was an outgrowth of a consultants study, which identified the development of a health insurance complaint processing system as a major concern of plan enrollees, participating employee union groups and the Department of Administration. With the position and resources provided by Act 269, a complaint monitoring and resolution system began to be implemented by the agency after the first ombudsperson was hired in June, 1992.

4. The process was significantly strengthened following a March, 1996, Legislative Audit Bureau review of the state group health insurance program. Under the current procedure, complaints are received and acknowledged, after which informal complaint resolution is attempted. If the informal efforts are not successful, formal complaint review and resolution follow. Patterns of complaints affecting specific health plans are also monitored so that provider standards of performance or possible plan modifications can also be reviewed. ETF believes that the current complaint resolution process has had a positive impact on reducing the number of formal requests for formal departmental determinations and appeals filed with the Group Insurance Board.

5. In the six calendar years between 1993 and 1998, the agency's ombudsperson position handled an average of 155 health insurance-related complaints per year. On average, during this period, the case backlog in any given month was between 20 and 30 per month. In general, cases were being resolved within approximately 65 days. Under market conduct standards for managed care plans established by rule of the Commissioner of Insurance (s. Ins 9.33), the acceptable level of timeliness for the grievance resolution process is 65 days.

6. Since the end of 1998, the volume of complaints received by ETF has increased sharply, and now averages 242 per year. The Department believes that as the managed care market in Wisconsin continues to tighten, plan design changes, health plan network changes, incorrect information from health plans, and service restrictions in an effort to control rising health care costs are all factors in accounting for the increase in the number of complaints received.

7. As a result of the increasing volume of complaints, the agency's open complaint backlog has grown from a low of 20 at the end of the 1998 calendar year to the current 75, as of March, 2001. As a result of this increased backlog, the average time required to resolve complaints is now 90 days, which is significantly more than the standard prescribed in the Insurance Commissioner's rule. The Department states that an average 90-day complaint resolution timeline is "an unacceptable service level," since many complaints received are time-sensitive, have monetary implications or involve serious health concerns for the participant.

8. While the current complaint backlog stands at 75, there is some evidence that the backlog is somewhat cyclical in nature. As recently as June, 2000, the backlog was at a more acceptable level of 30 cases; however, since that time, it has steadily grown to the current backlog level. The agency is projecting continuing monthly backlogs of between 59 and 73 through the next biennium.

9. ETF believes that an additional ombudsperson position for resolving group health insurance-related complaints would provide it with a staffing level sufficient to reduce the complaint backlog by 50% by the end of the 2001-03 biennium. The agency believes that with two ombudsperson positions (with the current Manager of Quality Assurance focusing on some of the more complex complaints) the complaint backlog would fall to 20 to 25 cases per month, which could be resolved within the expected performance standard of 65 days.

10. Furthermore, if the agency were authorized the additional ombudsperson position, the current incumbent could be freed, in part, to take on such additional responsibilities as auditing health plan grievance procedures, designing patient satisfaction surveys and offering forums on dispute resolution and patients' rights and responsibilities under the various health plans.

11. If the Committee concludes that: (a) ETF's current group health insurance plan-related complaint backlog and 90-day complaint-resolution timeline are unacceptable; and (b) the agency should be provided with the staffing resources sufficient to reduce the average amount of time elapsed for complaint resolution to the current 65-day performance standard prescribed by the Commissioner of Insurance, then it may wish to provide ETF with $44,100 SEG in 2001-02 and $53,200 SEG in 2002-03 and authorize 1.0 SEG ombudsperson position.

12. Alternatively, the Committee could reaffirm the Governor's original recommendation and not provide the position.

ALTERNATIVES TO BASE

1. Provide $44,100 SEG in 2001-02 and $53,200 SEG in 2002-03 and authorize 1.0 SEG ombudsperson position for ETF.

Alternative	SEG
2001-03 FUNDING (Change to Base)	$97,300
[Change to Bill	*$97,300]*
2002-03 POSITIONS (Change to Base)	1.00
[Change to Bill	*1.00]*

2. Take no action.

Prepared by: Tony Mason

MO# Alt 1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

No analysis prepared.

Alt 1

ok

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May 4, 2001 | Joint Committee on Finance | Paper #417

Funding for Accumulated Sick Leave Conversion Credits for Certain Retired State Employees (ETF)

CURRENT LAW

A GPR-funded sum sufficient appropriation under ETF [s. 20.515(1)(b)] funds post-retirement health insurance costs for certain individuals hired as National Guard technicians prior to 1966 who also retired from state service prior to May 3, 1996.

GOVERNOR

Continue base level funding of $5,400 GPR annually in the appropriation.

DISCUSSION POINTS

1. National Guard technicians were designated state employees by Chapter 323, Laws of 1965, and were made eligible for participation under the former Wisconsin Retirement Fund on January 1, 1966. Prior to Chapter 323, the state considered these National Guard technicians to be federal employees since their salaries were paid entirely by the federal government.

2. The federal government had not included these individuals under the federal retirement system because it always considered them to be state employees and, furthermore, made funds available to each state for the payment of the employer's share of Social Security and state retirement contributions, if any.

3. The ambiguous status of these employees was finally resolved in 1964 by a U. S. Supreme Court decision that held these National Guard technicians to be state employees. Since it was unclear whether the Supreme Court decision automatically made Wisconsin National Guard technicians participants under the state retirement system, the 1965 Legislature enacted Chapter 323

to remove any doubt.

4. As new state employees, the National Guard technicians became eligible for annual sick leave credits. These credits, if unused, could be accumulated from year to year. Subsequently, provisions of Chapter 91, Laws of 1971, granted National Guard technicians retroactive retirement credits for periods of employment in Wisconsin prior to January 1, 1966, but did not include a grant of any credit for unused sick leave earned before 1966.

5. Later, during the same legislative session, Chapter 214, Laws of 1971, established an accumulated sick leave conversion credit program for state employees, effective July 1, 1972. In general, this program permits the unlimited accumulation of unused sick leave time from year-to-year by state employees and authorizes the conversion of this accumulated time upon retirement, at the employee's final hourly wage rate, into "credits" used to pay for the retiree's state group health insurance premiums.

6. Many years later, the Legislature enacted 1995 Wisconsin Act 240, which finally granted retroactive unused sick leave credits to National Guard technicians for the period of time they had worked in Wisconsin prior to 1966.

7. Since four of the former National Guard technicians eligible for this new benefit had already retired by the time Act 240 was enacted, a separate, GPR-funded sum sufficient appropriation was required to pay the sick leave credits for these retirees. The separate GPR appropriation was necessary because these individuals were subject to the provisions of Article VI, Section 26 of the Wisconsin Constitution, which bars the granting of any extra compensation to any former employee once the individual is no longer in state service. However, a benefit is expressly authorized in such circumstances, provided: (a) the amounts are funded exclusively from general purpose revenues; and (b) the Legislature adopts the provision by a vote of three-fourths of all members elected to both houses.

8. The unused sick leave credits that were granted to the four eligible National Guard technician retirees by Act 240 have now been completely exhausted. The last payment from the ETF sum sufficient appropriation created to fund the benefit was made during the 1999-00 fiscal year. No additional payments will be made from this appropriation. Current state employees who received sick leave credits for their pre-1966 employment as National Guard technicians will have those accumulated sick leave credits paid under current law provisions. Payments from the GPR-funded sum sufficient appropriation are not required for these individuals since they were still active employees at the time Act 240 was enacted.

9. The Committee could repeal the agency's s. 20.515(1)(b) appropriation and delete $5,400 GPR annually of base level funding.

ALTERNATIVES TO BASE

1. Repeal the Department of Employee Trust Funds s. 20.515(1)(b) appropriation that

funds post-retirement health insurance costs for certain individuals hired as National Guard technicians prior to 1966 who also retired from state service prior to May 3, 1996, and delete $5,400 GPR annually.

Alternative 1	GPR
2001-03 REVENUE (Change to Base)	- $10,800
[Change to Bill	*- $10,800]*

2. Maintain current law.

Prepared by: Tony Mason

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS ____

Representative Gard

EMPLOYEE TRUST FUNDS

Private Employer Health Care Coverage Program Staff Funding
For the 2001-02 Fiscal Year Only

Motion:

Move to provide $211,100 GPR in 2001-02 only for salaries, fringe benefits and associated supplies and services for the current staff of the Private Employer Health Care Coverage program.

Note:

Currently the program has 2.5 FTE filled positions. There is no base level funding under ETF to support these positions during the 2001-03 biennium. Of the amounts provided for these positions in 2001-02 only, $163,700 GPR would support salary and fringe benefits costs and $47,400 GPR would fund the associated supplies and services costs.

[Change to Base: $211,100 GPR]
[Change to Bill: $211,100 GPR]

MO# 418

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
1 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

Motion #418

AYE 16 NO 0 ABS 0

Senator Burke
Senator Plache

EMPLOYEE TRUST FUNDS

Establishing a Presumption of Employment-Related Disease for State and County Firefighters

Motion:

Move to incorporate the provisions of 2001 Assembly Bill 29, which would establish a presumption of employment-related disease for state and county firefighting personnel.

Note:

This motion would extend to state and county firefighters a presumption of employment-related heart or lung disease or cancer, for the purposes of claiming duty disability or death benefits that under current law are provided to municipal firefighters.

Under current law, if a municipal firefighter claiming a benefit due to cancer has served 10 or more years as a firefighter and a qualifying medical examination was given at the time of initial employment as a firefighter and no cancer was found at the time, the finding is deemed presumptive evidence that the cancer was caused by his or her employment as a firefighter. Similarly, if a municipal firefighter claiming a benefit due to heart or respiratory impairment has served five or more years as a firefighter and a qualifying medical examination was given at the time of initial employment as a firefighter and no heart or respiratory impairment was found at the time, the finding is deemed presumptive evidence that the heart or respiratory impairment was caused by his or her employment as a firefighter.

It is estimated that for the 484 state firefighters that would be subject to this provision, additional employer-paid duty disability premium payments of $81,500 GPR and $99,500 (all other funds) would be paid annually. The motion would not provide any additional funding to agencies; consequently, any increased premium payments would have to be funded from base level fringe benefits funding. To the extent that an agency had insufficient base level fringe benefits funding, the agency could be supplemented from compensation reserves.

It is not known the number of county firefighters that would be subject to these provisions. However, county employers with such personnel would likely incur additional fringe benefits costs of between 0.4% and 1.0% of payroll, depending on the prior claims experience of their current employees covered by the duty disability benefit program.

Motion #216

MO#_____

1 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
2 PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 10 NO 6 ABS ____

Senator Decker

EMPLOYEE TRUST FUNDS

Private Employer Health Care Coverage Plan Statutory Modifications
And Funding

Motion:

Move to incorporate the provisions of 2001 Senate Bill 81 that make statutory language changes to the operation of the Private Employer Health Care Coverage program. Further, provide ETF with $1,097,600 GPR in 2001-02 and $794,500 GPR in 2002-03 for administrative and marketing support of the program.

Note:

The motion would incorporate the provision of SB 81 that would do the following: (1) authorize ETF to subcontract both marketing and maintenance of a toll-free telephone number through the administrator; (2) authorize the Private Employer Health Care Coverage Board to determine the manner in which rates will be made available to employers and employees and delete the requirement for annual publication of the rates; (3) clarify that the minimum number of hours an employee must work to be eligible for coverage under the program is 30 hours per week, unless individual health plans agree to a lower standard; (4) clarify that the minimum employer contribution toward coverage will be 50% of the lowest single premium rate available for that employee's coverage; remove the requirement that employers pay no more than 100% of the lowest cost plan's premium; (5) clarify that agents must be "listed" with each health plan offering coverage under the program; authorize the Board to establish additional agent training; and (6) remove the requirement to display agent commissions on the first page of policies sold under the program.

The motion would appropriate funding for general staff and administrative support for the 3.5 GPR positions currently authorized for the program ($257,100 GPR in 2001-02 and $257,400 GPR in 2002-03); actuarial and legal services ($406,000 GPR in 2001-02 and $153,900 GPR in 2002-03); and marketing efforts ($434,500 GPR in 2001-02 and $383,200 GPR in 2002-03).

[Change to Base: $1,892,100 GPR]
[Change to Bill: $1,892,100 GPR]

Motion #420

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

Representative Gard

EMPLOYEE TRUST FUNDS

Private Employer Health Care Coverage Program Staff Funding

Motion:

Move to provide $211,100 GPR annually for salaries, fringe benefits and associated supplies and services for the current staff of the Private Employer Health Care Coverage program.

Note:

Currently the program has 2.5 FTE filled positions. There is no base level funding under ETF to support these positions during the 2001-03 biennium. Of the amounts provided, $163,700 GPR annually would support salary and fringe benefits costs and $47,400 GPR annually would fund the associated supplies and services costs.

[Change to Base: $422,200 GPR]
[Change to Bill: $422,200 GPR]

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
1 GARD	Y	N	A
2 KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS ____

Motion #417

Vote to include

Decker - 2 motions
- 1 for Moen - small employer
SB81 + money ETF needs
Serratti may also have motion -
take out coverage for farmers (this is bad)
-

EMPLOYEE TRUST FUNDS

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
3	Reduction of Appeals Backlog
6	Electronic Document Access Enhancements
9	Qualified Transportation Benefit Program for State Employees

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

AGENCY: Board of Commissioners of Public Lands

PAPER: #230

ISSUE: Reimbursement of Admin. Expenses

RECOMMENDATION: Possible Burke Motion

SUMMARY: (general summary)

DOA has been harassing the BCPL's for years about these administrative expenses. This is a very tiresome issue (just ask Terry Rhodes). Most recently DOA sent over an exorbitant bill for services supposedly rendered. It's irritating that this issue is before us again – and I think DOA is the culprit here. Definitely do not vote for alt 1. But, if the Burke motion fails (or in lieu of the Burke motion) alt 2 would be ok. It costs a little GPR right now, but it would end this bureaucratic nonsense.

Burke Motion Summary – (to be provided by Dan Wisniewski – essentially it tries to develop a formula whereby the BCPL's would pay about $9,000 annual to DOA for services. That is the amount they think is fair.

(note: AG is member of 3-person BCPL Commission, along with Sec. Of State and Treasurer I believe)

BY: Barry

Support for motion

but others may want Alt. 1

Decker

Huber

BB motion first

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May 4, 2001 | Joint Committee on Finance | Paper #230

Reimbursements for Certain Administrative Expenses (Board of Commissioners of Public Lands)

CURRENT LAW

The Board of Commissioners of Public Lands (BCPL) is required to reimburse the Department of Administration (DOA) from BCPL's administrative appropriation for the costs of administrative services provided to the Board by DOA and other state agencies. In connection with this requirement, DOA is directed to render an accounting to BCPL for the costs of all administrative services provided to it by DOA and other state agencies. Further, the statutes provide that all monies received by DOA for these costs shall be deposited as revenue to the general fund.

GOVERNOR

Continue the Board's budget base level funding of $126,800 PR annually for payment of these costs. Also, estimate GPR-earned revenues from these cost billings at $92,200 annually.

DISCUSSION POINTS

1. From 1991-92 through the end of the 1996-97 fiscal year, the BCPL was required to lapse to the general fund each year an amount from the agency's general administrative appropriation. The purpose of the lapse was to reimburse the state for the indirect costs of administrative, budgeting and personnel services provided to the Board. DOA was directed to apply its federal indirect cost reimbursement rate to the amount of the Board's total salary costs to determine the amount of the lapse. After the lapse amount was taken, any remaining unencumbered funds in the BCPL's administrative appropriation reverted to the balances of the Board's four trust funds. The annual federal indirect cost reimbursement rate applied to determine the Board's annual lapse amount varied between 6.0% and 9.7%.

2. The 1997-99 biennial budget (Act 27) modified this lapse provision to require that the Board deposit 10% of its annual total program revenue receipts to the general fund to offset the costs of general state services provided to the agency. The BCPL would retain the remaining 90% of program revenue receipts for the costs of their general program operations. This was similar to the lapse provisions of a number of other program revenue supported agencies.

3. In 1997-98, the then Secretary of the Board requested a memorandum from an assistant attorney general in the Department of Justice regarding the new reimbursement mechanism established under Act 27. In that memorandum, the attorney gave his opinion that the Act 27 reimbursement mechanism was unconstitutional. He based his opinion on the view that "Since the provision in question is purportedly intended to require the payment of school and university [trust] funds to the general fund, for no particular purpose, it is clear that the provision amounts to an unconstitutional diversion of school trust funds." Based on that memorandum, the BCPL chose not to make the required 10% lapse of revenues to the general fund as required by statute. Under Act 27, GPR-earned from the BCPL under this provision had been estimated at $125,300 in 1997-98 and $91,000 in 1998-99.

4. During its deliberations on the 1999-01 budget, the Committee reviewed the refusal on the part of the BCPL to pay the statutorily-required amounts to the general fund. The Governor's budget recommendation for the BCPL was that the provision regarding the transfer of 10% of the gross receipts from the trust fund investments (interest earnings) be repealed. The Governor proposed instead that the Board be required to reimburse DOA from BCPL's general program operations appropriation for the cost of central administrative services provided to the Board by DOA and other state agencies. The Governor's budget included funding of $122,300 PR in 1999-00 and $126,800 PR in 2000-01 in the Board's general program operations appropriation to fund these projected reimbursement costs.

5. As a part of the Committee's review of this issue, it was noted that statutory provisions applicable to BCPL operations [s. 24.04, 24.09(1)(bm), 24.53 and 24.62(1)] all explicitly authorized the deduction of administrative-related expenses associated with land sales and exchanges, investigations of land claims and the management and operation trust funds accounts from the respective sales revenues or investment income of the funds. Such amounts are credited to the available revenue balance of the Board's operating appropriation to permit payment for these required expenditures.

6. It was further noted that the new language in the Governor's budget recommendation was intended to specifically address the concern raised in the DOJ attorney's memorandum that there was "no particular purpose" associated with the required lapsing of 10% of the trust fund interest earnings to the general fund. The proposed new statutory language was based on the view that general administrative services provided by DOA and other agencies to the Board, if billed as operating costs to the Board, are deductible from the gross revenues of the trust funds just like other administrative charges that are paid by the Board from its general operating appropriation.

7. The members of the Board, however, indicated that notwithstanding the proposed change in language, concerns remained. The Board advised the then Secretary of DOA that they

continued "to have concerns regarding the expenditure of school fund earnings in this [proposed] manner." They further expressed concerns that the proposed charges might be questionable, might not represent the actual costs of providing services to the Board and might not be within the scope of the Board's constitutional mandate regarding the use of the earnings of the trust funds.

8. In its action on the Governor's 1999-00 recommended budget, the Committee approved on a 16-0 vote the change as proposed by the Governor with the following modifications: (a) it added language to require that the reimbursement from BCPL for administrative services provided to the Board by DOA and other state agencies, be based on DOA "rendering an accounting to the Board of Commissioners of Public Lands for the costs of all administrative services provided by the Department and other state agencies ... to the Board."; and (b) it added clarifying language to specify that the amounts provided to DOA for reimbursement of administrative services provided to the Board are to be deposited in the general fund.

9. The provisions as recommended by the Governor and as further modified by the Joint Committee on Finance were enacted into law as part of 1999 Act 9. According to the BCPL, it first received a billing under these new provisions on September 26, 2000, for costs of administrative services provided in fiscal year 1999-00. The total billing was for $89,506. On October 25, 2000, the members of the Board sent a letter to the Secretary of DOA in which they indicated that they "do not believe that DOA followed the directive of the Joint Committee on Finance" with respect to what was intended by the statutory language added by Joint Committee on Finance requiring that "DOA render an accounting of the specific charges for which reimbursement is being requested." To date, the Board has not paid any amount on this billing. The Secretary of the Board has indicated that he feels that one portion of the billing, for $8,483 is reasonable that but that a second component for $81,023 is not reasonable.

10. The State Controller's Office in DOA was the one responsible for the development of the calculation of the costs of services for which the BCPL is to provide reimbursement to DOA for deposit to the general fund. The State Controller's Office developed these estimated costs using the methodology described below.

11. For purposes of grant awards, the federal Office of Management and Budget and the federal Department of Health and Human Services have developed manuals setting forth principles and general standards to be followed by state and local governments for determining state or local costs to be considered as a part of federal grant awards, cost reimbursement contracts and other federal agreements. These manuals do not specify a single methodology to be followed but rather indicate general approaches to be considered in determining two types of costs that a governmental unit can identify. The first type of cost relates to direct costs incurred by an individual agency in administering a federal grant. For instance, if an agency adds a position or allocates an existing position to work on a grant, that would be a direct cost. The second type of cost relates to indirect costs. Indirect costs can be those incurred by an agency or by a government for general operations and thus not directly associated with a federal grant, but nonetheless costs that the agency or government is generally incurring for all the activities in which it may be engaged. These might be viewed as generalized costs that for cost allocation purposes need to be attributed on some proportional basis across all of the activities of the agency or the government.

12. For purposes of developing the required accounting of the costs of general administrative services provided to the BCPL, the State Controller's Office developed two cost allocation schedules. The first was called a "Statewide Cost Allocation Plan (federally allocable) Costs" and the second was not titled but was a general allocation schedule of certain GPR costs. The first cost allocation schedule is of a type that would be used to derive a rate that BCPL might claim as reimbursement under federal indirect costs in association with a federal grant. That figure for 1999-00 totaled $8,483 and represented varying proportions of certain central general executive services attributable to BCPL, such as personnel services, procurement services and budget operations that are GPR-financed. Using number of employees, purchase orders and like measures, BCPL's proportionate share was determined.

13. The second cost allocation schedule dealt with other general executive and legislative services, involving the GPR budgets for such agencies as the Department of Justice, Governor's Office and the Legislature and for remaining GPR budgets for other agencies such as DOA and DER that were not included in the costs allocations described above. In this case, a single measure was used for the allocation percentage. This was a measure of the financial records activity of the BCPL compared to total such activity for all state agencies. That resulting percentage was used to derive an estimate of BCPL's share of the indirect costs of general government operations.

14. When asked if the BCPL planned to pay the required amounts, the Secretary of the Board reiterated his view that the billing was not consistent with the Committee's intent, but suggested that if the Committee indicated that it views this billing as generally in accord with its intent, he thought the Board would agree to make the payments. The Board Secretary indicated that BCPL already receives a number of billings from DOA for such costs as rent, telephone and IT services, and mail services. However, these services from DOA are paid as direct PR billings to individual agencies based on occupancy or usage. In contrast, the above calculations involve only costs that are funded by GPR in the respective agencies and for which there is no bill-back to individual agencies.

15. If the Committee believes that the procedures used by DOA to determine the billing for the 1999-00 fiscal year represent a reasonable interpretation of the provisions of the statute and legislative intent in providing the required rendering of costs of general administrative services provided to BCPL by DOA and other agencies, then it could approve the estimated collection of $92,200 annually from the Board under this statute. If the Committee takes this action, it could also reduce the Board's base budget by $34,600 PR annually to provide only a level of base funding necessary to pay for the estimated reimbursement of costs in 2001-03.

16. Under the above approach, the Committee may also wish to consider what action, if any, to take with regard to billings for 1999-01. The Committee could consider increasing the BCPL's budget by one-time funding of $179,000 PR in 2001-02 and requiring that the Board use those funds to make the administrative reimbursements for 1999-00 and 2000-01 as originally required under 1999 Act 27. This would also result in a one-time increase in general fund revenues in 2001-02 of $179,000.

17. Alternatively, if the Committee has concerns over the level of calculated costs that

were billed to BCPL in 1999-01 and now thinks that such costs should not have to be paid by the BCPL, it could repeal the statutory requirements established under 1999 Act 9 and remove any requirement for BCPL to make such payments. The Committee could then delete $126,800 PR annually from the Board's base included for payment of these costs and also reduce estimated GPR-earned payments to the general fund by $92,200 annually.

ALTERNATIVES TO BASE

1. Provide one-time additional funding of $179,000 PR in 2001-02 and include session law language requiring that the Board of Commissioners of Public Lands (BCPL) make payment to the Department of Administration (DOA) for the costs of services to be reimbursed by BCPL for fiscal years 1999-00 and 2000-01, no later than June 30, 2002. Increase estimated GPR-earned by $179,000 in 2001-02.

Alternative 1	GPR	PR	TOTAL
2001-03 REVENUE (Change to Base)	$179,000	$0	$179,000
[Change to Bill	*$179,000*	*$0*	*$179,000]*
2001-03 FUNDING (Change to Base)	$0	$179,000	$179,000
[Change to Bill	*$0*	*$179,000*	*$179,000]*

2. Repeal the current law provisions which require: (a) the Board of Commissioners of Public Lands to reimburse DOA from BCPL's administrative appropriation for the costs of administrative services provided to the Board by DOA and other state agencies; and (b) DOA to render an accounting to BCPL for the costs of all administrative services provided to it by DOA and other state agencies. Delete $126,800 PR annually from BCPL's base that was included for payment of these costs and also reduce estimated GPR-earned payments to the general fund by $92,200 annually.

Alternative 2	GPR	PR	TOTAL
2001-03 REVENUE (Change to Base)	-$184,400	$0	$184,400
[Change to Bill	*- $184,400*	*$0*	*- $184,400]*
2001-03 FUNDING (Change to Base)	$0	-$253,600	- $253,600
[Change to Bill	*$0*	*-$253,600*	*- $253,600]*

3. Take no action.

Prepared by: Terry Rhodes

MO# Alt 1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

Senator Burke

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Reimbursements for Certain Administrative Expenses

[LFB Paper #320 230 - - Additional Alternative]

Motion:

Move to modify current law relating to the requirement for the Department of Administration to render an accounting to the Board of Commissioners of Public Lands for the costs of all administrative services provided by DOA and other state agencies for which the Board will then make a reimbursement to DOA for deposit to the general fund. Provide that the accounting of such costs shall be limited to a determination of general administrative costs as established under the federal central services cost allocation plan. Delete $118,300 PR annually from BCPL's base that was included for payment of these costs and also reduce estimated GPR-earned payments to the general fund by $83,700 annually.

Note:

This motion would retain the current general requirement for the determination by DOA of those general statewide administrative costs attributable to BCPL operations for which the Board is to make reimbursement to DOA for deposit to the general fund. However, it would provide that the determination of such costs by DOA would be limited to those costs that would result solely from use of a federal guide, used in connection with federal grants, call the "central services cost allocation plan". This cost model was part of the costing methodology used by the State Controller's Office in determining BCPL's assessment for the 1999-00 fiscal year and resulted in a cost figure of $8,483. Under this motion, GPR-earned of $8,500 annually would be estimated for the BCPL.

[Change to Base: -$236,000 PR; -$167,400 GPR-REV]
[*Change to Bill: -$236,600 PR; -$167,400 GPR- REV*]

Motion #413

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

BOARD OF COMMISSIONER OF PUBLIC LANDS

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
2	SASI Initiative
3	Extend Project Position
4	Trust Fund Loans to Certain Federated Public Library Systems

MO# include items

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

ADOLESCENT PREGNANCY PREVENTION AND PREGNANCY SERVICES BOARD

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
2	SASI Initiative
4	Statutory Changes

LFB Summary Item to be Addressed in a Subsequent Paper

Item #	Title
3	Base Budget Reductions

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

Skip long changes

[illegible]

AGENCY: Child Abuse and Neglect Prevention Board

Paper #: 270

ISSUE: Primary Prevention Staff

ALTERNATIVE: 1 (no action necessary)

SUMMARY:

The governor wants to give the Child Abuse and Neglect Prevention Board a social services position that would be a single point resource and referral informational officer for prevention efforts. Sounds like a reasonable and good idea, and it's supported with federal funds.

BY: Julie

Gwen won't support.
Decker won't support.

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May 4, 2001 | Joint Committee on Finance | Paper #270

Primary Prevention Staff (Child Abuse Neglect and Prevention Board)

[LFB 2001-03 Budget Summary: Page 159, #2]

CURRENT LAW

The Child Abuse and Neglect Prevention Board awards grants to fund early childhood family education centers (family resource centers) and organizations throughout the state for community-based child abuse and neglect prevention programs. In addition, the Board promotes statewide public awareness of the need for child abuse and neglect prevention through publications, statewide media campaigns and videos. The Board's staff consists of 4.0 positions, including a director, a communications specialist, a social services specialist and a program assistant.

GOVERNOR

Provide $58,600 FED in 2001-02 and $66,800 FED in 2002-03 to support 1.0 social services specialist position, beginning in 2001-02, to serve as a single point for resource and referral information pertaining to primary prevention of child abuse and neglect. The position would be supported by federal funds the Department of Health and Family Services (DHFS) receives under Title IV-B of the Social Security Act and transfers to the Board.

DISCUSSION POINTS

1. The number of Wisconsin communities with a primary prevention resource center increased from 12 in 1990 to 90 in 2000. The Board attributes this increase to the recognition that changes in social structure in the last 50 years have reduced the informal natural supports that extended families provide to help parents raise their children. For example, in the 1940's, most family members lived within 100 miles of each other, the average person lived in the same

neighborhood for a lifetime and the neighborhood served as a social outlet for people. Today, blood relatives frequently live more than 100 miles from each other, the average person moves every five years and contact with neighbors is often rare, nonexistent or avoided. These changes in social structure have resulted in the development of family support systems within communities.

2. The Board is currently piloting a family resource center outcome evaluation for use at all family resource centers in Wisconsin. Initial results from the 1999-00 survey data indicate statistically significant outcomes. Specifically, participants completing the post-test survey reported that, as a result of participating in family resource center programs and services:

- 58% are more knowledgeable about effective parenting techniques;
- 70% are more familiar with the community resources available to their families;
- 45% have learned positive ways to handle their anger;
- 42% reported that relationships within their family have improved;
- 74% will contact the family resource center if they need additional parenting information; and
- 73% received the information or support that they were seeking from the family resource center.

The final report on data collected during 2000-01 will be available in the fall of 2001.

3. Establishing a resource and referral center relating to the prevention of child abuse and neglect was discussed during meetings of the 1997 Special Committee on Prevention of Child Abuse and Neglect. It was noted then that many communities were anxious to start building on the existing pieces of prevention initiatives in their communities and wanted more information to do so. In addition, members indicated that process and outcomes evaluation and research components are important to furthering child abuse and neglect prevention. The Special Committee's discussion concluded that the resource and referral center would: (a) provide information and materials to parents, agencies and other interested individuals on child abuse and neglect prevention programs and research; and (b) provide technical assistance to communities that build or expand prevention programs.

4. The position recommended by the Governor would: (a) be responsible for collecting, managing and distributing child abuse and neglect prevention information to other state agencies, communities and programs; (b) be a single source resource for state agencies to develop comprehensive parent education programs and information, especially through collaboration with the technical assistance team for the Brighter Futures initiative at DHFS; (c) help eliminate duplication of research and evaluation efforts by other agencies; (d) become the one-stop location for up-to-date resources and referrals; (e) have the capacity to offer on-site technical assistance to communities; and (f) assist in the development of community-based family resource and support

programs.

5. Currently, there is no agency or person solely responsible for responding to questions and for providing information and technical assistance to communities, programs and agencies. Under the Governor's recommendation, this function would be assigned to the Board. This placement appears to be appropriate, since the Board is the only state agency whose sole purpose is child abuse and neglect prevention. In addition, the Board is currently already performing these duties on a limited basis. Staff at the Board indicated that they receive an average of three calls a week for information on child abuse and neglect prevention programs. In response, the Board sends out informational packets and verbally responds to informational requests on child abuse and neglect prevention and positive parenting.

6. Under the Governor's recommendation, this position would be supported with federal funds DHFS receives under Title IV-B of the Social Security Act. These funds are grants to states for promoting safe and stable families under four categories of services: (a) family preservation services; (b) community-based family support services; (c) time-limited family reunification services; and (d) adoption promotion and support services. The new position would be an allowable use of Title IV-B funds under the second category, family support services, which are intended to reach families that are not yet in crisis and to prevent child abuse or neglect from occurring.

7. In Wisconsin, Title IV-B funds are currently used to support the safe and stable families grant program to counties and tribes, adoption services (as part of the special needs adoption partnership) and state administration costs. In federal fiscal year 2000-01, Wisconsin received $3,113,700 FED in Title IV-B funds.

8. Based on reestimates of supplies and rent costs, the funding provided in the bill could be reduced by $10,100 FED in 2001-02 and $4,200 in 2002-03 so that a total of $48,500 FED in 2001-02 and $62,600 FED in 2002-03 would be provided to support the new social services special position.

ALTERNATIVES

1. Modify the Governor's recommendation by deleting $10,100 FED in 2001-02 and $4,200 FED in 2002-03 to reflect reestimates of supplies and services and rent costs associated with the position.

Alternative 1	FED
2001-03 FUNDING (Change to Bill)	- $14,300

2. Delete provision.

Alternative 2	FED
2001-03 FUNDING (Change to Bill)	- $125,400
2002-03 POSITIONS (Change to Bill)	- 1.00

Prepared by: Yvonne M. Arsenault

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
1 MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
2 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 12 NO 4 ABS 0

AGENCY: Child Abuse and Neglect Prevention Board

Paper #: 271

ISSUE: Celebrate Children License Plate Revenue and Segregated Revenue Reestimate

ALTERNATIVE: 3

SUMMARY:

Nadine Schwab from the Child Abuse and Neglect Prevention Board called to say that the Board met on this issue and favors maintaining current law here (Alt. 3). This is consistent with the Committee's action during the 1999-01 budget deliberations. Probably just best let the Board do what they want with these revenues. No sense in micromanaging here.

BY: Julie

Staff wants Alt. 3

Card wants 1

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May 4, 2001 | Joint Committee on Finance | Paper #271

"Celebrate Children" License Plate Revenue and Segregated Revenue Reestimate (Child Abuse and Neglect Prevention Board)

[LFB 2001-03 Budget Summary: Page 159, #3 (part) and Page 160, #6]

CURRENT LAW

On January 1, 1999, the Department of Transportation (DOT) began issuing a special license plate with the words "Celebrate Children" on it for persons interested in expressing support for the prevention of child abuse and neglect. A "Celebrate Children" license plate costs the buyer $80 in the first year and $65 each year thereafter, of which $60 in the first year and $45 in each year following is retained by DOT to cover registration and processing fees and the balance is deposited to the children's trust fund.

The Board is required to solicit and accept contributions, grants, gifts and bequests for the children's trust fund. Further, with the exception of fees collected from the sale of the "Celebrate Children" license plate, the Board is authorized to expend all monies in the trust fund in accordance with the wishes of the donor to award grants, fund the actual and necessary operating costs of the Board and to fund statewide projects to prevent child abuse and neglect. All revenue that the Board receives from license plate sales is deposited to the children's trust fund, but the Board is currently only authorized to expend the interest earned on this revenue for its activities. The revenue the Board receives from license plates sales accumulates indefinitely in the children's trust fund.

In addition to revenue received from license plate sales, the Board's grants, statewide projects and state operations are funded from program revenue (PR) available from the temporary assistance for needy families (TANF) funds transferred to the Board from the Department of Workforce Development and fees from the sale of duplicate birth certificates. The Board receives $7 from the $12 fee. Federal funding (FED) is available under Title II of the

Child Abuse Prevention and Treatment Act. In addition, some revenue is available from private donations to the children's trust fund.

GOVERNOR

Authorize the Board to expend 50% of the revenue the Board receives from the sale of "Celebrate Children" license plates, and all interest earned on this revenue, to support: (a) grants to prevent child abuse and neglect; (b) the actual and necessary operation costs of the Board; and (c) statewide projects to prevent child abuse and neglect.

Provide $28,000 SEG in 2001-02 and $29,000 SEG in 2002-03 from license plate sales revenue to support the Board's activities.

DISCUSSION POINTS

1. The establishment of the special license plate was initially recommended by the 1997 Legislative Council Special Committee on Prevention of Child Abuse and Neglect and later enacted in 1997 Wisconsin Act 27 (the 1997-99 biennial budget act). This provision was designed to allow a significant balance to develop in the trust fund so that the Board could eventually fund its grants and projects with the interest earnings derived from the fund's balance.

Use of License Plate Revenue

2. Total contributions to the trust fund have never been a significant revenue source for the Board. The Board annually solicits contributions from a mailing list of potential contributors. Contributions, however, are usually made in small amounts ($25 to $50 each). The Board receives few corporate donations, and these contributions are rarely more than $1,000. In 2000, the Board received approximately $1,000 in private donations.

3. Expenditures from the trust fund for statewide projects have recently met or exceeded the total amount of revenue received by the trust fund. Consequently, the balance in the fund has decreased in recent years. The administration has supported the use of the balance to fund current child abuse and neglect prevention activities. At the beginning of 1997-98, the balance in the trust fund was $99,300. The balance in the trust fund at the end of 1999-00 was $16,800.

4. Other states have been successful at building a balance in a trust fund and using the interest earnings of the fund to award grants and provide services to prevent child abuse and neglect. According to the 1999 annual report of the National Alliance of Children's Trust and Prevention Funds, 20 states and the District of Columbia are able to use interest earnings from their trust funds to provide services and grants. The amount of interest available varies significantly. The smallest amount reported totals $1,000 by the D.C. children's trust fund, located in Washington, D.C. The largest amount is the Michigan's children's trust fund, with $504,100 in interest earnings.

5. The Committee could maintain current law, which requires that the license plate revenue accumulate indefinitely in the trust fund. Once the balance is large enough, the interest earnings would provide a self-generating and independent source of revenue for grants awarded by the Board. Under this option, $4,900 in 2001-02 and $8,100 in 2002-03 would be budgeted for grants. This is $23,100 in 2001-02 and $20,900 in 2002-03 less than the amount budgeted in the bill. This estimate, like others included in this paper, assumes that interest earnings would be budgeted for expenditure by the Board. This alternative would be consistent with the Committee's decision in the 1999-01 budget deliberations.

6. The trust fund would benefit from having a steadily increasing source of income for its grants. PR from the issuance of duplicate birth certificates is a fairly stable source of income. However, federal revenue is subject to funding decisions made by Congress and changes in Wisconsin's share of the total allocation. The level of federal funds Wisconsin has received has decreased from $701,700 in federal fiscal year 1996 to $442,500 in federal fiscal year 2000. TANF funds are also subject to funding decisions made by Congress and the state legislature. Having a stable source of income from interest earnings from the trust fund could help protect the Board's grant recipients from future state and federal appropriation reductions.

7. Alternatively, the Committee could authorize the Board to expend 100% of revenues available from the sale of the license plate for the following reasons.

- Building a trust fund balance may be a disadvantage in promotion of the sale of the license plate. Vehicle owners may be more likely to purchase the plate if they knew their contribution would be used to increase support for, or expand, current programs, rather than if their contribution were used to increase the fund's balance to meet future program needs.

- Building a balance sufficient to generate significant interest earnings could take a number of years. It took Texas approximately 10 years to build a balance of $20 million by placing half of all revenue in trust. Based on current Wisconsin sales projections, in 10 years the balance in Wisconsin's trust would be an estimated $711,700 if all license plate sales revenue were deposited in the trust. Assuming a 5% interest rate on that balance, approximately $34,000 would be available for grants in 2011.

- While this approach has been pursued by other states, in most of those states, it has not generated a significant amount of revenue. According to the 1999 annual report of the National Alliance on Children's Trust and Prevention Funds, the amount of earnings available to the 20 states with interest earnings averages approximately $88,900 in 1999.

Under this alternative, approximately $64,700 would be available for grants annually.

8. Alternatively, if the Committee supports both the goal of building the trust fund's balance and using the revenue from the sale of the plate to support current Board activities, it could adopt the Governor's recommendation to authorize the Board to expend half of all revenue from the sale of the plate and require that the other half accumulate indefinitely in the trust fund. Under this

alternative, an estimated $34,000 in 2001-02 and $34,800 in 2002-03 would be available to support the Board's activities, based on current estimates of license plate sales and interest earnings on the fund's balance.

Estimated Revenue

9. As of January 14, 2001, 3,500 "Celebrate Children" plates had been sold. In calendar year 2000, the Board received an average of $5,400 per month from license plate sales. Using these figures, and assuming that sales have stabilized, it is estimated that the amount of revenue available from the sale of the plate would be $64,700 SEG annually. Under the Governor's recommendation, 50% of these revenues, $32,400 SEG annually, would be available to support the Board's expenses. An additional, $1,600 SEG in 2001-02 and $2,400 in 2002-03 would be available based on estimated interest earnings on the fund's balance. Together, this represents a $6,000 increase in 2001-02 and a $5,800 increase in 2002-03 from the amounts budgeted in the Governor's bill.

10. The federal funds that the Board receives to support its activities are available under Title II of the Child Abuse Prevention and Treatment Act (CAPTA). Of the CAPTA funds that are allocated to states, 70% of the available funds are allotted proportionately among the states based on the number of children under age 18 residing in each state, with a minimum allocation of $175,000. The remaining 30% of the funds are allotted proportionately among the states based on the amount leveraged by the state from private, state or other non-federal sources and directed through the state lead agency in the preceding federal fiscal year. Revenues from the sale of license plates that are budgeted, but are not expendable, cannot be counted as available to match federal funds. By making available more state matching funds, the Board would be able to apply to receive additional federal funds. Therefore, using even a portion of the revenue from the sale of the license plates could increase federal funds to support the Board's expenses. However, due to the federal allocation process, it is not possible to provide an estimate of the additional federal funding that Wisconsin could receive.

ALTERNATIVES

1. Approve the Governor's recommendation to authorize the Board to expend 50% of the revenue received from the sale of the "Celebrate Children" license plate that benefits the children's trust fund. In addition, increase funding in the bill by $6,000 SEG in 2001-02 and $5,800 in 2002-03 to reflect reestimates of revenue that will be available from the sale of the "Celebrate Children" license plates.

Alternative 1	SEG
2001-03 FUNDING (Change to Bill)	$11,800

2. Authorize the Board to expend all moneys received from the sale of the "Celebrate Children" license plate that benefits the children's trust plate. In addition, increase funding in the

bill by $36,700 in 2001-02 and $35,700 in 2002-03 to reflect reestimates of funding what would be available for the Board to expend.

Alternative 2	SEG
2001-03 FUNDING (Change to Bill)	$72,400

3. Maintain current law, which requires that all of the revenue generated from the sale of the "Celebrate Children" license plate that benefits the children's trust fund to accumulate indefinitely and authorizes the Board to expend all interest income generated by the fund's balance. Reduce funding in the bill by $23,100 in 2001-02 and $20,900 in 2002-03.

Alternative 3	SEG
2001-03 FUNDING (Change to Bill)	- $44,000

Prepared by: Yvonne M. Arsenault

MO# Alt 3

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
1 DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
2 KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 10 NO 6 ABS 0

modification

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May 4, 2001 | Joint Committee on Finance | Paper #272

Miscellaneous Budget Adjustments (Child Abuse Neglect and Prevention Board)

[LFB 2001-03 Budget Summary: Page 160, #5 (part)]

CURRENT LAW

In its 2001-03 biennial budget instructions, DOA directs agencies not to request expenditure authority to fund the estimated costs of pay plan increases in the upcoming biennium. Instead, agencies must set aside funding to reflect these projected cost increases as non-appropriated reserves in program revenue account statements. Consequently, the state operations appropriations supported by program revenue (PR) and segregated revenue (SEG) funds do not include funding to support projected compensation state employee compensation increases. Agencies request pay plan supplements from these non-appropriated reserves to support prospective increases in salary and fringe benefit costs.

GOVERNOR

Provide $8,900 in 2001-02 and $19,000 in 2002-03 to fund projected increases in staff salaries ($7,000 in 2001-02 and $14,200 in 2002-03) and health insurance premiums ($1,900 in 2001-02 and $4,800 in 2002-03).

MODIFICATION

Delete provision.

Explanation: This modification would treat compensation reserves for the Board in the same manner as all other PR- and SEG- funded state operations appropriations. Consequently, funding for projected compensation increases for the Board would not be reflected in the Chapter 20 schedule, and instead be treated as non-appropriated reserves.

Modification	PR
2001-03 FUNDING (Change to Bill)	- $27,900

Prepared by: Charles Morgan

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

CHILD ABUSE AND NEGLECT PREVENTION BOARD

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
3(part)	Federal and Segregated Revenue Reestimates
4	SASI Initiative
5(part)	Miscellaneous Budget Adjustments

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____