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Shared Revenue and Tax Relief

Local Revenue Options

Base Agency

(LFB Budget Summary Document: Page 617)

No Issue Papers Have Been Prepared

SHARED REVENUE AND TAX RELIEF - - LOCAL REVENUE OPTIONS

Industrial Classifications

Motion:

Move to replace statutory references relating to the Standard Industrial Classifications (SIC) manual with references to the North American Industry Classification System (NAICS) for purposes of identifying tourism-related businesses relating to the creation of a premier resort area and identifying those businesses subject to the premier resort area tax and for classifying manufacturing property for property tax purposes. Specify that the references to the NAICS manual would first be effective on January 1, 2002.

Replace the current 21 SIC codes under the premier resort area statutes with the following 26 NAICS codes:

NAICS Code	NAICS Title
452990	All other merchandise stores.
445292	Confectionery and nut stores.
445299	All other specialty food stores.
311811	Retail bakeries.
447100	Gasoline stations (including convenience stores with gas).
722110	Full-service restaurants.
722210	Limited-service eating places.
722300	Special food services.
722410	Drinking places.
446110	Pharmacies and drug stores.
445310	Beer, wine, and liquor stores.
451110	Sporting goods stores.
443130	Camera and photographic supply stores.
453220	Gift, novelty, and souvenir stores.
721110	Hotels (except casino hotels) and motels.
721120	Casino hotels.
721191	Bed-and-breakfast inns.
721199	All other traveler accommodations.
721214	Recreational and vacation camps (except campgrounds).
721211	RV (recreational vehicle) parks and campgrounds.
711212	Racetracks.
713910	Golf courses and country clubs.
713100	Amusement parks and arcades.
713200	Gambling industries.
713920	Skiing facilities.
713990	All other amusement and recreation industries.

Replace the current 23 SIC codes for manufacturing property with the following 23 NAICS codes:

NAICS Code	NAICS Title	MO#			
21	Mining.	BURKE	Y	N	A
311	Food manufacturing.	DECKER	Y	N	A
312	Beverage and tobacco product manufacturing.	MOORE	Y	N	A
313	Textile mills.	SHIBILSKI	Y	N	A
314	Textile product mills.	PLACHE	Y	N	A
315	Apparel manufacturing.	WIRCH	Y	N	A
316	Leather and allied product manufacturing.	DARLING	Y	N	A
321	Wood product manufacturing.	WELCH	Y	N	A
322	Paper manufacturing.	GARD	Y	N	A
323	Printing and related support activities, including the printing establishment and the publishing of such material by the establishment.	KAUFERT	Y	N	A
		ALBERS	Y	N	A
		DUFF	Y	N	A
324	Petroleum and coal products manufacturing.	WARD	Y	N	A
325	Chemical manufacturing.	HUEBSCH	Y	N	A
326	Plastics and rubber products manufacturing.	HUBER	Y	N	A
327	Nonmetallic mineral product manufacturing.	COGGS	Y	N	A
331	Primary metal manufacturing.				
332	Fabricated metal product manufacturing.				
333	Machinery manufacturing.				
334	Computer and electronic product manufacturing.				
335	Electrical equipment, appliance and component manufacturing.				
336	Transportation equipment manufacturing.				
337	Furniture and related product manufacturing.				
339	Miscellaneous manufacturing.				
81292	Photofinishing.				

AYE 16 NO 0 ABS 0

Note:

DOR currently uses SIC codes to identify the primary activities of state businesses. In 1997, the federal government adopted NAICS, a new resource for classifying businesses. However, all businesses within a given SIC code may not convert to the same NAICS code. Therefore, since the conversion is not a one for one conversion, the new NAICS codes have the potential to expand or limit the number of businesses included in the statutory listing. The current listing of SIC codes for manufacturing property purposes is cross-referenced with the tax exemption for manufacturing machinery and equipment. While the degree is not known, any expansion in the list of businesses for manufacturing property tax purposes could expand the number of businesses subject to the exemption.

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Definition of Agricultural Land and Other Property

Motion:

Move to modify the definition of agricultural land to include all land, exclusive of buildings and improvements, that is devoted primarily to an agricultural use, as defined by rule, and is located on a farm where the owner or operator has filed a form, as required below. Define a farm as any establishment engaged in crop production or animal production, as set forth in the North American Industry Classification System, 1997 edition, from which \$6,000 or more of agricultural products were sold or would normally be sold during the year. Specify that a farm may include leased land, if that land is devoted primarily to an agricultural use.

Provide that the form, specified above, include a description of all land owned or leased that is part of the farm and a statement whereby the owner or lessee certifies that \$6,000 or more of agricultural products were sold during the preceding year or are likely to be sold in the current year. Specify that the amount of agricultural products sold is to be measured on a per farm basis, regardless of the number of municipalities where the land is located. Require the form to be filed by the property owner or lessee with the assessor where the property is located, on or before March 1, beginning in 2002. Specify that owners or lessees are not required to file forms in subsequent years unless additional agricultural land is acquired or leased. Require owners or lessees of property classified as agricultural land to notify the clerk of the municipality where the property is located if the property no longer meets the definition of agricultural land. Provide that if owners or lessees of agricultural land fail to notify the clerk of property that no longer meets the definition of agricultural land, the difference between that property's value as agricultural land and its value in another class shall be treated as omitted property and the penalty for converting agricultural land shall be imposed from the date that the property no longer met the definition of agricultural land. Exempt property that is reclassified for the 2002 assessment year as a result of the change in the definition of agricultural land from the penalty for converting agricultural land to another use.

Provide that "Other" property be defined as agricultural buildings and improvements and the land necessary for their location and convenience. Authorize the Department of Revenue to promulgate rules regarding these provisions and require the Department to prescribe the form on which owners and operators report the land included on their farm and the amount of agricultural products sold.

Provide that these provisions first apply to property assessed as of January 1, 2002.

Note:

Under current law, agricultural land is defined as land, exclusive of buildings and improvements, that is devoted primarily to an agricultural use, as defined by rule. This motion would modify the definitions of "agricultural land" and "other" property. The definition for other property is identical to that specified by DOR in its Property Assessment Manual. The definition for agricultural land is based on definitions employed under the North American Industrial Classification System and by the U.S. Department of Agriculture. The proposal would require agricultural land to be located on farms and would impose a reporting requirement whereby farm operators would be required to identify the land included in the farm and to certify that \$6,000 or more of agricultural products were sold in the preceding year or are likely to be sold in the current year. This provision would allow assessors to group multiple parcels together by farm operation for purposes of applying the requirement pertaining to the amount of agricultural products sold. It would also allow assessors to track changes in the parcels included in each farm. The size of a farm may change from year to year because farmers lease land for their operation.

The motion would cause some land to be reclassified from agricultural to another class. The proposal would exempt that land from the penalty for land converted from an agricultural use. Agricultural land that is reclassified would be almost certain to have a higher value after its reclassification. As a result, the taxes on that property would be higher, as property taxes are shifted from other property to the reclassified property. Also, state forestry tax collections would increase by an unknown amount.

[Change to Base: Unknown]

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 6 NO 10 ABS

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Penalty for Agricultural Land Converted to Other Uses

Motion:

Move to modify the current law provisions relating to the penalty on agricultural land that is converted to other uses as follows: (a) delete the requirement that municipalities administer the penalty and, instead, require the county where the land is located to administer the penalty; (b) provide that a uniform penalty be extended within each county on a per acre basis; (c) require DOR to annually determine the penalty within each county as an amount equal to the difference between the Department's estimate of the average, per acre fair market value of agricultural land sold in the county in the previous year and the average, per acre equalized value of agricultural land in the county in the previous year, multiplied by 5% if the conversion is of more than 30 acres, 7.5% if the conversion is of 10 to 30 acres or 10% if the conversion is of less than 10 acres; (d) specify that the penalty be waived if the amount calculated under (c) is less than \$25 per acre; and (e) replace the provision that requires the penalty to be shared with overlying taxing jurisdictions and, instead, specify that the county retain 50% of the penalty and disburse the remainder of the penalty to the municipality where the property is located. Require the municipality to share 50% of its proceeds from the penalty with an adjoining municipality, if the municipality where the property is located has annexed the property subject to the penalty from the adjoining municipality in either of the two preceding years. Require DOR to calculate the fair market value of agricultural land from sales of agricultural property of 38 acres or more where the buyer intends to continue the property's agricultural use.

Require the county treasurer to impose the penalty if the treasurer of the county where the property is located determines that the property has been converted to another use. Provide that agricultural land has been converted to another use if the property is used in a way where it would not be classified as agricultural land for property tax purposes. Permit the county treasurer to defer the penalty if the owner of the property can demonstrate that the property will be employed in agricultural use for purposes of property taxation in the succeeding year. Require the treasurer to waive the penalty if the property is classified as agricultural property in the succeeding year. Provide that if the county treasurer has granted a deferral and the property is not classified as agricultural property in the succeeding year, interest on the penalty shall be imposed at a rate of 1% per month, or a fraction of a month, from the date that the deferral was granted until the penalty is paid. Provide that penalties are payable within 30 days of when they are imposed and that amounts not paid shall be considered delinquent, shall bear interest at the rate of 1% per month, or fraction of a month, and shall be collected as a special charge under current law provisions. Modify the current law provision requiring sellers to notify buyers when land has been assessed as agricultural

land to also require sellers to provide notice if the land is subject to a penalty or if a penalty has been deferred. Require the register of deeds to inform the county treasurer of sales of agricultural property. Specify that these provisions first apply to penalties imposed beginning on January 1, 2002.

Note:

Under current law, a penalty is assessed against the owner of agricultural land that is converted to another use. The penalty equals the difference between the property taxes that would have been levied on the land if it had been assessed at its fair market value and the property taxes that were actually levied on the property for the last two years that the property qualified for use value assessment. The municipality where the property is located is responsible for collecting the penalty, and the proceeds are shared with the overlying taxing jurisdictions in proportion to the taxes that they levied on the land during the two years covered by the penalty. Owners of agricultural land that is sold are required to notify the buyers that the land is assessed under use value provisions.

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 _____

SHARED REVENUE AND TAX RELIEF

Local Revenue Options

LFB Summary Item for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
2	Municipal Industrial Revenue Bonds

LFB Summary Item Addressed at the Committee's May 10, 2001 Executive Session

<u>Item #</u>	<u>Title</u>
1	Local Exposition District Tax Administration (see Paper #800)

State Treasurer

Bill Agency

(LFB Budget Summary Document: Page 622)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
-	Repayment of GPR Start-Up Administrative Funding -- College Savings and College Tuition & Expenses Programs (Paper #855)
1 (part), 3 (part) 5 & 6	Administrative Funding for College Savings and College Tuition and Expenses Programs (Paper #856)
9	Appropriations Structure -- College Savings and College Tuition and Expenses Programs (Paper #857)



Legislative Fiscal Bureau

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May 16, 2001

Joint Committee on Finance

Paper #855

Repayment of GPR Start-Up Administrative Funding -- College Savings and College Tuition & Expenses Programs (State Treasurer)

CURRENT LAW

Section 14.63 (10m) of the statutes, relating to the college tuition and expenses program, requires that the Secretary of the Department of Administration transfer from the tuition trust fund to the general fund, when the Secretary determine that there are adequate revenues in the fund to make such transfer, monies sufficient to repay amounts encumbered under the GPR appropriations which have provided start-up funding for that program. No such repayment provision exists with regard to GPR start-up administrative expenses provided for the college savings program which was created by 1999 Wisconsin Act 44.

GOVERNOR

No change to current law.

DISCUSSION POINTS

1. When the college tuition and expenses program was originally created by the 1995 Wisconsin Act 403, the statutes governing the program contained a provision that the initial GPR funding of \$721,900 provided in fiscal year 1996-97 for start-up administrative expenses of the program was to be repaid to the general fund. That language specified that the Secretary of DOA was to make transfers from the new tuition trust fund created for the program to repay those GPR start-up costs when the Secretary determined that there were sufficient revenues in the fund to make the transfer. The language also provided that the Secretary could make the transfer in installments.
2. This requirement for repayments has remained in the statutes since that time,

unchanged except to be relocated under the Office of the State Treasurer when the program was transferred to that office and to be modified to include all GPR expenditures made on behalf of that program. The current language thus provides that all GPR funds provided since inception of the program for administrative expenses of the college tuition and expenses program are to be repaid to the general fund when sufficient revenues are available to make such repayment or repayments. Currently, no such language exists for GPR funding provided for start-up expenses of the college savings program. However, it has been indicated by the Treasurer's Office that the proponents of the measure which created that new program envisioned the GPR start-up funding being repaid in a similar manner.

3. The table below shows the total GPR funding expended for the two programs since their respective inceptions, including additional GPR funding proposed in SB 55 for the two programs.

**College Savings and College Tuition and Expenses Programs
GPR Amounts Expended**

<u>Fiscal Year</u>	<u>College Tuition & Expenses Program</u>	<u>College Savings Program</u>
1995-96	--	--
1996-97	\$721,900	--
1997-98	*	--
1998-99	*	--
1999-00	77,621	\$0
2000-01 (Est.)	75,000	50,000
2001-02 (SB 55)	85,400	70,900
2002-03 (SB 55)	<u>15,400</u>	<u>73,000</u>
Total	\$975,321	\$193,900

*Not all of the initial appropriation provided in 1996-97 was expended in that year; the remainder was allowed to carry over and be expended in the 1997-99 biennium.

4. To finance the operations of the college tuition and expenses and college savings programs, fees are assessed program participants. Under the college tuition and expenses program, there is an enrollment fee of \$20 plus available annual fee which averages 0.7 % of the account value. Under the college savings program, there will be an enrollment fee that will also be \$20 plus an annual fee of 0.25% of the account value (this fee is lower because there is also a separate annual fee of 1.00% that is paid to the program vendor for fund administration and investment management services).

5. To date, no repayments for GPR start-up costs have been made under the college tuition and expenses program repayment provision because revenues have not been sufficient to cover operating costs and make repayments. In fact, as shown in the table above, additional GPR

funding for administrative expenses has been required.

6. Under 2001 Act 7 (AB 321) a separate trust fund was created for the college savings program and other changes to that program are made to permit the actual launch of the program that is now expected in the near future (currently anticipated by July 1, 2001). In connection with that bill, the administrator of the two programs has developed updated estimates of fee revenues to be received by those programs in 2001-03 for state administrative expenses. Based on those estimates, the college tuition and expenses program is not expected to have sufficient revenues to make any repayments in the next biennium. However, under those projections, the college savings program, if a repayment requirement existed for that program, could possibly begin to make repayments in the second year of the next biennium.

7. The State Treasurer's Office has expressed its desire to see all of the GPR funding provided to both of the programs repaid from any available administrative revenues balance as soon as is feasible and to end any further need for GPR supplementation of either program. In connection with this, it should be noted that the current repayment language refers to amounts encumbered rather than expended. A more precise phrasing would be to refer to actual expended funds, since not all monies originally appropriated in past years were actually expended. Any GPR monies appropriated but not expended would have already lapsed back to the general fund. The repayment requirement should apply only to those GPR funds actually expended on the program.

8. The Committee could consider making the following changes to current law, as affected by 2001 Act 7: (a) amend the statutes to require (similar to the current requirements for the college tuition and expenses program) that all GPR funding provided for the new college savings program be repaid to the general fund as sufficient revenues from fees assessed program participants become available; (b) clarify that the GPR funds to be repaid are the total of those GPR funds actually expended by the two programs; (c) provide that repayments under the amended provision may come either or both of the trust funds' sub-accounts for administrative fees collected, as determined by the State Treasurer; and (d) require that the State Treasurer report by June 1st of each year -- until all GPR amounts that were expended for the two programs have been repaid -- to the Secretary of DOA and the Joint Committee on Finance on the amounts available in both of the funds for repayment, the amounts repaid to date and the remaining balance due.

ALTERNATIVES

1. Amend current law to require that the Secretary of the Department of Administration shall transfer from the tuition trust fund and/or the college savings program trust fund to the general fund an amount equal to the total of all GPR funds expended for operations of the college tuition and expenses and the college savings programs when the Secretary of Administration determines that revenues in the tuition trust fund and/or the college savings program are sufficient to make the transfer. Clarify current law to specify that the GPR funding amounts to be repaid are the total of GPR funds actually expended on the two programs. Provide that repayments are to come from the numeric appropriation within each trust fund that is established to track expenditures of program

fees collected for the administrative costs of the programs. Require the State Treasurer to report by June 1st of each year -- until all required repayments have been made -- to the Secretary of Administration and the Joint Committee on Finance on the amounts available in both of the trust funds for repayment, the amounts repaid and the balances outstanding.

2. Maintain current law.

Prepared by: Terry Rhodes

AH 1 OK

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 _____



Legislative Fiscal Bureau

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May 16, 2001

Joint Committee on Finance

Paper #856

Administrative Funding for College Savings and College Tuition and Expenses Programs (State Treasurer)

[LFB 2001-03 Budget Summary: Page 622, #1 (part), #3 (part); Page 623, #5 and #6]

CURRENT LAW

The 2000-01 appropriated level for the college tuition and expenses program consists of a GPR appropriation for \$85,000 and an appropriation of \$150,000 SEG from the tuition trust fund. In addition, as a result of 1999 Wisconsin Act 44, there is a separate GPR appropriation of \$85,000 in 2000-01 for the new college savings program. There are a total of 3.0 authorized positions for the two programs (2.0 SEG and 1.0 GPR).

GOVERNOR

Provide a total of \$85,400 GPR in 2001-02 and \$15,400 GPR in 2002-03 as additional GPR support for administrative costs of the college tuition and expenses program. Provide a total of \$70,900 GPR in 2001-02 and \$73,000 GPR in 2002-03 as additional GPR support for administrative costs of the college savings program. These amounts included the application of applied base budget reductions for the two GPR appropriations of \$8,100 GPR in 2001-02 and \$4,600 GPR in 2002-03. Provide a total of \$321,800 SEG in 2001-02 and \$493,200 SEG in 2002-03 from the tuition trust fund for administrative costs of the two programs. Provide that all three existing positions for the two programs be funded from the tuition trust fund (salary and fringe benefit costs for these positions are included in the total SEG administrative costs above).

DISCUSSION POINTS

1. For both the college tuition and expenses program and for the newer college savings program, the intent of the Legislature has been for these programs to finance the administrative costs of program operations through the assessment of fees on program participants. However, because no fees can be collected until a program has been established, start-up GPR funding has had to be provided for each of the programs. Participation in the college tuition and expenses program has not yet been sufficient to totally fund the annual operating costs of the program. As a consequence, some GPR funding has been provided to the program since its inception, up to and including the proposed funding under the Governor's budget for 2001-03. The college savings program has not yet officially started receiving deposits for college savings program accounts, but now, with the recent passage of AB 321 (2001 Act 7), it is projected that it will begin doing so by July of this year. The revenue from these fee assessments to participants under this new program will then begin to be collected for the administrative costs of that program.

2. For the current calendar year, the one-time enrollment fee for the college tuition and expenses program is \$20. In addition, there is an annual fee, based on the age of beneficiary, which averages around 0.7% of the account value. These fees are the sources of financing for the administrative costs of that program. For the college savings program, there is a similar one-time enrollment fee of \$20 and an annual fee of 0.25% of the account value. These fees are to be the sources of financing for the administrative costs of that program.

3. The levels of funding provided under the Governor's budget were developed based on the budget request submitted for the administrative operations of the college savings and college tuition and expenses program. The GPR appropriation levels were developed based on requested overall funding for the two programs, including marketing and other start-up costs associated with the new college savings program, and an estimation of the level of revenues from program fees that were expected to be collected under the two programs. Since that time, the arrangements with the outside investment and account manager have been finalized and the program administrator in the Treasurer's Office has re-examined program funding needs for the two programs. A single staff unit in the Treasurer's Office handles the two programs, so costs are actually apportioned between the two programs. Some previously anticipated funding needs have been reduced or eliminated based on activities that the vendor will now undertake. In addition, expected participation in the two programs, particularly the new college savings program, has been re-examined by the program administrator and updated estimates of expected fee revenues have been made.

4. Using the salary and fringe benefit costs recommended under SB 55 for the 3.0 existing authorized positions for the two programs and the updated estimates developed by the program administrator for all other program costs such as marketing, office expenses, audit and actuarial costs and other miscellaneous expenses, total funding need for each of the two programs has been developed by this office. This estimated cost is shown in the table below and compared to the total funding levels (SEG plus GPR subsidy) recommended by the Governor.

TABLE 1

**Total Proposed Budget
College Savings and College Tuition & Expenses Programs
(All Funds)**

	Governor's		Re-estimated Need	
	Recommendation			
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Salaries	\$130,600	\$130,600	\$130,600	\$130,600
Fringe Benefits	46,300	46,300	46,300	46,300
Supplies & Services	<u>309,300</u>	<u>409,300</u>	<u>168,600</u>	<u>172,100</u>
Total	\$486,200	\$586,200	\$345,500	\$349,000

Note: These amounts are before the application of the GPR base budget reduction.

5. In reviewing the budget for these two programs, the Committee could choose to use the revised estimate of budget need outlined in the table above. If the Committee did that and started from the premise that the amount of GPR to be provided in 2001-03 should only be the amount of difference between the total projected budget need and projected available fee revenues, then the GPR funding supplement needed could be estimated as shown in the table below.

TABLE 2

**Estimate of GPR Subsidy Needed
College Savings and College Tuition & Expenses Programs**

	College Tuition & Expenses Program		College Savings Program	
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Opening Balance	\$0	\$0	\$0	\$2,500
Revenues	<u>57,700</u>	<u>65,500</u>	<u>239,900</u>	<u>344,500</u>
Total Available	\$57,700	\$65,500	\$239,900	\$347,000
Estimated Expenditures	\$110,600	\$91,100	\$234,900	\$257,900
Reserves	<u>1,500</u>	<u>3,500</u>	<u>2,500</u>	<u>6,000</u>
Total	\$112,100	\$94,600	\$237,400	\$263,900
Revenues Less Expenditures and Reserves	-\$54,400	-\$29,100	\$2,500	\$83,100
Add GPR Subsidy	54,400	29,100	0	0
Adjusted Closing Balance	\$0	\$0	\$2,500	\$83,100

Under this approach, the Committee could reduce the amount of GPR subsidy provided under the Governor's recommendation after inclusion of GPR base budget reduction, by \$101,900 in 2001-02 and by \$59,300 in 2002-03 and reduce the SEG funding level provided under the Governor's recommendation by \$30,700 in 2001-02 and by \$173,300 in 2002-03.

6. Under the current law appropriations structure for the programs, as modified by 2001 Act 7, there are separate GPR subsidy appropriations and SEG administrative expenses appropriations for each of the programs. Whether or not the modifications outlined in Issue Paper #857 to that appropriations structure are adopted, either the Governor's recommended funding level for the two programs, or the alternative funding level outlined above, needs to be apportioned to the respective GPR and SEG administrative appropriations for each program.

7. If the Committee adopts the Governor's recommended level of funding for the two programs, this office would consult with the State Budget Office as to the Governor's intent regarding how the funds should be apportioned under the Governor's recommended funding level to the new appropriation structure provided under 2001 Act 7. Alternatively, if Committee adopts the alternative funding levels outlined above, then that level of funding would be apportioned between the respective appropriations for the two programs as follows:

TABLE 3

Apportionment of Alternative Funding Level by Program and Appropriation

<u>Appropriation Purpose</u>	<u>Fund Source</u>	<u>2001-02</u>	<u>2002-03</u>
College Tuition and Expenses Program			
Net GPR subsidy for administrative expenses	GPR	\$54,400	\$29,100
Net funding for administrative expenses from the college tuition and expenses trust fund	SEG	<u>56,200</u>	<u>62,000</u>
Total		\$110,600	\$91,100
College Savings Program			
Net GPR subsidy for administrative expenses	GPR	\$0	\$0
Net funding for administrative expenses from the college savings program trust fund	SEG	<u>234,900</u>	<u>257,900</u>
Total		\$234,900	\$257,900

8. If the Committee adopts the alternative level of funding for the program as outlined above and the change in GPR repayment requirements as outlined in Issue Paper #855, then the Committee could also budget estimated GPR-earned of \$80,000 in 2002-03.

ALTERNATIVES

1. Approve the Governor's recommendation.

2. For the college tuition and expenses program, provide funding of \$54,400 GPR and \$56,200 SEG in 2001-02 and \$29,100 GPR and \$62,000 SEG in 2002-03. For the college savings program, provide funding of \$234,900 SEG in 2001-02 and \$257,900 SEG in 2002-03. In addition, estimate GPR-earned of \$80,000 (installment repayment of earlier GPR financing to occur at the end of fiscal year 2002-03).

<u>Alternative 2</u>	<u>GPR</u>	<u>SEG</u>	<u>TOTAL</u>
2001-03 REVENUE (Change to Bill)	\$80,000	\$0	\$80,000
2001-03 FUNDING (Change to Bill)	-\$161,200	-\$204,000	-\$365,200

*Att 2
OK*

Prepared by: Terry Rhodes

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 _____



Legislative Fiscal Bureau

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May 16, 2001

Joint Committee on Finance

Paper #857

Appropriations Structure -- College Savings and College Tuition and Expenses Programs (State Treasurer)

[LFB 2001-03 Budget Summary: Page 622, # 9]

CURRENT LAW

There are three SEG appropriations and one GPR appropriation for the operations of the college tuition and expenses program; and there is one GPR appropriation and one PR appropriation for the operation of the college savings program. The three SEG appropriations for college tuition and expenses programs are all financed from the tuition trust fund, which is established solely for the purposes of college tuition and expenses program.

GOVERNOR

For the college tuition and expenses program, modify current law to combine two current SEG appropriations, one for the payment of tuition and a second for the payment of refunds, into a single appropriation to allow payments for both purposes. For the college savings program, modify current law to specify that the GPR appropriation for administrative expenses for that program is only for initial administrative expenses. Modify the existing SEG appropriation which is funded from the tuition trust fund and is for administrative expenses of the college tuition and expenses program to allow the use of that appropriation also for administrative expenses of the college savings program. Create two new SEG appropriations, also to be funded from the tuition trust fund: one for use of monies received by the investment services vendor for the college savings program to make investments under the program and the second would allow payment of tuition and refunds under the program.

DISCUSSION POINTS

1. The college tuition and expenses program, referred to as the EdVest program (and now EdVest I), was originally created by 1995 Act 403 to provide an alternative means for parents and others to save for a child's future college costs by "prepaying" all or a portion of their tuition and other expenses. An individual, a trust or a legal guardian may contract with the program to purchase "tuition units" on behalf of a beneficiary named in the contract. The tuition units may then be redeemed when the beneficiary enrolls in college and applied toward the payment of undergraduate tuition and other related expenses at any public or private postsecondary institution in the country. The price of a tuition unit at the time of purchase is based on the estimated weighted average tuition and other related expenses at bachelor's degree-granting institutions within the UW System at the time of expected educational year of use and factoring in the expected investments earnings in intervening period. The stated amount of the tuition unit is set at the time of purchase. Monies paid to the program to purchase tuition units are placed in the tuition trust fund and invested by the State of Wisconsin Investment Board (SWIB). SWIB is required to invest these trust fund monies in investments with maturities and a degree of liquidity that are appropriate for the needs of the program. Consequently, SWIB has adopted investment guidelines for this trust fund that restricts investments to U. S. government and municipal obligations and corporate bonds.

2. The college savings program was created 1999 Wisconsin Act 44. It was enacted in response to a desire from parents to be able to place monies to be used for future college costs of their children in a program with investment options that could potentially earn greater returns on the monies and that would not be restricted to calculation of tuition unit amounts. Participants under this program will establish a college savings program account and select from one of six variable investment options. The value of account at the time funds are withdrawn will depend upon the investment performance of the option selected. Act 44 provided for the creation of a College Savings Board to administer the new college savings program to be located in the State Treasurer's Office, specified that under this program qualified individuals could establish a college savings account for a beneficiary and established that, in cooperation with the Department of Administration, the Treasurer's Office would contract with an outside vendor who would invest monies contributed under the program to college savings accounts and provide quarterly reports on status of individual accounts to account owners.

3. While it was expected that the new college savings program would begin operation in calendar year 2000, that did not happen. The process of selecting a vendor took longer than anticipated and then, in March of this year, it was determined that to successfully implement the program, a separate and distinct trust fund to hold college savings program assets was required. Companion bills (Senate Bill 146 and Assembly Bill 321) were introduced in the Legislature on April 18, 2001, to provide for the creation of this new fund and make other associated program and appropriation changes. Following the recent passage by the Assembly and Senate of Assembly Bill 321, that bill is now 2001 Wisconsin Act 7. As a result, certain changes in the appropriations section of the Governor's budget bill are needed to be modified to reflect current law.

4. Act 7 changed the previous law for appropriations under the college tuition and

expenses and the college savings programs as follows: (a) the continuing PR appropriation for general program operations of the college savings program was changed to a SEG appropriation funded from the new college savings program trust fund; (b) the current SEG appropriation from the tuition trust fund for "payment of tuition" under the college tuition and expenses program was re-titled to be for the "payment of qualified higher education expenses and refunds" and the separate appropriation for "payment of refunds" was repealed; and (c) a new SEG appropriation, funded from the college savings program trust fund, was created for the "payment of qualified higher education expenses and refunds". The net result of the changes in these appropriations made by Act 7 means that none of the changes to appropriations to the two programs that are proposed in SB 55 are needed because they have been superceded by Act 7. However, corrective entries to the appropriations schedule in the bill will be required to correctly reflect current law. Consequently, the Committee could delete those now obsolete appropriation change provisions and authorize corrective title entries to the appropriations schedule. Sections 921, 922, 923, 924, 925 and 926 of the bill would be deleted under this action.

5. There are two additional issues concerning the appropriations for the two programs that the Committee could consider. The first issue concerns the appropriation type for the college savings program's administrative expenses appropriation. In general, administrative appropriations are established as sum certain, annual appropriations. The administrative expenses appropriation for the college tuition and expenses appropriation is already a sum certain annual appropriation. However, as created under Act 7, the appropriation for expenditure of funds from the new college savings program trust fund would be a continuing appropriation. Under a continuing appropriation, an estimate of the amount an agency expects to expend is included in the appropriations schedule. However, the amounts shown in the schedule are not controlling and the agency can expend any amount that it has sufficient revenues to support. The Committee could include language to provide that the new SEG appropriation for the college savings program's administrative expenses, as created by Act 7, be changed to a sum certain, annual appropriation.

6. The second issue relates to the lack of uniformity in titles in the appropriations schedule for similar appropriation purposes in each program. It could be argued that greater clarity would result if the same purpose titles (such as administrative expenses) were used for each program but with the distinct programs were identified in each title. The current title structure for each appropriation (as modified by Act 7) and the changed titles as they would result under this change are shown in the table which follows.

A1+4

STATE TREASURER

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1 (part)	Standard Budget Adjustments
3 (part)	SASI Costs
4	IVR Upgrade
10	Unclaimed Property Program -- Funding Changes
11	Unclaimed Property Program -- Statutory Changes

LFB Summary Items to be Addressed in a Subsequent Paper

Item #	Title
2	Base Budget Reductions

LFB Summary Items for Introduction as Separate Legislation

Item #	Title	MO#			
7	College Savings Program -- Statutory Changes	BURKE	Y	N	A
8	College Tuition and Expenses Program -- Statutory Changes	DECKER	Y	N	A
12	Statutory Changes to Escheats Statutes	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

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Program Supplements

Bill Agency

(LFB Budget Summary Document: Page 524)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
4 (part)	Private Lease Space Supplements -- Appropriation Structure (Paper #715)
4 (part)	Private Lease Space Supplements -- DOA Directed Moves (Paper #716)
4 (part)	Private Lease Space Supplements -- Rent Increases Component (Paper #717)
6	State-Owned Space Rent Supplements (Paper #718)



Legislative Fiscal Bureau

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May 16, 2001

Joint Committee on Finance

Paper #715

Private Lease Space Supplements -- Appropriation Structure (Program Supplements)

[LFB 2001-03 Budget Summary: Page 525, #4 (part)]

CURRENT LAW

There is a single GPR appropriation under Program Supplements for state agencies' costs of rent increases in private leased space and for the cost of DOA-directed moves. There are two other existing appropriations to allow comparable supplements from program revenue and segregated revenue funding sources.

GOVERNOR

No change in appropriation structure from current law.

DISCUSSION POINTS

1. The program supplements appropriations section of the statutes allows the establishment of reserve funds, particularly GPR funding, for the supplement of individual state agency appropriation levels. Generally, these reserve appropriations are established for certain costs that are anticipated to have to be borne by state agencies in the next biennium, but for which the precise amount of increased funding is not yet determinable at the time the budget is under consideration.

2. This GPR appropriation provides reserve funding for the amounts that are estimated to be needed in the next biennium to supplement state agencies' GPR appropriations for two types of costs. These are for: (a) increased costs of any privately-leased space that these agencies occupy; and (b) required agency moves when directed by the Department of Administration (DOA). Costs

under this second category could include increased space costs as a result of the required move, the actual cost of making the physical relocation and other costs associated with the move such as telephone and IT relocations, building improvements in the new location and temporary overlapping rent payments. The comparable PR and SEG appropriations are established for the same purpose to supplement state agencies' PR and SEG appropriations.

3. The total requested funding of \$9,709,700 GPR in 2001-02 and \$10,233,800 GPR recommended by the Governor for this appropriation in 2001-03 consists of two distinct parts as shown in the table below.

Lease Space Supplements by Purpose

<u>Purpose</u>	<u>GPR Funding Amount</u>	
	<u>2001-02</u>	<u>2002-03</u>
Private Lease Space Supplements	\$1,288,700	\$1,967,000
Costs for DOA Directed Moves	<u>8,421,000</u>	<u>8,266,800</u>
Total	\$9,709,700	\$10,233,800

4. As can be seen from the table, the majority of the funding in 2001-03 in this appropriation would be allocated to costs associated with DOA-directed moves. The funding reserved for the increased costs of private lease costs constitutes about 16% of the total funding that would be reserved in this appropriation for the next biennium. However, the nature of need under this cost category is relatively fixed in that agencies have to pay the required increases in rent and have to justify their need for increased funding based on documented increases in rent charges under their established leases. Most leases now have some type of annual inflator factor, typically one based on the annual increase in the consumer price increase. Reserve calculations are made based on existing rent costs and assumptions of overall increases in rates. The need is established and fairly predictable.

5. In contrast, the predominant share of the funding under this appropriation, for costs associated with DOA-directed moves, represents funding estimated to be required for a number of discrete events, some known with relative certainty and others still in the planning stage. In addition, some of the estimated costs are fairly well determined while others are subject to change or further refinement. As a part of the biennial budget process, DOA must make estimates of funding needs that agencies will have under this appropriation even though the details (and thus, costs) may not be precisely determinable at the time of submitting the request or even at the time of legislative consideration of the request for funding. In addition, total office space under management by DOA has been increasing. This includes not only the leased spaced for which the other portion of funding under this appropriation is designed to supplement, but also space in state-owned office buildings which has been increasing with the recent addition of the new state-owned office building for the Department of Revenue and will increase further with and the planned

acquisition of the new Justice Center as a state-owned office building. Further, because these two cost purposes are expended from a single appropriation, legislative oversight is limited to the setting of the total funding level in each biennial budget. In addition, these directed moves can involve not only moves to or from leased space, but also moves within or between state office buildings or to or from leased space to state office buildings or vice versa. Absent other strictures, the State Budget Office and the Division of Police and Building Services, both in the Department of Administration, have the sole authority to jointly determine the ultimate expenditure of funds under this appropriation between these two purposes.

6. While no pro-ration of leased space rent supplements was required in this biennium, with the potential increased demands that can be anticipated for directed moves costs, it could be argued that it may be time to separate this appropriation into two separate appropriations, one for each of the two separate purposes: (a) one solely for supplementation of state agencies' budgets for the increased costs of existing space in leased locations (similar to the existing separate appropriation solely for the increased costs charged state agencies for rent increases in state-owned office buildings); and (b) a second, new appropriation for supplementation of state agencies' budgets for increased costs that may occur when an agency is relocated at DOA's direction to new space in either a state office building or a private leased facility. If this were done, then in the event of a need to adjust funding levels in either of the two appropriations, DOA could request such an adjustment under s. 13.101 and this would allow the Committee to be informed of the need for the changes from the budgeted spending levels. Second, the year-to-year expenditure experiences for these two distinct purposes would be more readily tracked.

7. The Department of Administration would likely argue that with a single merged appropriation of funding for these two purposes, the Department has greater flexibility to manage and respond to changing requirements for the expenditure of these funds.

8. The Committee could modify current law by providing that the GPR annual appropriation (and the comparable PR and SEG appropriations) be changed so that the existing appropriations would be re-designated to be only to provide for supplementation of agencies' budgets for the costs of increases in leased space costs, and by creating a new separate GPR annual appropriation (and comparable PR and SEG appropriations) to provide for supplementation of agencies' budget for costs associated with moves of state agencies when such moves are directed by DOA. The Committee would also need to then retain \$1,288,700 GPR in 2001-02 and \$1,967,000 GPR in 2002-03 in the appropriation leased space costs and transfer the remaining funds (\$8,421,000 GPR in 2001-02 and \$8,266,800 GPR in 2002-03) into a new appropriation for DOA directed moves. There would be no net change to funding levels in SB 55 as a result of this change.

ALTERNATIVES

1. Make no change to current law.
2. Include language to: (a) change the three current appropriations (GPR, PR and SEG) for supplements to state agencies for leased space costs and DOA-directed moves to an appropriation instead to be for only for private leased space supplements; and (b) create three new appropriations (GPR, PR and SEG) of the same type for the purpose of supplements for the cost of DOA-directed moves. Transfer \$8,421,000 GPR in 2001-02 and \$8,266,800 GPR in 2002-03 from the current appropriation to the new DOA-directed moves supplement appropriation.

Prepared by: Terry Rhodes

*Alt 2
Gard 1
9-7 Darling*

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

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May 16, 2001

Joint Committee on Finance

Paper #716

Private Lease Space Supplements - DOA Directed Moves (Program Supplements)

[LFB 2001-03 Budget Summary: Page 525, # 4 (part)]

CURRENT LAW

There is a single GPR appropriation under Program Supplements for state agencies' costs of rent in private leased space and for DOA-directed moves. A total of \$3,395,000 GPR was appropriated in 2000-01 for these purposes. There are two other existing appropriations to allow comparable supplements from program revenue and segregated revenue funding sources.

GOVERNOR

Provide overall increased funding under this GPR appropriation of \$5,774,700 in 2001-02 and \$6,298,800 in 2002-03. Total GPR funding in this appropriation under the Governor's recommendation (which includes base level funding of \$3,935,000) would be \$9,709,700 in 2001-02 and \$10,233,800 in 2002-03.

DISCUSSION POINTS

1. The program supplements appropriation section of the statutes allows the establishment of reserve funds, particularly GPR funding, for the supplement of individual state agency appropriation levels. Generally, these reserve appropriations are established for certain costs that are anticipated to have to be borne by state agencies in the next biennium, but for which the precise amount of increased funding is not yet determinable at the time the budget is under consideration.

2. This GPR appropriation will provide reserve funding for the amounts that are

estimated to be needed in the next biennium to supplement state agencies' GPR appropriations for two types of cost increases. These are for: (a) increased costs of any privately-leased space that these agencies occupy; and (b) required agency moves when directed by the Department of Administration (DOA). Costs under this second category could include increased space costs as a result of the required move, the actual cost of making the physical relocation and other costs associated with the move such as telephone and IT relocations and reconnections, building improvements in the new location and temporary overlapping rent payments. The comparable PR and SEG appropriations are established for the same purpose.

3. The total requested funding for this appropriation in 2001-03 consists for funding for two distinct purposes as shown in Table 1.

TABLE 1

Lease Space Supplements By Purpose

<u>Purpose</u>	<u>GPR Funding Amount</u>	
	<u>2001-02</u>	<u>2002-03</u>
Private Lease Space Supplements	\$1,288,700	\$1,967,000
Costs for DOA Directed Moves	<u>8,421,000</u>	<u>8,266,800</u>
TOTAL	\$9,709,700	\$10,233,800

3. This paper addresses just the component requests for the total funding indicated under "Costs for DOA Directed Moves".

4. The total amount of funding included for directed moves under the Governor's recommendation consists of funding requirements that have been jointly developed by the affected agencies, the Division of Police and Building Services in DOA and the State Budget Office. Some of funding requested is for moves that have already occurred or will be occurring in the near future. Other funding is for moves that are still in the planning stages for the next biennium but which are expected to occur. The cost components of the funding for directed moves are shown by agency and cost category in Table 2.

TABLE 2

Detail of Funding Components for Directed Moves Total Budget

<u>Agency</u>	<u>Cost Components</u>	<u>GPR Funding</u>	
		<u>2001-02</u>	<u>2002-03</u>
Corrections	American Family Building		
	Increased lease costs	\$2,172,500	\$2,294,200
	IT master lease payments	630,500	603,700
	Miscellaneous costs	92,100	17,500
	Move of 3 Probation and Parole Offices		
	Increased lease costs	10,000	11,400
	Purchase of systems furniture	0	36,700
	One-time move costs	<u>5,000</u>	<u>25,000</u>
	Total	\$2,910,100	\$2,988,500
	Justice	Increased lease costs - Justice Center Building	\$1,464,600
Remaining rent - Loraine Building		653,500	0
One-time move costs		314,400	0
IT master lease payments		501,900	602,300
Crime Lab Expansion			
Increased lease costs		0	397,900
One-time move costs		<u>0</u>	<u>131,600</u>
Total	\$2,934,400	\$2,677,500	
Revenue	Increased lease costs	\$965,400	\$965,400
	Supplements for 2001-03 rent increases	465,900	652,200
	IT master lease payments	380,000	375,300
	Miscellaneous costs	<u>45,900</u>	<u>46,000</u>
	Total	1,857,200	2,038,900
Health & Family Services	Southern Regional Office move	155,000	0
Legislative Audit Bureau	IT master lease payments	50,800	\$50,800
Natural Resources	Surge space rental -- GEF 2 remodeling	496,500	477,100
	Increased lease costs - DNR Lab move	<u>17,000</u>	<u>34,000</u>
	Total	513,500	511,100
GRAND TOTAL		\$8,421,000	\$8,266,800

5. The results of a review and analysis by this office of the items included in Table 2 is described in the following paragraphs.

6. *Justice: Increased lease costs.* In calculating the increased funding needed for relocation of the Department of Justice to office space in the new Justice Center, the budget was based on the assumption that the Justice Center would be privately owned and used the higher rental rates expected to be charged by the building owner. However, in the 2001-03 state building program budget amendment that has been sent to Committee, bonding authority is provided to allow purchase of the facility so that it would become a new state office building. Further, separate legislation (SB 144/AB 316) has been introduced to provide this specific bonding authorization prior to final enactment of the biennial budget and the Governor has recommended its passage as emergency legislation. As a state-owned office building, the rental rate paid by the Department of Justice will be less than was budgeted for under the Governor's recommendation (2000-01 rate of \$18.10 versus \$22.61). In addition, as is the case with other state agencies, funding for proposed rent increases in the next biennium would be available from the separate appropriation for rent supplements for state-owned office space. Making these two adjustments to calculations used for increased lease costs for the Department of Justice would reduce the required funding by \$681,500 GPR in 2001-02 and \$762,600 GPR in 2002-03.

7. *Health and Family Services. Southern Regional Office move.* The Department of Health and Family Services plans to relocate in 2001-02 its Southern Regional Office in Madison to a different leased facility. In connection with the relocation, there will be a need for the purchase of new furniture for the new location. A portion of the cost of system furniture for the new office is to be paid as a one-time cost from the directed moves supplement. However, this cost is being funded at 100% GPR funding even though other space-related costs are funded approximately 25% from GPR and 75% from other sources. If that same funding ratio were used for this portion of the system furniture cost, the amount reserved under the Governor's budget for this item could be reduced by \$87,000 GPR in 2001-02.

8. *Natural Resources. Surge space rental.* The remodeling of the GEF II (Natural Resources Building) will begin during the 2001-03 biennium, with work being done in stages by floor or portions of floors of the building. As a consequence, some freed-up space needs to be developed by moving a portion of the current occupants of the building to other locations. The plan is for DNR to assume as "surge-space" some of the leased space previously occupied by the Department of Corrections. Since the DNR will still be responsible for rent payments on its leased space in the GEF II building, it needs supplemental funding for this surge space rental. Under the Governor's recommended funding level, the proposed GPR supplement for this item would be for the total rent cost of that space. However, DNR budgets its space costs in a central account and then bills the costs back to all of its supporting funding sources on a proportional basis. If this additional space cost were to be handled in the same manner, only an estimated 33% of that total cost would have to be borne by GPR funding. If that funding ratio were used, the Governor's recommended funding level for this item could be reduced by \$312,600 GPR in 2001-02 and \$319,700 GPR in 2002-03.

9. Table 3 summarizes the fiscal change to the Governor's budget if one or more of these modifications were to be made.

TABLE 3

**Identified Changes to DOA Directed Moves Funding
By Agency and Fiscal Year**

<u>Agency</u>	<u>2001-02</u>	<u>2002-03</u>
Justice	-\$681,500	-\$762,600
Health and Family Services	-87,000	0
Natural Resources	<u>-312,600</u>	<u>-319,700</u>
TOTAL	-\$1,081,100	-\$1,082,300

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Reduce the Governor's recommended funding level by \$1,081,000 GPR in 2001-02 and by \$1,082,300 GPR in 2002-03.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	-\$2,163,400

Alt 2 card OK

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

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Legislative Fiscal Bureau

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May 16, 2001

Joint Committee on Finance

Paper #717

Private Lease Space Supplements - Rent Increases Component (Program Supplements)

[LFB 2001-03 Budget Summary: Page 525, # 4 (part)]

CURRENT LAW

There is a single GPR appropriation under Program Supplements for state agencies' costs of rent increases in private leased space and for the cost of DOA-directed moves. A total of \$3,395,000 GPR was appropriated in 2000-01 for these purposes. There are two other existing appropriations to allow comparable supplements from program revenue and segregated revenue funding sources.

GOVERNOR

Provide overall increased funding under this GPR appropriation of \$5,774,700 in 2001-02 and \$6,298,800 in 2002-03. Total GPR funding in this appropriation under the Governor's recommendation (which includes base level funding of \$3,935,000) would be \$9,709,700 in 2001-02 and \$10,233,800 in 2002-03.

DISCUSSION POINTS

1. This GPR appropriation is designed to provide reserve funding for the amounts that are estimated to be needed in the next biennium to supplement state agencies' GPR appropriations for two types of cost increases. These are for: (a) increased costs of any privately-leased space that these agencies occupy; and (b) the costs associated with required agency moves when directed by the Department of Administration (DOA). Costs under this second category could include increased space costs as a result of the required move, the actual cost of making the physical relocation and other costs associated with the move such as telephone and IT relocations and

reconnections, building improvements in the new location and temporary overlapping rent payments. Comparable PR and SEG appropriations are established for the same purpose.

2. The total requested funding for this appropriation in 2001-03 consists of funding for two distinct purposes as shown in the table below.

Lease Space Supplements By Purpose

<u>Purpose</u>	<u>GPR Funding Amount</u>	
	<u>2001-02</u>	<u>2002-03</u>
Private Lease Space Supplements	\$1,288,700	\$1,967,000
Costs for DOA Directed Moves	<u>8,421,000</u>	<u>8,266,800</u>
TOTAL	\$9,709,700	\$10,233,800

3. This paper addresses just the requested total funding indicated under "Private Lease Space Supplements".

4. Agencies' adjusted base budgets include any leased space rent increases supplements that were received in 1999-00 but do not include any supplements that were received in 2000-01. Therefore, since supplements that agencies received in this fiscal year are not included in their base budgets, funds have to be reserved for these costs in this supplemental appropriation. Then, in addition, reserves for leased space increases in 2001-02 and 2002-03 must also be budgeted in this appropriation since there is also no funding in agencies' budgets for these costs.

5. For the purposes of this reserve calculation, the amounts needed to be reserved for rent increases in private leased facilities were calculated based on an assumed overall increase in existing private lease agreements of 3.5% each year. Because individual lease agreements vary as to when and how the annual inflators in space rental amounts under the leases will increase, an experience factor must be used to provide an estimated reserve to cover the increases. In addition, private leased space occupied by the Legislative Council, Legislative Reference Bureau, Legislative Fiscal Bureau, Legislative Technology Services Bureau, the Assembly and Senate Chief Clerks' staffs, Legislative Documents, Senate Sergeant's staff and the Assembly and Senate Caucuses staffs will in 2001-03 be paid from those entities respective appropriations (instead of from the capitol offices relocation appropriation) and therefore, will require supplementation for rent increases. Reserves for those rent cost increases were also included in this appropriation under the Governor's recommendation.

6. This office prepared an estimate of the projected need amounts under this supplemental appropriation for leased space supplements. The assumptions used in that estimate differed from those used to develop the Governor's recommended level of funding in the following ways:

- Under the Governor's recommendation, supplements for 2000-01 rent increases for the legislative entities enumerated above were included in the calculations. However, those costs have already been included in the full funding of lease costs figures that will be presented to the Committee in a separate paper under "Legislature". Therefore, for those entities funding for rent increases would need to be reserved only for fiscal years 2001-02 and 2002-03.

- Under the Governor's recommendation, funding for rent increases for all of the legislative entities listed above were included in this supplemental appropriation since, at that time, it was anticipated that the new Justice Center would be a privately-owned building. It is now expected that the Justice Center building will be purchased by the state and be a state-owned office building. Rent increases for the legislative entities (Senate Chief Clerk's staff, Senate Sergeant's staff, Legislative Documents and Senate Caucuses staff) that will be moving to that facility will be paid from the separated state-owned space rent supplement and therefore do not need to be included here (a separate paper on that supplemental appropriation deals with required funding for that appropriation).

- Two other adjustments to the calculations used for the Governor's recommended funding level were made. First, the base rent estimate used for the Governor's recommendation was increased to reflect an increase in private leased space costs for the Department of Corrections based on that agency's relocation from state-owned and private leased space to totally leased space at the former American Family Insurance Building on East Washington Avenue. Second, the base rent estimate used for the Governor's recommendation was reduced to reflect a decrease in private leased space costs for the Department of Revenue with its recent move to the new state office building on Rimrock Road.

7. Based on these modified assumptions, the Governor's recommended funding level could be reduced by \$69,600 GPR in 2001-02 and by \$72,000 GPR in 2002-03.

ALTERNATIVES

1. Approve the Governors' recommendation.
2. Reduce the Governor's recommended funding level for leased space supplements by \$69,600 GPR in 2001-02 and by \$72,000 GPR in 2002-03.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$141,600

Prepared by: Terry Rhodes

MO# 442

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

Handwritten: 442
DLC



Legislative Fiscal Bureau

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

May 16, 2001

Joint Committee on Finance

Paper #718

State-Owned Space Rent Supplements (Program Supplements)

[LFB 2001-03 Budget Summary: Page 526, #6]

CURRENT LAW

Base level funding for the state-owned space rent supplements appropriation under the Program Supplements section of the appropriations schedule is \$2,379,800 GPR.

GOVERNOR

Reduce base level funding by \$407,600 GPR in 2001-02 and increase base level funding by \$447,000 GPR in 2002-03 for supplements to state agencies' GPR operations appropriation for increased rent costs in state-owned buildings.

DISCUSSION POINTS

1. For the purpose of preparing their biennial budget requests, state agencies start with an adjusted base budget. In general, this represents the appropriated level for the agencies for the second year of the then current biennium, adjusted for certain continuing items that are not included in those appropriation amounts, such as pay plan increases which are added to agency appropriations through pay plans supplements. Another type of supplement that agencies receive that is above their appropriated levels is funding for the increased cost of rented space (either in state-owned office buildings where rent is charged or in leased office space). Two supplemental GPR appropriations exist to fund these supplements to state agencies, one for agencies that have space in state-owned office buildings and one for agencies that have leased space in privately-owned buildings. (Some agencies may have space in both types of locations). There are also PR and SEG appropriations to allow comparable supplementation of state agencies' PR and SEG appropriations. This issue paper deals with the GPR appropriation for rent supplements for agencies

PROGRAM SUPPLEMENTS

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item.#	Title
1	Standard Budget Adjustments
1	Funding Prior Year Health Insurance Costs
3	Funding for Delayed Pay Adjustments
5	Capitol and Executive Residence Operational Costs
7	Joint Finance Committee Appropriations

LFB Summary Items to be Addressed in a Subsequent Paper

Item.#	Title
2	Procurement Services Supplement
4 (part)	Private Lease Space Supplements -- DOA Directed Moves

NO
CONSENSUS
Gard-2

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 _____

Military Affairs

Agencywide

Bill Agency

(LFB Budget Summary Document: Page 448)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
2	National Guard Tuition Grant Program (Paper #605)
8	Creation of a Wisconsin Naval Militia (Paper #606)



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May 16, 2001

Joint Committee on Finance

Paper #605

National Guard Tuition Grant Program (Military Affairs -- Agencywide)

[LFB 2001-03 Budget Summary: Page 448, #2]

CURRENT LAW

Under s. 21.49 of the statutes, the Department of Military Affairs (DMA) administers a tuition grant reimbursement program for qualified Wisconsin National Guard members. Currently, enlisted members and warrant officers in the National Guard are eligible for tuition reimbursement for baccalaureate degree work at an eligible school. An eligible school for purposes of the program is the extension and any campus of the UW System, a technical college or an accredited institution of higher education.

Reimbursement grants are provided for 100% of actual tuition expenses at an eligible school, not to exceed the maximum of the resident undergraduate tuition at UW-Madison for a comparable academic load. Qualified students are eligible for up to eight full semesters of undergraduate courses, or 120 credits of part-time study. Each summer, fall or spring semester, a participant has 90 days after completing his or her coursework to apply for reimbursement. The program is funded under a biennial appropriation. Base level funding for the tuition grant program is \$3,589,400 GPR annually.

GOVERNOR

Provide an additional \$687,900 GPR in 2001-02 and \$965,300 GPR in 2002-03 to fund increased program costs due to tuition adjustments and modest increases in the projected number of National Guard members utilizing the program. Clarify that an eligible school for the purposes of the program would be an accredited institution of higher education, as defined under 20 U. S. Code 1002, which defines such institutions for federal student financial assistance purposes.

DISCUSSION POINTS

1. Chapter 29, Laws of 1977, first established the tuition grant program as a recruiting incentive for National Guard members. The program has been the subject of numerous modifications and adjustments over the years:

- Chapter 29, Laws of 1977, initially provided for a tuition grant equal to 50% of actual tuition costs at the UW-Madison for up to eight semesters of fulltime study. The program was open only to new recruits to the National Guard. Tuition grants were also limited to those individuals who did not otherwise qualify for federal GI Bill benefits.

- Provisions of 1989 Wisconsin Act 31 lowered the reimbursement rate to 25% of tuition costs. However, eligibility for grants was extended to any member of the National Guard and to members who also qualified for federal GI Bill benefits.

- Provisions of 1991 Wisconsin Act 39 increased the tuition reimbursement grant to 50% of tuition. Eligibility for grants was extended to officers, warrant officers and fulltime technicians. A requirement that the tuition grants could be used only for undergraduate study was eliminated; however, the maximum reimbursement rate remained linked to 50% of undergraduate tuition at the UW-Madison.

- During the 1993-95 biennium, the program incurred several funding shortfalls. The Joint Committee on Finance supplemented the program during the 1993-94 fiscal year so that all pending reimbursement requests could be paid. The Department was directed to submit legislation to modify the program's criteria to enable it operate during the 1994-95 fiscal year within budget. Instead of submitting legislation to mitigate cost increases under the existing program, DMA instituted a one-semester moratorium on grants in the spring of 1995. Subsequently, 1995 Wisconsin Act 19 provided a one-time supplement to the program and allowed the spring semester grants to be paid.

- Provisions of 1995 Wisconsin Act 27 repealed program eligibility for officers, warrant officers and graduate students.

- Provisions of 1997 Wisconsin Act 27 increased the tuition reimbursement rate to 100% of the resident undergraduate tuition at UW-Madison and restored program eligibility for warrant officers.

2. *Funding Needs for the Current Program.* The Governor does not recommend any further statutory changes to the tuition grant reimbursement program but would provide \$687,900 GPR in 2001-02 and \$965,300 GPR in 2002-03 of additional funding to support projected cost increases. These additional costs are driven by an adjustment to the average grant reimbursement amount to reflect the impact of an anticipated tuition cost increases of 5.0% per academic year. The agency's projections also include an allowance for growth in program utilization of approximately 1.4% annually. Based on these assumptions, the Department's projected funding needs for the program are detailed below in Table 1.

TABLE 1**DMA's Projected Tuition Grant Reimbursement Program Needs
(2001-02 Fiscal Year)**

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Reimbursement</u>
Summer	230	\$586	\$134,900
Fall	1,800	1,151	2,071,200
Spring	<u>1,800</u>	<u>1,151</u>	<u>2,071,200</u>
Total	3,830	\$1,117	\$4,277,300
Less Base Level Funding			<u>-3,589,400</u>
Net Funding Need			\$687,900

(2002-03 Fiscal Year)

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Reimbursement</u>
Summer	235	\$616	\$144,700
Fall	1,825	1,208	2,205,000
Spring	<u>1,825</u>	<u>1,208</u>	<u>2,205,000</u>
Total	3,885	\$1,172	\$4,554,700
Less Base Level Funding			<u>-3,589,400</u>
Net Funding Need			\$965,300

3. The Department's original projections of 5.0% tuition cost increases during each fiscal year of the next biennium appear reasonable, although more recent data is available on average reimbursements during the current fiscal year that can now be projected into the next biennium.

4. In addition, the agency's projections of program growth were based on 1999-00 fiscal year program utilization levels. More recent data on 2000-01 fiscal year actual program utilization levels are now available and should also be used to project likely program growth.

5. The revised projections of likely program utilization levels are presented below in Table 2 and continue to utilize the agency's modest 1.4% estimate of the rate of program growth. It is unlikely that program growth will exceed this projected rate of increase. Through the end of FFY 2000, National Guard strength is down 2.2% compared to FFY 1998 and the number of new National Guard recruits each year is down 5.4% during the same period. It can be expected that these trends will tend to hold the tuition grant program's growth to very modest levels over the next

few years as the eligible pool of Guard members stabilizes.

TABLE 2

**Actual and Projected Tuition Grant Reimbursement Program Activity
(1997-98 through 2002-03)**

Fiscal Year Terms Ending	Summer		Fall		Spring		Total	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
1997-98	182	---	1,485	---	1,611	---	3,278	---
1998-99	238	30.8%	1,633	10.0%	1,679	4.2%	3,550	8.3%
1999-00	220	-7.6	1,730	5.9	1,766	5.2	3,716	4.7
2000-01	221	-0.5	1,763*	1.9	1,737**	-1.6	3,721	0.1
2001-02***	224	1.4	1,788	1.4	1,761	1.4	3,773	1.4
2002-03***	227	1.4	1,813	1.4	1,786	1.4	3,826	1.4

* Based on 1,703 actual payments plus an anticipated additional 60 grant payments.

** Projected, based on a trend analysis of the number of grants paid during the past three fiscal years.

*** The estimated number of grants is based on the agency's projections of program utilization growth of 1.4% annually.

6. In Table 3, the estimated program utilization rates presented in Table 2 and the projected average grant reimbursement amounts (based on anticipated 5% tuition increases in each of the next two fiscal years) are used to develop revised cost projections for the tuition grant program. The average reimbursement figures are based on current year average reimbursement figures, adjusted to reflect the anticipated tuition adjustments. This projection also assumes that approximately 200 grant reimbursement requests from the preceding spring term will actually be received by the Department and then processed for payment (at the prior year's tuition rate) during the following fiscal year.

TABLE 3

**Revised Estimate of Projected Tuition Grant Reimbursement Program Needs
(2001-02 Fiscal Year)**

	Number of Reimbursements	Average Reimbursement	Total Cost
Spring 2001	200	\$1,067	\$213,400
Summer 2001	224	673	150,800
Fall 2001	1,788	1,120	2,002,600
Spring 2002	<u>1,561</u>	<u>1,120</u>	<u>1,748,300</u>
Total	3,773	\$1,091	\$4,115,100
Less Base Level Funding			<u>-3,589,400</u>
Revised Net Funding Need			\$525,700

(2002-03 Fiscal Year)

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Cost</u>
Spring 2002	200	\$1,120	\$224,000
Summer 2002	227	707	160,500
Fall 2002	1,813	1,176	2,132,100
Spring 2003	<u>1,586</u>	<u>1,176</u>	<u>1,865,100</u>
Total	3,826	\$1,145	\$4,381,700
Less Base Level Funding			<u>-3,589,400</u>
Revised Net Funding Need			\$792,300

7. If the Committee chooses to fund the tuition grant reimbursement program based on these revised projections, it could reduce the funding levels recommended by the Governor by \$162,200 GPR in 2001-02 and \$173,000 GPR in 2002-03.

8. *Other Possible Program Changes.* As noted earlier, the tuition grant reimbursement program has been subject to various modifications in the past that have raised and lowered the reimbursement rate levels and modified eligibility criteria. The Committee could consider making additional changes to the program at this time.

9. The Committee could conclude that it would be desirable for the benefits provided under the DMA National Guard tuition grant reimbursement program to parallel the benefits structure currently provided under the Department of Veterans Affairs (DVA) Tuition and Fee Reimbursement Grant and Part-Time Study Grant programs. The current reimbursement rate for these DVA programs is 65% of the cost of tuition and fees for a UW-Madison resident undergraduate.

10. Arguments for making such a change would include: (a) the modification would establish a uniform 65% reimbursement rate and would achieve a degree of consistency of benefits across comparable program in the two agencies; and (b) during a period of scarce budget resources, the state would still be making a significant contribution towards National Guard members' educational advancement. Members would continue to be eligible for GI Bill educational benefits for men and women in the reserve branch of the Armed Forces.

11. Arguments against making such a change would include: (a) the possible adverse impact on recruitment and retention of National Guard members; and (b) the potentially disruptive impact of such a change on National Guard members who had embarked on an educational program in expectation that they would receive a 100% tuition reimbursement grant. In addition, although the current reimbursement rate for DVA's Tuition and Fee Reimbursement Grant and Part-Time Study Grant Programs is currently 65% of the cost of tuition and fees for a UW-Madison

undergraduate, the Governor's budget would increase that rate to 100%.

12. If the Committee chooses to make the National Guard tuition grant program parallel to the current DVA Tuition and Fee Reimbursement Grant and Part-Time Study Grant programs, the revised program would provide 65% of the cost of both tuition and fees for a UW-Madison resident undergraduate. Assuming that this modification would first be effective for the fall semester of 2001, the following Table 4 summarizes the likely costs that would be incurred, assuming no change in projected participation rates in the program.

TABLE 4

**Projected National Guard Tuition Grant Program Costs
with 65% of Tuition and Fees Reimbursed
(2001-02 Fiscal Year)**

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Cost</u>
Spring 2001	200	\$1,067*	\$213,400
Summer 2001	224	673*	150,800
Fall 2001	1,788	899**	1,607,400
Spring 2002	<u>1,561</u>	899**	<u>1,403,300</u>
Total	3,773		\$3,374,900
Less Base Level Funding			<u>-3,589,400</u>
Revised Net Funding Need			-\$214,500

(2002-03 Fiscal Year)

Spring 2002	200	\$899**	\$179,800
Summer 2002	227	501***	113,700
Fall 2002	1,813	943***	1,709,700
Spring 2003	<u>1,586</u>	943***	<u>1,495,600</u>
Total	3,826		\$3,498,800
Less Base Level Funding			<u>-3,589,400</u>
Revised Net Funding Need			-\$90,600

* Reimbursed under current law program.

** Includes \$171 reimbursement for fees (fall and spring).

*** Includes \$41 for fees (summer) and \$179 for fees (fall and spring)

13. If the Committee chooses to fund the tuition grant reimbursement program based on

a reimbursement rate of 65% of tuition and fees for a UW-Madison resident undergraduate, it could reduce the funding levels recommended by the Governor for this program by \$902,400 GPR in 2001-02 and \$1,055,900 GPR in 2002-03.

14. As a further alternative, the Committee could choose to provide reimbursement only for 65% of tuition for a UW-Madison resident undergraduate. Under this option, a 65% reimbursement equivalent to the amount of fees charged to a UW-Madison resident undergraduate would not be provided under the revised grant program. If the Committee chooses this option, it could delete an additional \$572,700 GPR in 2001-02 and \$651,900 GPR in 2002-03.

15. The Committee could also consider decoupling the National Guard tuition grant reimbursement program from being tied to a specified percentage of resident undergraduate tuition at the UW-Madison campus. Under this approach, a specific dollar cap on the total amount of aid could be established instead to control upward cost pressures on the program. This type of approach was applied to the academic excellence higher education scholarship program in 1996-97 to cap escalating program costs.

16. The Committee could establish a \$1,000 per semester cap (with a \$500 cap for summer school) for the National Guard tuition grant program. This dollar amount approximates the current average reimbursement rates being provided under the program. The Department would be directed to establish by rule, a methodology for determining the amount of the grant for students engaged in part-time study or who attend schools trimester or other types of academic calendars. In future years, the cap could be increased by the same percentage that the Legislature chooses to increase other financial aid programs in the budget.

17. Under a scenario that caps the current program at \$1,000 (\$500 for summer school) and assuming an effective date for the fall semester of 2001, the estimated costs of the program would be as detailed in Table 5, assuming no change in projected participation rates in the program.

TABLE 5

**Projected Tuition Grant Program Costs under a \$1,000 Grant Maximum
(2001-02 Fiscal Year)**

	<u>Number of Grant Payments</u>	<u>Maximum Grant Payment</u>	<u>Total Cost</u>
Spring 2001*	200	\$1,067	\$213,400
Summer 2001*	224	673	150,800
Fall 2001	1,788	1,000	1,788,000
Spring 2002	<u>1,561</u>	1,000	<u>1,561,000</u>
Total	3,773		\$3,713,200
Less Base Level Funding			<u>-3,589,400</u>
Net Funding Need			\$123,800

(2002-03 Fiscal Year)

	<u>Number of Grant Payments</u>	<u>Maximum Grant Payment</u>	<u>Total Cost</u>
Spring 2002	200	\$1,000	\$200,000
Summer 2002	227	500	113,500
Fall 2002	1,813	1,000	1,813,000
Spring 2003	<u>1,586</u>	1,000	<u>1,586,000</u>
Total	3,826		\$3,712,500
Less Base Level Funding			<u>-3,589,400</u>
Net Funding Need			\$123,100

* Reimbursements made under current law.

18. If the Committee chooses to fund the tuition grant program under this scenario, it could reduce the funding levels recommended by the Governor by \$564,100 GPR in 2001-02 and \$842,200 GPR in 2002-03.

19. Finally, it may be noted that no HEAB-administered student financial aid programs are being increased under the budget. The Committee could apply the same approach to the National Guard reimbursement grant program and provide no additional funding. Under this last alternative, the statutes would be amended to give the Adjutant General the authority to prorate tuition grant payments, if necessary.

ALTERNATIVES

1. Approve the Governor's recommendation to provide an additional \$687,900 GPR in 2001-02 and \$965,300 GPR in 2002-03 to fund increased program costs due to tuition adjustments and modest increases in the projected number of persons utilizing the National Guard tuition grant program and clarify that an eligible school for the purposes of the program would be an accredited institution of higher education, as defined under 20 U. S. Code 1002, which defines such institutions for federal student financial assistance purposes.

2. Modify the Governor's recommendation by deleting \$162,200 GPR in 2001-02 and \$173,000 GPR in 2002-03 to reflect revised estimates of the current program's costs and utilization levels during the next biennium.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$335,200

3. Modify the Governor's recommendation by setting the reimbursement rate under the National Guard tuition grant program at 65% of the cost of tuition and fees for a UW-Madison resident undergraduate, first effective for the fall semester of 2001, and deleting \$902,400 GPR in 2001-02 and \$1,055,900 GPR in 2002-03 to reflect these changes.

<u>Alternative 3</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$1,958,300

4. Modify the Governor's recommendation by setting the reimbursement rate under the National Guard tuition grant program at 65% of the cost of tuition for a UW-Madison resident undergraduate, first effective for the fall semester of 2001, and deleting \$1,475,100 GPR in 2001-02 and \$1,707,800 GPR in 2002-03 to reflect these changes.

<u>Alternative 4</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$3,182,900

5. Modify the Governor's recommendation by capping National Guard tuition grants at \$1,000 per semester (\$500 for summer school) for fulltime study first effective for the fall semester of 2001, directing the Department to promulgate rules establishing a methodology for determining the amount of the grant for students engaged in part-time study or who attend schools trimester or other types of academic calendars, and deleting \$564,100 GPR in 2001-02 and \$842,200 GPR in 2002-03 to reflect these changes.

<u>Alternative 5</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$1,406,300

6. Delete the Governor's funding recommendation and authorize the Adjutant General to prorate grant payments, if required.

<u>Alternative 6</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$1,653,200

Prepared by: Darin Renner

MO# Alt 4

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

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 8 NO 8 ABS

MO# Alt 5

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

Alt 2
Gerard 4
Welch - motion
Asrec on 5

MILITARY AFFAIRS -- AGENCYWIDE

Repayment of National Guard Tuition Grants

[LFB Paper #605]

Motion:

Move to require individuals who receive a National Guard tuition grant and become separated from the National Guard for cause to repay all tuition grant reimbursement amounts received from DMA during the term of the enlistment contract. Specify that "separation for cause" means misconduct as defined in military regulations or absence without leave for more than nine unit training assemblies. Establish this provision as an exception to the current law limit of 12 months after the receipt of a grant during which time DMA may require the repayment of a tuition grant if the recipient fails to meet National Guard service eligibility criteria. Authorize DMA to enter into an agreement with the Department of Revenue to collect such repayments through the tax intercept program and require the Department of Revenue to send any intercepted tax refunds or credits to DMA.

Note:

This motion would require individuals who receive grants under the program and become separated from the National Guard for cause to repay all grant funds received during the period of the terminated contract.

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

AYE 16 NO 0 ABS

MILITARY AFFAIRS -- AGENCYWIDE

National Guard Tuition Grant Program

[LFB Paper #605 Substitute Alternative]

Motion:

Move to modify the Governor's recommendation by setting the reimbursement rate under the National Guard tuition grant program at 75% of the cost of tuition for a UW-Madison resident undergraduate, first effective for the fall semester of 2001, and deleting \$1,100,000 GPR in 2001-02 and \$1,268,400 GPR in 2002-03 to reflect these changes.

[Change to Bill: -\$2,368,400 GPR]

*Decker 2
62nd 1*

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 8 NO 8 ABS _____