Representative Kaufert

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship -- Atlas Mill

Motion:

Move to require DNR to provide $250,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 property development and local assistance subprogram to the Paper Industry International Hall of Fame, Inc., to renovate the Atlas Mill into the World Paper Center. The Atlas Mill is located on the Fox River in the City of Appleton.

Note:

Under current law, $46 million in general obligation bonding authority is available annually under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. Under the stewardship biennial spending plan approved by the Natural Resources Board, $7.25 million of the $34.5 million for general land acquisition would be earmarked for grants to non-profit conservation organizations, leaving $19 million available for DNR land acquisition (after $8.3 million is set aside to account for the $25 million Great Addition purchase in 1999). Of the $11.5 million available for property development and local assistance, $4.5 million would be allocated for property development, and $7 million for local assistance grants. The Paper Industry International Hall of Fame, Inc., is a nonprofit organization dedicated to the recognition of individuals who have contributed to the world-wide paper industry.

The World Paper Center is estimated to cost approximately $4.5 million to complete. To date, approximately $1.5 million has been pledged from private sources.

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 ____

Senator Wirch

NATURAL RESOURCES – DEPARTMENTWIDE

Chiwaukee Prairie-Carol Beach Area

Motion:

Move to prohibit DNR from adopting or maintaining, by Department policy or by administrative rule, any cap on the total purchase price per parcel or per acre for properties in the Chiwaukee Prairie-Carol Beach National Natural Landmark area.

Note:

The Department indicates that it currently has an informal policy of not paying more than $6,000 per 0.3-acre parcel for land in this area (or no more than $18,000 per acre).

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

Motion #1356

AYE 8 NO 8 ABS ____

Senator Burke

NATURAL RESOURCES – DEPARTMENTWIDE

State Parks Concessions

Motion:

Move to direct DNR to undertake an analysis of the operations and profitability of concessions sales at state park properties, and to investigate the option of outsourcing concessions operations to the private sector. Require DNR to report its findings to the Governor and to the Joint Committee on Finance no later than October 1, 2002.

MO#_____

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
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 16 NO 0 ABS ____

Motion #1095

Senator Darling
Senator Burke

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship -- Wisconsin Humane Society Rehabilitation Center

Motion:

Move to require DNR to provide $500,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 program to the Wisconsin Humane Society in Milwaukee for the development of an outdoor wildlife rehabilitation center. Specify that funds may be provided from ~~either the land acquisition or~~ the property development and local assistance subprogram.

Note:

Under current law, $46 million in general obligation bonding authority is available annually under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. Under the stewardship biennial spending plan approved by the Natural Resources Board, $7.25 million of the $34.5 million for general land acquisition would be earmarked for grants to non-profit conservation organizations, leaving $19 million available for DNR land acquisition (after $8.3 million is set aside to account for the $25 million Great Addition purchase in 1999). Of the $11.5 million available for property development and local assistance, $4.5 million would be allocated for property development, and $7 million for local assistance grants.

The wildlife rehabilitation center represents a portion of a larger relocation and expansion plan for the Wisconsin Humane Society in Milwaukee. The remaining $8 million in project costs for building expansion and relocation would be funded through private donation. The $500,000 would be used to develop a suitable site for wildlife rehabilitation purposes.

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 7 NO 9 ABS ____

Senator Burke
Representative Gard

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship -- Conservation Law Enforcement Museum

Motion:

Move to require DNR to provide $250,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 property development and local assistance subprogram for the development of a Conservation Law Enforcement Museum. Specify that for every $1 received by DNR from private grants, gifts, or bequests for the project, $1 would be provided from Stewardship funds to match the donation, up to $250,000.

Note:

Under current law, $46 million in general obligation bonding authority is available annually under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. Under the stewardship biennial spending plan approved by the Natural Resources Board, $7.25 million of the $34.5 million for general land acquisition would be earmarked for grants to non-profit conservation organizations, leaving $19 million available for DNR land acquisition (after $8.3 million is set aside to account for the $25 million Great Addition purchase in 1999). Of the $11.5 million available for property development and local assistance, $4.5 million would be allocated for property development, and $7 million for local assistance grants.

The Conservation Law Enforcement Museum is being developed at the McKenzie Environmental Center near Poynette. To date, approximately $200,000 in donations has been raised from individuals and organizations.

MO#_____

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
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 9 NO 7 ABS ____

Representative Huebsch

DEPARTMENT OF NATURAL RESOURCES -- DEPARTMENTWIDE

Geographical Management Unit Boundaries

Motion:

Move to require the Department of Natural Resources to manage the La Crosse-Bad Axe and Kickapoo River Watersheds in the same geographical management unit.

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
2 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
1 HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 10 NO 0 ABS ____

Motion #1620

Representative Gard

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship -- Forest Legacy Program

Motion:

Move to require DNR to expend at least $12 million in Stewardship 2000 land or easement purchases for state forest acquisition or protection under the Forest Legacy Program

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Note:

Under the Forest Legacy program, federal funding is available to acquire land or purchase easements to prevent forest land from being converted to non-forest use. State or local partners are required to provide at least 25% of the funds required for projects under this program. In order to participate, states are required to identify forest areas that may protect water quality, provide key wildlife habitat, offer outstanding recreational opportunities or scenic views, or contain historical sites. To date, DNR has identified four forest legacy areas that meet federal requirements. Forestry purchases within these boundaries would be eligible for federal matching grants. In 2000-01, the federal government made $60 million available for grants under the Forest Legacy program.

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 ____

Representative Gard

NATURAL RESOURCES -- DEPARTMENTWIDE

Purchase Of Certain Public Use Land

Motion:

Move to include language authorizing the Board of Commissioners of Public Lands (BCPL) to invest monies of the state trust funds in the purchase of certain types of land. Specify that land eligible for purchase by the BCPL would only be land in this state that would be defined as "land purchased for public use." Define land purchased for public use as a parcel of land that: (1) was formerly project land under a hydroelectric project license issued by the Federal Energy Regulatory Commission (FERC) but which has been determined by the FERC to no longer be necessary for the operation of any hydroelectric facility; (2) the BCPL determines is suitable for public use, enjoyment, recreation and education; and (3) is, by itself or along with contiguous parcels, at least 320 acres in size.

Require that before any purchase of such land is approved, the BCPL must: (1) have the land proposed for purchase appraised as provided for under s. 24.08 (3); and (2) in making any offer to purchase, include consideration of any appraisal of the land that has been conducted for which an offer to purchase is made. Stipulate that the BCPL may not purchase more than 10,000 acres of land under this provision during any 60 month time period.

Provide that the Department of Natural Resources (DNR) must offer to BCPL, within five years of any purchase of land under this provision, land currently owned by the DNR to be exchanged for land purchased by the BCPL under this provision, pursuant to s. 24.09 (1) (bm). Further, specify that if the DNR does not offer such land for exchange, then DNR would be required to purchase from the BCPL any lands that the BCPL has purchased as land for public use under this provision.

Note:

Under current law, the Board of Commissioners of Public Lands is not authorized to use monies in the trust funds to invest in property. The public lands owned by the trust funds (the Common School Fund, the University Fund, the Normal School Fund and the Agricultural College Fund) came from land originally granted to state by the federal government upon statehood. Much of this land was subsequently sold; however, the trust funds still hold some 80,000 acres of land.

Income from the land comes primarily from the harvesting of timber on the lands. Currently the BCPL may invest money in trust funds in governmental bonds and notes or in the State Investment Fund, or it may loan funds to school districts and municipalities. This motion would expand the purposes in which the BCPL could invest trust fund monies to include the purchase of land in this state that is defined as land for public use and that was land formerly included in hydroelectric project land licensed by the Federal Energy Regulatory Commission. The motion would also create a requirement that the DNR offer land that it currently owns to the BCPL in exchange for land purchased by the BCPL under this provision, based on exchanges of approximately equal value. Further, the motion would require that if the DNR does not offer such land for exchange, the Department would be required to purchase from the BCPL any public use land it purchased under this provision.

MO#_____

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
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 16 NO 0 ABS ____

NATURAL RESOURCES

Departmentwide

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
4	Federal Aid Reestimates
5	Program Revenue Reestimates
6	Segregated Revenue Reestimates
7	Transfers Between Programs and Subprograms
8	Lands Maintenance and Operations
9 (except aircraft)	Administrative Facilities and Rent
10	ALIS/TIME Connection
12	Printing, Mailing and Data Entry Funding
13	Grant Administration Support Staff
14	Payroll System Upgrade
17	Stewardship Acquisition by Condemnation
18	Acquisition and Development Funds Management

MO#_____

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 ____

LFB Summary Items to be Addressed in a Separate Pa

Item #	Title
2	Base Budget Reduction
3	Debt Service Reestimates

LFB Summary Items for Introduction as Separate Legislation

Item #	Title
16	Rename Division of land
19	Wild Rice License Exemption

Wisconsin Advanced Telecommunications Foundation

LFB Summary Items for Which Issue Papers Have Been Prepared

Paper #	Title
146	Repeal of the Wisconsin Advanced Telecommunications Foundation and the Distribution of Proceeds
147	Administrative Services for WATF

Legislative Fiscal Bureau
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June 5, 2001 | Joint Committee on Finance | Paper #146

Wisconsin Advanced Telecommunications Foundation

Repeal of the WATF and the Distribution of Proceeds (DOA -- Attached Programs; Commerce; HEAB; DPI; TEACH Board; University of Wisconsin System and WTCS)

[LFB 2001-03 Budget Summary: Page 72, #1, Page 172, #7, Page 419, #7, Page 561, #3, Page 563, # 9 & #10, Page 564, #11 & #12, Page 630, #7 & #9, Page 686, #12 and Page 713, #5]

CURRENT LAW

The Wisconsin Advanced Telecommunication Foundation (WATF) is a public-private Foundation, authorized under s. 14.28 of the statutes. The WATF was established by 1993 Wisconsin Act 496 to fund both telecommunications technology applications projects and efforts designed to educate users about such projects. The Foundation solicits contributions from telecommunications providers and other entities to establish an endowment fund. Current law provisions governing Public Service Commission (PSC) authority over partially deregulated ("price-regulated") telecommunications utilities are structured to encourage such utilities to make contributions to the WATF. Telecommunications providers that make contributions to the Foundation may recover those contribution amounts in their service rates.

The WATF authorizing statute directs the Foundation to establish a business plan that anticipates capitalizing an endowment fund with a total of $25.5 million within seven years of the entity's creation and a "fast start" fund containing direct or in-kind contributions of at least $15.0 million by January 1, 2002. The WATF was incorporated as a not-for-profit, nonstock corporation under Ch. 181 of the statutes, on June 21, 1995.

The WATF is authorized to make grants from the endowment fund proceeds for the following types of projects, as specified under s. 14.28(3) of the statutes: (1) the establishment of a clearinghouse that matches potential grantees with funding sources; (2) the demonstration of

cooperative applications between different telecommunication users or between users and providers; (3) the promotion of the effective use of telecommunications infrastructure; (4) the education of telecommunication users about advanced telecommunications technologies, applications and alternatives and the associated effects on privacy; and (5) the development of systems or procedures that assist individuals in applying information, produced by advanced telecommunications and other information technologies, to increase knowledge.

Entities eligible for funding from the WATF are any of the following: (1) the state; (2) any local governmental unit in the state; (3) a public, educational or governmental cable television access facility in Wisconsin; (4) an educational institution, library or health care information service based in Wisconsin; or (5) any other person located in Wisconsin, other than a telecommunications provider. In making grant allocations, the statutes require that the WATF give funding priority to applications from local units of government, educational institutions and libraries, with additional priority for school districts with below average allowable revenues or revenue increases under state revenue caps.

Biennially, the WATF must report to this Committee and to the Joint Committee on Information Policy and Technology on the status of the Foundation's effort to capitalize its endowment fund. Further, if the WATF is unable to capitalize the endowment fund at $25.5 million within seven years of the Foundation's organization, it must report to this Committee and to the Joint Committee on Information Policy and Technology by January 1, 2002. That report must contain recommendations, including suggested legislation, to assist the WATF in reaching the $25.5 million endowment fund capitalization level. These recommendations must also include consideration of the use of the state Universal Service Fund contribution collection mechanism to reach the required capitalization level.

GOVERNOR

Repeal all statutory provisions relating to the WATF. Delete all references to the characteristics of the WATF, including the elimination of the requirement that it have a business plan in place that anticipates the development of an endowment fund of at least $25.5 million after seven years and a "fast start" fund containing direct or in-kind contributions of at least $15.0 million by January 1, 2002.

Repeal provisions under the PSC governing all of the following: (1) when determining whether or not a telecommunications utility should be granted partial deregulation by the PSC, the extent to which the utility has contributed to the WATF; (2) the requirement that within 60 days of a telecommunications utility becoming a partially deregulated ("price-regulated") utility, the requirement that it indicate the level of the utility's planned contributions to the WATF; and (3) in determining whether to impose penalty assessments or incentive adjustments to the rates charged by a price-regulated telecommunications utility, the requirement that the PSC consider the extent to which the utility has contributed to the WATF. Repeal a requirement that the PSC's annual report on the operation of the Universal Service Fund also include an identification of the

impact of assistance provided by the WATF. Delete the authority of the TEACH Board to contract with the WATF.

Specify that if the Secretary of DOA determines that the WATF has donated its unencumbered endowment fund balances to the state, the funds would be credited to the Department's gifts, grants and bequests appropriation. Authorize funding transfers from that appropriation to the following agencies for the purposes indicated. As appropriate, revise agency appropriations, powers and duties to enable each agency receiving the WATF funds to expend the amounts transferred for the purposes indicated.

(Note: The "p.____, #____" reference indicates the location of the item in the Fiscal Bureau's March, 2001, summary of the Governor's budget.)

Wisconsin Advanced Telecommunications Foundation Transfers

Agency	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
1. Commerce [p. 172, #7]	$1,500,000	$0	Fund grants to UW-Milwaukee, UW-Parkside, Marquette University, the Milwaukee School of Engineering and the Medical College of Wisconsin for research related to emerging technologies to promote industrial and economic development in southeastern Wisconsin.
2. Higher Educational Aids Board [p. 419, #7]	88,300	80,000	Upgrade agency information technology.
3. Public Instruction [p. 561, #3]	500,000*	0	Make a grant to the National Geographic Society Education Foundation for a geographical education program.
4. Public Instruction [p. 563, #9]	579,000	0	Support Wisconsin Informational Network for School Success (DPI's School Report Card).
5. Public Instruction [p. 563, #10]	526,000	0	Fund "assistive technology" devices and related software programs at the Wisconsin Center for the Blind and Visually Impaired and regional satellite facilities including network upgrades.
6. Public Instruction [p. 564, #11]	161,600	0	Replace automated system at the Wisconsin Regional Library for the Blind and Physically Handicapped.
7. Public Instruction [p. 564, #12]	77,800	0	Upgrade state school finance information system.
8. TEACH Board [p. 630, #7]	566,200	0	Close out existing grants made by the WATF.
9. TEACH Board [p. 630, #9]	68,100	68,100	Fund administrative and support services to conclude outstanding WATF business including duties related state administration of the federal Universal Service Fund.

Agency	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
10. Technical College System [p. 713, #5]	$1,000,000	$1,000,000	Develop and establish Internet courses for the WTCS.
11. University of Wisconsin System [p. 686, #12]	1,000,000	0	Fund the Wisconsin Advanced Distributed Co-laboratory.
12. University of Wisconsin System [p. 686, #12]	250,000	0	Establish a not-for-profit organization ("UW Learning Innovations") by the UW-Extension to establish distance education classrooms in Wisconsin trade offices abroad and to offer UW System distance education courses from those classrooms.
13. University of Wisconsin System [p. 686, #12]	3,000,000	0	Fund activities of UW Learning Innovations at the UW-Extension.
14. University of Wisconsin System [p. 686, #12]	500,000	0	Develop wireless networking systems that allow students to use laptop computers and docking stations to connect to the Internet.
15. University of Wisconsin System [p. 686, #12]	2,000,000	0	Fund an "Internet 2" project to upgrade technology infrastructures on campuses to enhance high-speed Internet activity.
16. University of Wisconsin System [p. 686, #12]	500,000	0	Purchase a digital mammography machine for the UW-Madison Medical School.
Total	$12,317,000	$1,148,100	

*This provision would delete an existing appropriation funded with $50,000 GPR annually.

DISCUSSION POINTS

1. *Initial Actions by the WATF Board.* On February 6, 2001, the Board of Directors of the WATF took an initial action to dissolve the corporation and distribute all remaining endowment fund assets to the State of Wisconsin. The WATF action specified that the distribution be made to the Department of Administration.

2. The WATF Board also transferred its pending administrative and ministerial matters and "all authority, rights and obligations relating to contracts and grant awards entered into by the WATF" to the TEACH Board. The TEACH Board was further directed to carry out all transferred contractual or grant-related obligations (until modified or rescinded by the TEACH Board, to the extent allowed by the outstanding contracts).

3. Under the terms of the WATF's articles of incorporation, the distribution of assets would occur once all liabilities and obligations of the organization have been discharged and any funds or assets have been returned to the original donors, where such contributions were held on the condition that they be returned in the event of the Foundation's dissolution. The net remaining assets of the WATF would then to be distributed to the State "to be used exclusively for public

purposes not inconsistent with the purposes for which this organization was formed."

4. As of April 30, 2001, an estimated $22,380,800 PR-REV was potentially available for crediting to the DOA gifts, grants and bequests appropriation. Of these amounts, the budget bill would transfer to six different state agencies a total of $13,465,100 PR during the biennium, leaving an unobligated balance of $8,915,700 PR. The DOA gifts, grants and bequests appropriation is a PR continuing appropriation that allows the expenditure of all monies received for the purpose for which the grant is provided. Funds credited to this appropriation would remain available until transferred to other agency accounts under the Governor's recommendations, or until fully expended.

5. *Legal Issues Raised Relating to the WATF Board's Dissolution Action.* While the budget bill would allocate $13,465,100 PR of WATF funds during the biennium, the assets of the WATF have never actually been transferred to the state and remain in a trustee account.

6. Subsequent to the WATF Board's February 6, 2001, meeting to dissolve the corporation and disburse the endowment fund balances, the Attorney General raised concerns on February 14, 2001, that the Board's actions may not have been properly noticed. Because the Board is subject to compliance with state open meetings law requirements, such a failure placed a cloud over the legality of the Board's dissolution and distribution of its assets. The Attorney General proceeded with an investigation of the matter.

7. Then, on April 26, 2001, following this further review, the Attorney General released a letter to the WATF Board in which he stated, in part, that there were "two significant legal issues regarding the Board's prior efforts to dissolve [the] WATF." These were:

- The likely violations of Wisconsin's open meetings law; and

- The possibility that the Board's actions were inconsistent with the Legislature's original statutory intent when it established the WATF.

8. *Open Meeting Law Concerns.* With respect to the open meetings law concerns, the Attorney General stated that the Board's February 6, 2001, meeting notice and agenda were inadequate in terms of informing the interested public of the subject matter of the Board's proposed action to dissolve the WATF. Because s. 19.97(3) of the statutes authorizes a court to invalidate an action taken at a meeting held in violation of the state open meetings law, the Attorney General urged the WATF Board to rescind its earlier actions.

9. The Attorney General advised the Board that if it still wished to dissolve the Foundation, then it should proceed with that course of action, but only after an appropriate and adequate public notice so that interested members of the public could attend.

10. *Concerns that Board Actions Were Inconsistent with Existing Statutes.* With respect to concerns that some of the Board's February 6, 2001, actions might be inconsistent with legislative intent concerning the creation of the WATF, the Attorney General noted that the Board may not

have the statutory authority to dissolve the corporation before certain statutory fundraising and reporting requirements have been satisfied.

11. Under s. 14.28(2)(h) of the statutes, the Board must develop a business plan that anticipates capitalizing its $25.5 million endowment within seven years (until June 21, 2002) of the Board's creation. In addition, under s. 14.28(6) and (7) of the statutes, the Board must attempt to raise sufficient funding to support a "fast start" fund comprised of cash and in-kind contributions by January 1, 2002. Finally, under s. 14.28(8), the Board must report to this Committee and the Joint Committee on Information Policy and Technology before January 1, 2002, if it appears that the endowment fund cannot be capitalized within the initial seven-year period. The Attorney General stated that these statutory provisions "arguably impl[y] that the Legislature intended the WATF to remain in operation at least until January 1, 2002, or until reporting any difficulties in capitalizing to the Legislature... ."

12. With respect to the WATF Board's actions assigning legal rights and responsibilities to the TEACH Board relating to monitoring and enforcing outstanding WATF contracts and grants, the Attorney General noted that the TEACH Board is a state entity and may exercise only those powers and duties expressly conferred on it by the Legislature. The WATF Board does not have the authority to assign or otherwise confer additional rights and duties on the TEACH Board. The Attorney General expressed the concern that the attempt to assign existing contractual rights to the TEACH Board may be "legally ineffective and thereby be a legal bar to enforcing existing grant and contract obligations in the future should that become necessary."

13. *Subsequent Developments.* On May 16, 2001, the WATF Board held a duly noticed meeting to consider once again whether to dissolve the Foundation and distribute its proceeds to the state. At that meeting, the motion to dissolve the Foundation did not receive a majority vote by both the telecommunications industry-related members of the Board and the non-telecommunications industry members of the Board, as required in the Foundation's Articles of Incorporation. As a result, the Foundation is not dissolved, and no distribution of WATF endowment fund assets has been made to the state.

14. As a result of the WATF Board's May 16, 2001, action, the Attorney General's additional concerns that the Board's earlier actions to dissolve were inconsistent with the Legislature's original statutory intent when it established the WATF no longer appear to be applicable.

15. Because the WATF Board's intentions for the future direction of WATF are unclear, the Committee could approve the Governor's recommendations, with the expectation that those bill provisions relating to WATF could be deleted later in the process if needed. One modification to the bill would be to specify that the funds, if any, would be credited to the Committee's s. 20.865(4)(g) supplemental appropriation rather than to DOA's gifts and grants appropriation. This would be consistent with current law, under which the Committee is required to approve the acceptance of all gifts, grants, bequests and devises made to the state (unless otherwise provided by law) and designate an appropriation to which the funds should be credited. Under this alternative, the

necessary funding amounts would then be transferred to fund the 16 agency projects recommended for funding by the Governor.

16. In the event that the Committee would receive a distribution from the WATF Board in excess of $13,465,100, a separate PR appropriation could be established under the TEACH Board to receive all additional monies, with a link to the current GPR block grant appropriation so that an equal amount of GPR funding would lapse to the general fund.

17. Furthermore, under these alternatives, the Governor's recommendations repealing the requirements that the WATF develop a business plan that anticipates capitalizing an endowment fund at $25.5 million within seven years of the Foundation's creation, as well as the various January 1, 2002, reporting requirements would be retained. Consequently, these statutory provisions cited by the Attorney General would no longer appear be an impediment to the Board's ability to dissolve the Foundation and distribute the endowment fund assets prior to January 1, 2002.

18. As a contingency, to establish proper authority for the TEACH Board, the Committee could modify the TEACH Board's powers and duties to specify that it would have the authority to administer, modify, close-out or rescind, to the extent allowed by an outstanding contract, any of the grants and awards made by the former WATF relating to: (a) the establishment of a clearinghouse that matches potential grantees with funding sources; (b) the demonstration of cooperative applications between different telecommunication users or between users and providers; (c) the promotion of the effective use of telecommunications infrastructure; (d) the education of telecommunication users about advanced telecommunications technologies, applications and alternatives and the associated effects on privacy; and (e) the development of systems or procedures that assist individuals in applying information, produced by advanced telecommunications and other information technologies, to increase knowledge. This action would appear to address the concerns cited by the Attorney General on the matter of the TEACH Board's authority to oversee the management of active grants made by the former WATF Board.

19. Alternatively, the Committee could choose to delete the Governor's recommendation repealing all statutory provisions relating to the WATF, authorizing the transfer of donated endowment fund balances from DOA's gifts, grants and bequests appropriation to six different state agencies, and modifying agency appropriations, as appropriate, to enable them to receive the WATF funds. This action would have the effect of restoring a DPI appropriation that funds the current law Wisconsin geographical education program. Base level funding of $50,000 GPR annually would be continued as a result of this appropriation restoration.

ALTERNATIVES TO BILL

1. Adopt the Governor's recommendation to: (a) repeal all statutory references to the Wisconsin Advanced Telecommunications Foundation (WATF); (b) credit the WATF proceeds to the DOA gifts and grants appropriation; and (c) transfer the necessary funding amounts from this appropriation to fund 16 recommended agency projects.

2. Modify the Governor's recommendation to: (a) include a nonstatutory provision specifying that if the WATF Board subsequently dissolves and distributes some or all of its assets to the state, the funds would be credited to the Committee's s. 20.865 (4)(g) supplemental appropriation for transfer to fund 16 recommended agency projects; and (b) modify the TEACH Board's powers and duties to specify that it would have the authority to administer, modify, close-out or rescind, to the extent allowed by an outstanding contract, any of the grants and awards made by the former WATF relating to: (i) the establishment of a clearinghouse that matches potential grantees with funding sources; (ii) the demonstration of cooperative applications between different telecommunication users or between users and providers; (iii) the promotion of the effective use of telecommunications infrastructure; (iv) the education of telecommunication users about advanced telecommunications technologies, applications and alternatives and the associated effects on privacy; and (v) the development of systems or procedures that assist individuals in applying information, produced by advanced telecommunications and other information technologies, to increase knowledge.

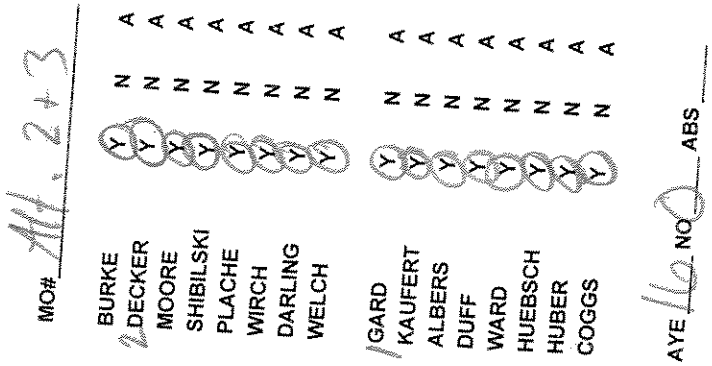
3. Modify alternative 2 to also create a PR appropriation to fund block grants to school districts under the TEACH Board, which would receive any monies received in excess of $13,465,100. Specify that any expenditures under this appropriation would offset GPR expenditures under the TEACH block grant program, so that an equal amount of GPR would lapse to the general fund.

4. Delete the Governor's recommendation. *[This action would restore $50,000 GPR annually for the current law Wisconsin geographical education program.]*

Alternative 4	GPR	PR	TOTAL
2001-03 REVENUE (Change to Bill)	$0	- $21,760,000	- $21,760,000
2001-03 FUNDING (Change to Bill)	$100,000	- $13,465,100	- $13,365,100
2001-03 POSITIONS (Change to Bill)	0.00	-4.00	-4.00

5. In addition to Alternative 4, fund one or more of the proposed WATF-funded projects from another funding source of the Committee's choosing. *[Each project is described in the attachment to this paper.]*

Prepared by: Tony Mason
Attachment



ATTACHMENT

Brief Summary of WATF-Related Funding Items

Department of Commerce

Technology Research Grants--$1,500,000

1. The bill would provide $1,500,000 in 2001-02 for technology research grants. The Department would be authorized to make grants to the University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, Marquette University, the Milwaukee School of Engineering, and the Medical College of Wisconsin for research related to emerging technologies that would promote industrial and economic development in southeastern Wisconsin. Before awarding a grant, the Department would be required to enter into an agreement with the applicant that specified reporting and auditing requirements for the grant. No grants could be made after June 30, 2003. A separate program revenue appropriation would be created for receipt of monies from other state agencies with funds transferred through DOA from the WATF endowment fund.

2. The technology research grant program included in the bill would provide funding to the University of Wisconsin-Milwaukee, University of Wisconsin-Parkside, Marquette University, the Medical College of Wisconsin, and Milwaukee School of Engineering for research on emerging technologies and practical applications of existing technologies to be incorporated into entrepreneurial enterprises or transferred to existing industries in the southeast part of the state. Each institution has an array of programs and faculty to accomplish this objective. Marquette University has interdisciplinary research programs or centers in biomedical engineering, entrepreneurship, distance education, mathematical modeling and liquid-phase sensing. The Medical College of Wisconsin has developed a portfolio of commercializable technologies and expertise in cultivating, protecting and licensing university-based intellectual property for commercial applications both as a sole licensor and as part of other university consortia. The Milwaukee School of Engineering has a number of programs in applied research including the applied technology center, rapid prototyping center and consortium and the fluid power institute. UW-Milwaukee has the largest management information systems faculty in the Midwest and participates in several industry-university consortia including the research center for intelligent maintenance systems, Wisconsin worldwide, Bostrom center for entrepreneurship, Midwest energy center, and the center for workforce development. UW-Parkside has academic programs that have special expertise in technology-based enterprises including the departments of biological sciences, business and physics.

Higher Educational Aids Board

Mainframe Upgrade Project--$168,300 and 1.0 Position

3. HEAB currently uses a mainframe computer system to process student financial aid requests and transfer student data. Currently, one FTE programmer handles all of the day-to-day mainframe maintenance and processing. Over the course of a year, the mainframe system processes

nearly 183,000 federal financial aid request records, which are transferred to the agency electronically from the federal government. The mainframe is used to process the student data and determine eligibility for state aid. The records are then transferred by HEAB to schools within the state, which then send electronic records back to HEAB to request payment vouchers for their students that receive financial aid.

4. The current mainframe program was written in the early 70s and has been updated piecemeal over the past three decades. Over time, patches to the programming have been made to account for new financial aid programs, changing federal reporting standards and requirements and changes in internal policies and procedures. According to HEAB, the current mainframe programs are written in multiple programming languages and require staff overtime to maintain and run even the simplest of data transfers and program updates. As a result, the quality of service and substantial amounts of resources have been sacrificed because of continuous breakdowns.

5. According to DOA staff, the $168,300 provided in the Governor's budget during the 2001-03 biennium would enable HEAB to completely review and rebuild or upgrade the existing mainframe computer programs. The total reprogramming project is expected to last 17 months. The requested funding would be used for one FTE project position, CPU time and project supplies.

Department of Public Instruction

Wisconsin Geography Alliance—Net Cost $400,000

6. The Wisconsin Geography Alliance program is administered by DPI and awards grants as part of a national program created by the National Geographic Society (NGS) to enhance instruction in geography and social studies through curriculum development and teacher professional development. Since its inception in 1989, the alliance has conducted numerous teacher training workshops and institutes, as well as sponsored participation in such programs as the National Geography Bee and geography awareness week. The program was provided $50,000 GPR in each year of the 1999-01 biennium. The NGS provides $50,000 annually to each state that provides $50,000 annually in matching funds.

7. The NGS will match state and local dollars up to $500,000 for the express purpose of establishing a total endowment of $1.0 million for geography education. The earnings of each new state endowment may be used only to support geography education in that state. The Foundation invests the funds and covers all administrative costs, ensuring that the maximum amount is available for geography education. All income from an endowment is earmarked for support of educational programs in the state for which it was created. To ensure local accountability, grants are recommended by a local advisory committee for approval by the board of trustees of the Foundation. Once established, an endowment provides an ongoing revenue source for geography education. Income from a state fund could be expended for professional development institutes for teachers and administrators, curriculum materials, exhibitions, and resource collections. Although funded through the endowment, generally these programmatic activities are carried out by the state geographic alliances. Since 1989, the state has provided the Wisconsin Geography Alliance with a

total of $470,000 through DPI. This endowment would eliminate the need for such appropriations in the future.

Wisconsin Informational Network for School Success--$579,000

8. WINSS is a website that is intended to: (a) help educators and other stakeholders use data to make decisions for school improvement; (b) provide access to resources and tools to improve learning and develop the character of students across all demographic groups; and (c) enhance communication among educators, parents, advocacy groups and others working on education issues. WINSS is a web resident data resource available to schools, the education community and the public. The initial phase of WINSS was implemented in 2000 and was developed with $100,000 in funding from the North Central Regional Educational Laboratory and $10,000 in state funding in each year of the 1999-01 biennium. The WINSS website was online to the public as of September 2000 and is accessible through DPI's website.

9. DPI has historically maintained data related to student performance and characteristics about schools and school districts in both electronic and paper formats. According to DPI, it is difficult to make a large amount of data readily accessible for monitoring, planning and policy analysis purposes. Making the data accessible to parents and the community is an additional challenge to the Department due to state and federal privacy laws. WINSS is intended to inform parents and communities about education issues in the state by providing data and explaining the value of the data through listing questions the data help answer and providing graphs and tables that display key relationships. DPI requested $350,500 GPR in 2001-02 and $399,000 GPR in 2002-03 and 2.0 FTE GPR positions for continued development and administration of WINSS.

Assistive Technology Devices and Related Software at WCBVI--$526,000

10. According to DPI, assistive technology devices and related software programs at the Janesville facility of the Wisconsin Center for the Blind and Visually Impaired and regional satellite facilities of the center are in need of upgrades or replacement. An assistive technology device is an item, piece of equipment or product system used to increase, maintain or improve the functional capabilities of a pupil with a disability. Devices designed for blind and visually impaired pupils range from a dark-lined modified paper to a refreshable Braille device to allow a pupil to read what is on a computer screen. This equipment, which tends to be expensive to obtain, upgrade and replace, is used by teachers at the residential school as well as by consultants in the regional offices and teachers in local school districts.

11. A network upgrade for the WCBVI in Janesville has been ongoing since May 2000. The total cost of this upgrade is estimated by DPI to be approximately $300,000 and includes computers, servers, switches, cabling and adaptive software licensing. This upgrade would make the school's technology adequate to provide all classroom teachers and other staff access to a computer, provide a computer in every dorm room by 2001-02 and to every pupil by 2002-03, and eliminate reliance on DPI's main office surplus computers which are not adequate to execute adaptive technology required for blind and visually impaired pupils. In addition, the project would provide

the capability to completely separate academic and administrative data traffic pursuant to DPI's technical services standards. The upgrade would also help implement the WCBVI transition plan, developed by the State Superintendent as required by 1999 Act 9. New servers would expand current files to include electronic mail services, remote access and website facilitation in order to better serve pupils, parents and staff statewide. DPI requested $129,000 GPR annually in order to complete the project and provide sufficient base funding to maintain the technological standard in subsequent years.

Automated System at Wisconsin Regional Library for the Blind and Physically Handicapped--$161,600

12. The Wisconsin Regional Library for the Blind and Physically Handicapped is housed in the Milwaukee Public Library and provides a collection of specialized materials (such as books on tape, and large-print and Braille books). DPI is required by statute to contract with the Regional Library to provide these materials for use by patrons statewide. The Regional Library receives its materials from the federal Library of Congress. The City of Milwaukee provides space, free of charge, for the Regional Library.

13. DPI requested additional funding to continue the contract with the Regional Library, and as part of that request DPI also requested $161,600 to replace the automated system at the Regional Library. The current system was purchased in 1993 and uses terminals rather than microcomputer workstations. Both hardware and software would need to be upgraded to use a graphical interface.

State School Finance Information System--$77,800

14. DPI received a grant in October 1999 from the National Center for Education Statistics (NCES) to develop a data collection and retrieval improvement project. The first component of the project is the redesign of data collection instruments such as budget and annual reports submitted by school districts. Existing Department resources and $40,000 of the NCES grant are being used for this purpose. The remaining $40,000 of the grant and the $77,800 requested by DPI and provided by the Governor in 2001-02 would fund the second component of the project, the purchase of hardware and software needed for implementation of an Internet database and query tool to improve the school finance information system.

15. The Department has been collecting school district financial data using an outmoded system that, according to DPI, many school district personnel view as cumbersome and time-consuming. School district personnel also find their financial data inaccessible and depend on DPI for aid calculations and cost comparability measures. The review of financial data by DPI currently requires an extensive desk audit, editing and amendment process, which requires six to eight months to complete, in order to make the data useful and meaningful. DPI has also experienced problems with an inconsistent level of detail in reports from districts, which in turn compromises the accuracy of data that DPI reports to schools and third parties.

TEACH Board

16. The bill would provide $566,200 PR in 2001-02 to meet the existing grant commitments of the WATF. In addition, the bill would provide $68,100 PR annually and 1.0 PR position to continue administration of existing WATF grants and to perform other duties as determined by the Secretary of the TEACH Board. Funding for these items would come from the dissolution of the foundation's endowment fund. This funding would be provided in a new PR appropriation allowing the expenditure of funds received from other state agencies.

Wisconsin Technical College System

Internet Courses--$2,000,000 and 3.0 Positions

17. Over the last year, the WTCS Board has worked with the districts in a planning process to explore alternative models for the development of a virtual campus. The primary goals of this initiative were as follows: (a) to expand learning opportunities to time and place-bound technical college students by making available a quality curricula and a full range of student support services delivered via the Internet to the home or work site; and (b) offer K-12 school districts the ability to partner with the WTCS to introduce new technical education opportunities to high school students throughout the state.

18. One of the outcomes of the collaborative virtual campus planning process was the development of eTech. WTCS districts established eTech in order to expand learning opportunities for students through an online learning network. Originally, 14 of the 16 technical college districts joined the eTech consortium; however, all of the districts have since agreed to join. Through eTech, students will easily access courses and support services anywhere and anytime through the virtual campus web site or a link from each technical college. In addition, the eTech plan provides a framework for course development, instructional delivery, learning assessment and student administration. According to WTCS staff, the Board committed $500,000 in incentive grants for virtual campus curriculum development during the 1999-01 biennium. WTCS expects that Internet-based district courses will be available through eTech beginning in the fall of 2001.

19. According to WTCS, the benefits of their proposal include expanded access to WTCS district courses, increased enrollments, technical courses for high schools that currently have insufficient resources for such courses, increase the pace of on-line course development, more instructors trained and involved in designing and delivering on-line instruction, and a more competitive state as a result of high quality and accessible technical training through the Internet.

20. Under the Governor's budget, the Board would be required to promulgate rules that allow students enrolled at a technical college district to take Internet-based courses at another technical college district without payment of additional fees to the district offering the course. The state Board would then transfer funds for Internet courses between districts. In addition, the WTCS Board would have authority over the governance and delivery of the virtual campus system, while districts would continue to develop courses and hire instructors for them. The Board would create

and maintain the virtual campus portal to facilitate statewide access to all district courses developed for the Internet and assist districts in developing new courses.

21. Under the Governor's budget, the WTCS Board could be perceived as an instruction provider even though the districts would provide the educational content. It may be desirable that technical college districts control the virtual campus through the eTech consortium in order to prevent the appearance, perceived or actual, that the Board is providing content to the virtual campus. In addition, assigning authority for the virtual campus to the Board could make it difficult for the virtual campus to receive accreditation if needed. However, if the virtual campus were coordinated through a single WTCS district or through the eTech consortium, the virtual campus would not need separate accreditation.

University of Wisconsin

Wisconsin Advanced Distributed Learning Co-Laboratory--$1,000,000

22. The Co-laboratory (Co-lab) was formed in 2000 as a partnership between the UW System, the Wisconsin Technical College System and the U.S. Department of Defense to develop standards and software applications for distance education and is located in the Pyle Center at UW-Madison. The Co-Lab was established with $200,000 in funding from the UW System and WTCS. The lab did not receive federal funding as part of the initial partnership agreement with the U.S. Department of Defense.

23. Currently, the funding source for the Co-lab is a mix of University funding, contracts with private sector clients, WTCS funding and grants. To date, the Co-Lab has received approximately $2 million in funding through reallocations and public-private research partnerships. The lab staff consists of 3.0 FTE funded through the UW and two student helpers and a part-time administrative assistant funded through grants and private contracts.

24. The Governor's budget would provide $1,000,000 in 2001-02 for the Co-labs development with a requirement that the UW report to DOA on how the $1 million was used and whether any additional federal funding was obtained by the Co-lab. According to Co-lab staff, the funding provided in the Governor's budget would help develop and test web-based learning tools. The greatest portion of the funds would be used to support demonstration projects that would test standards research in learning environments. As such, much of the funding would support faculty and students in collaborative learning experiments that test the operability of Internet-based learning materials. In addition, the Co-lab would use the funding to develop and identify an array of learning materials with which faculty could construct on-line courses and course modules. Most notably, the lab staff indicated that the funding provided in the budget has already been useful leverage in attracting grants and expects such funding would help the Co-lab attract federal funding and research grants.

UW Not-for-Profit Organization--$250,000.

25. The Governor's proposal would provide $250,000 in 2001-02 for UW Learning

Innovations to establish a nonstock, nonprofit corporation (per IRS code 501(c)(3)), the purpose of which would be to establish distance educational classrooms abroad and market UW courses from these classrooms. The amount of funding in the Governor's budget is based on the cost of equipping a similar distance education classroom at the Pyle Center in Madison ($194,000) plus $56,000 for control systems/router equipment. The cost estimates are based upon domestic equipment prices; actual equipment prices and supporting infrastructure costs may be considerably higher in foreign countries. According to DOA budget staff, the location of the classroom has not been determined and UWLI would need to work with the Governor's office and Department of Commerce to decide on the location of the classroom. According to UWLI staff, UWLI did not request funding for international classrooms and it is uncertain how suitable existing programs and courses would be for international markets.

UW Learning Innovations--$3,000,000

26. UWLI is jointly funded through UW Extension and UW System and is responsible for producing on-line courses, both for UW and for private clients. UWLI is a System-wide "utility" that assists UW faculty and institutions in the development, marketing, delivery and learner support services for on-line courses and degree programs. Over the past three years, UWLI has grown to serve over 3,000 students with more than 100 courses and eight degree programs offered entirely on-line.

27. Rather than have each of the UW campuses develop their own online learning operation, UWLI was established as a cost-effective centralized resource for on-line learning applications and support. The UWLI enables different campuses to collaborate together to create online programs; for example, all five schools of nursing collaborate in a B.S.N completion degree for registered nurses offered through UW Green Bay. The B.S.N. program was developed and is supported with the technical assistance of UWLI.

28. Total funding for UWLI was $5.4 million in 2000-01, including approximately $4.4 million in program revenue and $1.0 million in GPR base funding support. Under 1999 Act 9, $1.0 million GPR in base funding support was provided to UWLI as part of the $3.8 million provided to the UW System for student access. The funding was provided to UWLI in order to expand access through distance education activities. Currently, UWLI generates program revenue through fee sharing agreements for on-line courses it supports; this fee ranges from 15-20% of the total course fee.

29. With the additional $3,000,000 provided in 2001-02 under the Governor's budget, UWLI would increase the number of online programs offered by UW campuses and increase enrollment. The proposed funding would allow UWLI to add 8 to 16 new on-line programs and expand on-line enrollments from 3,000 to over 15,000 in the next five years. As part of the overall enrollment growth, UWLI would increase UW Colleges' on-line associates degree enrollment from 1,000 to 5,000 and develop new post associates degree programs.

Wireless Networking--$500,000

30. The Governor's budget would provide $500,000 in 2001-02 for equipment to provide wireless networking capability at UW System campuses. Wireless networking equipment would allow students with laptop and hand-held computers to access the Internet and online resources through "docking stations" located throughout campuses systemwide. Currently, UW-Madison is the only campus with wireless networking capability.

31. Funding for wireless networking and docking stations was originally requested by the UW System as part of its agency request. The UW believes that in order for the system and its students to remain competitive, the UW needs to provide access to the latest technology tools. With increasing numbers of students coming to campus with laptop computers, UW System institutions are looking to wireless technology and docking stations for public areas used by students in labs, libraries and student unions. In addition, the installation of docking stations requires improvements to campus computer networking equipment.

Internet2--$2,000,000

32. Internet2 (I2) is a consortium of over 180 universities working together with businesses and government to develop and implement advanced network applications and technology for the Internet. Currently, UW-Madison and UW-Milwaukee are full participating members in the I2 consortium. As members, the two doctoral campuses have contributed to the consortium's efforts to develop applications; in addition, UW-Extension, through the Educational Communications Board, has worked with I2 to develop and deliver high definition TV over the Internet. To date, funding for I2 has come from internal reallocation of campus funds and grants. UW System budget staff indicate that UW-Milwaukee spends $325,000 annually for membership, connectivity, hardware and staffing expenses related to I2, and UW-Madison spends $425,000 annually.

33. The Governor's budget would provide $2,000,000 in 2001-02 to purchase equipment and infrastructure to provide I2 capability at UW System campuses. The funding would be used to purchase equipment to provide access to high-speed networks for the UW System's 4-year and 2-year campuses and UW-Extension media production and delivery systems. A connection to one of the networks that supports I2 costs between $110,000 to $300,000 per year. I2 connections are considered a bargain by some because a connection to the standard Internet at similar speeds as the I2 would cost at least 10 times as much and still not have all of the capabilities of I2.

34. According to UW System staff, I2 requires access to national high-speed networks and those services need to be dispersed to all of the UW System's 4-year and 2-year campuses. Therefore, the bulk of the funds would be used to connect UW campuses and UW-Extension's media innovations facilities to the Abilene and MCI vBNS I2 networks that support I2. This would require adequate connectivity to each campus, high-speed access to I2, the appropriate network switching equipment to be compatible to the I2 services and systemwide costs for upgrading WiscNet/BadgerNet to handle additional Internet traffic. According to UW, initial set-up costs

would be $2,516,000 for the comprehensive campuses not connected to I2. Ongoing expenses for I2 membership and connections would cost $1,158,000 annually. The Governor's budget provides only one-time funding for I2, the UW would need to reallocate base funds or request additional funding for ongoing expenses related to I2.

Digital Mammography Machine--$500,000

35. The bill would provide $500,000 in 2001-02 towards the purchase of a digital mammography machine for the UW Medical School. The estimated cost of the machine is $800,000. The remaining funds would come from the UW Hospital.

36. According to UW staff, the machine is the state-of-the art in digital imaging technology. Benefits of the machine include: (1) requiring lower doses of radiation; (2) immediate computerized images available for review, both locally and at remote locations; (3) original quality reprints are available at any time so that retrieval of films is not necessary; (4) customizable views; (5) ability to view breast images while the patient is in the mammography room; and (6) reduced exam time.

37. Currently, there are less than 200 facilities nationwide that own digital machines. The four units in Wisconsin are all located in Milwaukee.

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June 5, 2001 | Joint Committee on Finance | Paper #147

Wisconsin Advanced Telecommunications Foundation

Administrative Services for WATF (TEACH Board)

[LFB 2001-03 Budget Summary: Page 630, #8]

CURRENT LAW

Under current law, the TEACH Board has 2.0 PR positions and $155,300 PR of annual funding to provide administrative services to the Wisconsin Advanced Telecommunications Foundation (WATF).

GOVERNOR

Delete $155,300 PR and 2.0 PR positions annually to reflect the dissolution of the WATF and the dispersal of its accrued endowment fund to the state. Eliminate statutory authority for the TEACH Board to provide administrative services to the Foundation.

DISCUSSION POINTS

1. With uncertainty as to the future intentions of the WATF Board, it may be desirable to restore funding and statutory authority relating to TEACH providing administrative services for WATF.

2. The TEACH Board also has significant administrative workload associated with the federal E-rate program. In order to maintain staff activities to apply for E-rate monies that would be reallocated to the general fund under a previous action by the Committee, 1.0 FED position with $80,000 FED in annual funding, with a corresponding reduction in the amount of applied receipts from E-rate monies, would be needed.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendations.

2. Delete the Governor's recommendations relating to TEACH administrative functions regarding WATF and provide 1.0 FED position with $80,000 FED of annual funding with a corresponding reduction in applied receipts to provide staff to apply for E-rate monies that would be reallocated to the general fund under a previous action by the Committee.

Alternative 2	FED	PR	GPR-Lapse
2001-03 FUNDING (Change to Bill)	$160,000	$310,600	- $160,000
2002-03 POSITIONS (Change to Bill)	1.00	2.00	0.00

Prepared by: Layla Merrifield

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 14 NO 2 ABS ____

Base Budget Reductions

Bill Agency

Items for Which Issue Papers Have Been Prepared

Paper #	Title
245	Base Budget Reductions
246	Base Budget Reduction (District Attorneys)

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June 5, 2001 | Joint Committee on Finance | Paper #245

Base Budget Reductions

[LFB 2001-03 Budget Summary: Base Budget Reduction Items Under Various Agencies]

GOVERNOR

Reduce the base budgets for state operations for a number of agencies by 5% annually. The executive budget document indicates that this reduction has been implemented to "increase efficiency."

In total, the proposed reduction generates general fund savings of $41,355,000 in 2001-02 and $41,069,900 in 2002-03. Thus, the Governor's budget reduces base level appropriations by $82.4 million for the biennium. A list of the affected agencies and the amount of the reduction for each is shown in the table which follows.

	Amount of GPR Reduction	
Agency	2001-02	2002-03
Administration	$719,000	$719,000
Adolescent Pregnancy Prevention & Pregnancy Services Board	1,200	1,200
Agriculture, Trade and Consumer Protection	1,013,200	1,013,200
Arts Board	17,200	17,200
Board on Aging and Long-Term Care	31,400	31,400
Circuit Courts	2,691,300	2,691,300
Commerce	411,700	411,700
Corrections	1,756,300	1,756,300
Court of Appeals	394,600	394,600
Educational Communications Board	283,800	283,800

Agency	Amount of GPR Reduction 2001-02	2002-03
Elections Board	$45,700	$45,700
Employment Relations	304,900	304,900
Employment Relations Commission	139,200	139,200
Ethics Board	11,800	11,800
Governor	169,900	169,900
Health & Family Services	8,035,500	8,035,500
Higher Educational Aids Board	39,200	39,200
Historical Society	525,800	525,800
Judicial Commission	11,600	11,600
Justice	1,770,000	1,770,000
Legislature		
Assembly Operations	1,074,000	1,074,000
Senate Operations	696,400	696,400
Legislative Documents and Memberships	422,700	422,700
Retirement Committees and Studies	11,900	11,900
Revisor of Statutes Bureau	37,700	37,700
Legislative Reference Bureau	191,300	191,300
Legislative Audit Bureau	217,700	217,700
Legislative Fiscal Bureau	136,400	136,400
Legislative Council	143,700	143,700
Legislative Technology Services Bureau	84,600	84,600
Lieutenant Governor	26,300	26,300
Military Affairs	384,100	384,100
Natural Resources	2,474,100	2,474,100
Personnel Commission	44,900	44,900
Public Defender	3,236,900	3,236,900
Public Instruction*	1,404,200	1,122,600
Revenue	4,216,300	4,216,300
State Treasurer*	8,100	4,600
Supreme Court	517,000	517,000
TEACH	35,100	35,100
Tourism	597,900	597,900
UW System	6,345,000	6,345,000
WI Technical College System	172,800	172,800
Workforce Development	502,600	502,600
Total	$41,355,000	$41,069,900

*Because the Governor's budget would eliminate some state operations appropriation amounts in the Office of the State Treasurer and Department of Public Instruction, the reduction for these two agencies is less in 2002-03 than in 2001-02.

DISCUSSION POINTS

1. For most GPR-funded agencies, the Governor's budget reduces base, state operations appropriations (less debt service and fuel and utilities) by 5% for each year of the biennium. For purpose of illustration, the calculation for the Department of Military Affairs is shown below:

2000-01	State Operations	$12,193,900
	Debt Service	-2,993,600
	Fuel and Utilities	-1,518,800
Net Amount		$7,681,500
5%		x .05
Annual Reduction Amount		$384,100

2. Of the 44 agencies subject to the reduction, the reduction for 41 of them was calculated in accord with the example shown above. For the three agencies described below, the reduction was calculated on a different basis.

- *Department of Corrections.* The 5% reduction applied only to the Department's appropriation for its central office. The 5% reduction was not applied to the Department's correctional facilities. If the reduction had been applied to all of Corrections' state operations appropriations, the annual reduction would have been $29,223,200, rather than the $1,756,300 which is shown in the table.

- *Department of Workforce Development.* The 5% reduction was not applied to the Divisions of Economic Support and Vocational Rehabilitation. If those two Divisions had been included in the calculation, the annual reduction would have been $2,269,900, rather than $502,600.

- *University of Wisconsin System.* The 5% reduction was applied only to the administrative costs of the UW System. This results in an overall reduction to the System's base, state operations appropriations of 0.7%. Had the reduction been applied to all of the System's state operations appropriations, the annual reduction would have been $44,099,500, rather than the $6,345,000 reduction of the budget bill.

In addition, two agencies with GPR state operations appropriations were not subject to any reductions.

- *District Attorneys.* The base, GPR funding for the District Attorneys is $35,078,500. This is appropriated entirely for salaries and fringe benefits. Had the 5% calculation been applied to this appropriation, the annual reductions would have equaled $1,753,900.

- *Department of Veterans Affairs.* In SB 55, the Governor recommends that a significant portion of the costs of the Veterans Museum operations be shifted from GPR to SEG funding from the Veterans Trust Fund. Because of this, the administration indicates that it did not apply the 5% reduction calculation to that agency. However, in each year of the 2001-03 biennium,

the budget would appropriate $633,200 GPR for Museum purposes. A 5% reduction to that amount would generate $31,700 annually.

3. For agencies with more than one GPR state operations appropriation, the budget bill applies the reduction to those agencies' largest GPR appropriation and then establishes a mechanism to allow those agencies to submit an alternative plan to the Secretary of DOA to distribute the cut among its GPR, sum certain state operations appropriations. If the DOA Secretary approves the plan, the plan would be submitted to the Joint Committee on Finance for approval under a 14-day passive review process. If the DOA Secretary does not approve the plan, it would not be forwarded to the Finance Committee and the agency would be required to make the reduction from the appropriations as indicated in the budget bill.

Under SB 55, this provision would apply to DOA, DATCP, Commerce, Corrections, ECB, DER, DHFS, Historical Society, Justice, Military Affairs, DNR, Public Defender, DPI, Revenue, WTCS, Tourism, the UW System and DWD.

4. Following is a discussion of the GPR reductions for some agencies that the Committee might consider in its deliberations related to this issue.

- *Department of Health and Family Services.* The Governor's budget would apply the 5% reduction to all of the DHFS state operations appropriations (less debt and fuel and utilities), including the operation of the mental health institutes, the Wisconsin Resource Center and the Sand Ridge Secure Treatment Center. This is inconsistent with the treatment of the correctional facilities in the Department of Corrections. If the facilities of DHFS were to be excluded from this reduction, the appropriation for that agency would need to be increased from the amounts in SB 55 by $3,916,000 in each year of the biennium. The following table indicates the amount, by various percentages, that would need to be restored to DHFS if the full 5% reduction were not applied to these facilities.

	Amount to be Restored to SB 55	
Reduction %	2001-02	2002-03
No reduction	$3,916,000	$3,916,000
1%	3,132,800	3,132,800
2%	2,349,600	2,349,600
3%	1,566,400	1,566,400
4%	783,200	783,200

- *District Attorneys.* The administration indicates that no reduction was applied to the appropriation for District Attorneys because that appropriation is entirely for salary and fringe benefit purposes. Therefore, it would be difficult to generate the amount of reduction because there are no funds appropriated for such items as supplies, services or property. The budget does, however, apply the 5% reduction to a number of agencies that have a major portion of their state operations appropriations committed to salaries and fringe benefits. These agencies will most likely

need to meet the 5% reduction through turnover savings, layoffs or delayed hirings.

Although it may require personnel decisions, a reduction could be applied to the District Attorneys. The following chart identifies reduction amounts for the District Attorneys under various percentages.

	Amount of Reduction	
	2001-02	2002-03
5%	$1,753,900	$1,753,900
4%	1,403,100	1,403,100
3%	1,052,400	1,052,400
2%	701,600	701,600
1%	350,800	350,800

- *Department of Veterans Affairs.* Although this agency was not subject to a 5% reduction, the budget appropriates $633,200 GPR in each year of the biennium for the operation of the Veterans Museum. A 5% reduction to this appropriation would be consistent with other agencies and would generate $31,700 annually.

- *Department of Public Instruction.* The 5% reduction for DPI was calculated to include the School for the Deaf and Center for the Blind and Visually Impaired. If those two institutions were to be excluded from the reduction, the funding in SB 55 would need to be increased by $500,400, annually. The following table indicates the amount, by various percentages, that would need to be restored to DPI if the full 5% reduction were not applied to the School and Center.

	Amount to be Restored to SB 55	
Reduction %	2001-02	2002-03
No reduction	$500,400	$500,400
1%	400,300	400,300
2%	300,200	300,200
3%	200,200	200,200
4%	100,100	100,100

- *University of Wisconsin System.* The 5% reduction for the UW System was applied only to administrative costs of the System. The reduction of $6.3 million in each year was applied to the University's systemwide general operations appropriation. This appropriation is budgeted at approximately $830 million annually.

The Committee may wish to consider two items regarding the University's reduction. First, because of the flexibility that the Legislature has extended to the Board of Regents in setting tuition, it is possible that the Regents could make up all or a portion of the GPR reduction by increasing tuition. To prevent this, language could be inserted into the bill that would prohibit this from

occurring. Second, although there is a specific appropriation for administration of the central office of the UW System, the entire reduction was taken against the general operations appropriation, which funds the System's campuses. Under the budget bill, the University could submit a plan to the DOA Secretary and ask that a portion of the reduction be absorbed by System administration. To ensure this, the Committee could direct that $503,000 of the reduction be shifted each year to the System administration appropriation. The general operations appropriation would then be increased by an identical amount.

- *State Public Defender.* During the Committee's public hearings on the state budget, considerable testimony was received on the impact that the 5% reduction would have on that office. A separate budget paper (LFB Paper #246) addresses that agency.

5. The reductions to the GPR appropriations of SB 55 are drafted as permanent, base reductions to those agencies. As an alternative, the appropriations of SB 55 could be increased by the amount of reduction and the agencies could be required to lapse an equivalent amount at the end of each fiscal year. In this manner, the reductions would apply only to the 2001-03 biennium and the base budgets would be restored for the 2003-05 biennium.

6. During the budget briefings that the Committee conducted, some questioned the provisions of SB 55 that would allow agencies to submit a plan to modify the allocation of the reduction to other, sum certain, state operations appropriations. Under the bill, if agencies sought modifications, they would need to submit a plan to DOA and, if approved by DOA, to the Joint Committee on Finance for its approval. If DOA would not approve the plan, it would not be forwarded to the Committee and the agency would be required to make the reductions from the appropriations as indicated in the budget bill.

An alternative to this would be to allow an agency to submit a modification plan to the Committee under s. 13.10 of the statutes. This would allow the administration to make a recommendation regarding the agency's request and provide the Committee with the opportunity to review the proposals of both the agency and administration.

ALTERNATIVES TO BILL

A. GPR Appropriation Amounts

1. Approve the Governor's recommendations and reduce agency budgets by $82,424,900 GPR for the biennium.

2. Increase the budget of DHFS by any of the following amounts to restore funding deleted in SB 55 for the mental health institutes, Wisconsin Resource Center and Sand Ridge Secure Treatment Center.

Reduction %	Amount to be Restored to SB 55 2001-02	2002-03
a. No reduction	$3,916,000	$3,916,000
b. 1%	3,132,800	3,132,800
c. 2%	2,349,600	2,349,600
d. 3%	1,566,400	1,566,400
e. 4%	783,200	783,200

3. Apply the reduction to the appropriation for District Attorneys.

Reduction %	Amount of Reduction 2001-02	2002-03
a. 5%	-$1,753,900	-$1,753,900
b. 4%	-1,403,100	-1,403,100
c. 3%	-1,052,400	-1,052,400
d. 2%	-701,600	-701,600
e. 1%	-350,800	-350,800

4. Apply the 5% reduction to the Department of Veterans Affairs for the GPR portion of the Veterans Museum.

Alternative A4	**GPR**
2001-03 FUNDING (Change to Bill)	- $63,400

5. Increase the budget of DPI by any of the following amounts to restore funding deleted in SB 55 for the School for the Deaf and Center for the Blind and Visually Impaired.

Reduction %	Amount to be Restored to SB 55 2001-02	2002-03
a. No reduction	$500,400	$500,400
b. 1%	400,300	400,300
c. 2%	300,200	300,200
d. 3%	200,200	200,200
e. 4%	100,100	100,100

6. Transfer $503,000 annually of the University's reduction for administrative purposes for the UW's general operations appropriation to the appropriation for System administration.

7. Make no reductions to GPR, state operations appropriations.

Alternative A7	GPR
2001-03 FUNDING (Change to Bill)	$82,424,900

B. Other Provisions

1. Prohibit the Board of Regents of the UW System from increasing tuition to make up all or a portion of any reduction applied to the University System.

2. Allow state agencies affected by a base budget reduction to submit a proposal under s. 13.10 of the statutes to reallocate the reductions to other state operations, sum certain appropriations than those indicated in the budget bill.

3. Increase the relevant appropriations in SB 55 by the amount of the reduction and, instead, require the agencies to lapse an equivalent amount at the end of each fiscal year.

Alternative B3	GPR	GPR-Lapse	Net Change
2001-03 FUNDING (Change to Bill)	$82,424,900	$82,424,900	$0

MO# A-15a

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 ____

remove Supreme Court

MO# From page 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# A-16

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 15 NO 1 ABS ____

MO# B-1, 2, +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
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# B-2 + motion #1639

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 ____

MO# B-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 ____

Senator Burke

BOARD ON AGING AND LONG TERM CARE

Five Percent Budget Reduction

Motion:

Move to provide $31,400 PR in 2001-02 and $31,400 PR in 2002-03 to eliminate the 5% budget reduction for the Board on Aging and Long-Term Care. Direct the Department of Health and Family Services to request approval by the Health Care Financing Administration in the Federal Department of Health and Social Services to use civil money penalties related to federal nursing home deficiencies for funding of this volunteer coordinator.

Note:

Nursing homes may be assessed civil money penalties for violation of federal rules and regulations relating to nursing home care. These monies are provided to the state, but federal rules require that the monies be used for the "protection of the health and property of residents of facilities that the state or HCFA finds non compliant." The Department of Health and Family Services indicates that they would have to request HCFA approval to use the funds for a use other than: (1) payment for the costs of relocating residents to other facilities; (b) state costs related to the operation of a facility pending correction of deficiencies or closure; or (c) reimbursement of residents for personal funds or property lost at a facility as a result of actions by the facility or by individuals used by the facility to provide services to residents. The Department has suggested that HCFA may not support a request that would supplant existing state funds.

Annual civil money penalty revenues have ranged from $189,300 to $461,700 over the last four year. The current balance is $1,194,039. Although the balance is sizable, the Department indicates that the balance in the nursing home monitoring and receivership account is a negative $1,111,500 due to a number of problem facilities recently. The Department has indicated that it was planning to use the civil money penalties to cover these monitoring and receivership costs. The Department has also indicated that it has received approval through a s. 16.515 request for a "value added technical assistance" project that would use $247,000 of civil money penalties in year one and $200,000 in year two. The Department has deferred this project because of the large receivership and monitoring costs, but would like to start the project once an adequate balance of revenues has accumulated.

[Change to Bill: $62,800 PR]

Motion #1606

Representative Gard

BASE BUDGET REDUCTIONS

DPI Residential Schools

Motion:

Move to specify that DPI's across-the-board-cuts could not be taken from the appropriation for state residential schools.

Motion #1639