

Legislative Fiscal Bureau

Robert Wm. Lang, Director

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



State of Wisconsin

January 31, 2001

Senator Brian Burke, Senate Chair
Representative John Gard, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

Under section 9258 (1d) of 1999 Act 9, the Legislative Fiscal Bureau is required to certify to the Joint Committee on Finance its estimate of GPR debt service on general obligation bonding for 2000-01 by January 31, 2001. This provision of Act 9 specifies that if this estimate is less than the amount incorporated in the appropriation schedule printed in the statutes, any savings would be transferred to the budget stabilization fund. This certification is subject to review by the Committee under a 14-day passive review process.

In preparing this office's revenue estimates earlier this month, we reviewed estimated GPR debt service for 2000-01. Based on that review, it is projected that debt service payments will increase from final Chapter 20 levels by \$5.4 million in 2000-01. This increase is primarily attributable to greater issuance of GPR supported bonding in 2000 than had been anticipated. Total GPR debt service is projected to be \$338.0 million in 2000-01. Based on this certification, no transfer to the budget stabilization fund would occur. The cost of this projected increase in GPR debt service is reflected in the this office's January 25, 2001, document on revenue estimates.

Sincerely,

Handwritten signature of Robert Wm. Lang in cursive.
Robert Wm. Lang
Director

RWL/sas

cc: Members, Joint Committee on Finance
Richard Chandler, Department of Administration

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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



ASSEMBLY CHAIR
JOHN GARD

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

JOINT COMMITTEE ON FINANCE

February 1, 2001

Secretary Joe Leean
Department of Health & Family Services
1 West Wilson Street
Madison, WI 53703

Dear Secretary Leean:

On Wednesday, January 24, 2001, the Joint Committee on Finance met in executive session on 2001 Senate Bill 18 and Assembly Bill 36 that would provide supplemental funding in 2000-01 to fund a projected deficit in the BadgerCare program benefits appropriation. Both bills, as amended by the Committee, would provide \$11,512,200 GPR in 2000-01 to fund the BadgerCare deficit. In addition, the bills as amended, would require the Department to lapse \$11,237,100 in federal income augmentation funds within 30 days of the bills' effective date and require the Department, within 45 days after the bills' effective date, to submit a plan to the Committee for encouraging greater participation in the health insurance premium payment program.

During the meeting, Committee members expressed concerns about BadgerCare, particularly the Department's ability to meet several of the terms and conditions of the state's recently approved waiver under the federal state children's health insurance program. Specifically, under the terms and conditions of the waiver, the state: (a) cannot close enrollment, establish waiting lists or decrease BadgerCare eligibility standards without nullifying the waiver; (b) implement a simplified, mail-in application for eligibility under the medical assistance (MA) program and BadgerCare; and (c) eliminate the current asset limit requirement for certain low-income families under MA no later than 60 days after the enactment of the state's biennial budget for the 2001-03 biennium.

Subsequent to the January 24, 2001 meeting, several Committee members expressed two concerns regarding BadgerCare. One concern is that there are significant disparities among the counties in terms of the participation rates of uninsured children enrolled in BadgerCare. The second concern is whether enrollees are able to access dental services covered under MA and BadgerCare.

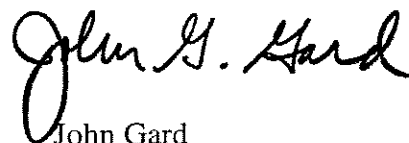
To address these concerns, we are requesting that the Department respond to the following within 30 days of the date of this letter.

1. How do the terms and conditions of the BadgerCare waiver affect the state's ability to modify eligibility for BadgerCare or use the BadgerCare enrollment trigger? Identify the fiscal effect of this condition.
2. Describe the Department's plan to implement the conditions of the recently approved waiver regarding the MA and BadgerCare application and the asset limit under MA. Identify the fiscal effect of these waiver conditions and any concerns the Department has about implementing these conditions.
3. Identify any disparities between counties in the extent to which counties have enrolled uninsured children in BadgerCare. Please explain why such disparities exist, and provide suggestions for actions that could be taken to increase enrollment in those counties with lower participation rates.
4. Identify the extent to which individuals enrolled in MA and BadgerCare are able to access dental services and provide recommendations on how to increase access to dental services under these programs.

Sincerely,



Brian Burke
Senate Chair



John Gard
Assembly Chair

cc: Members, Joint Committee on Finance

STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

April 24, 2001

Ms. Phyllis Dubé, Secretary
Department of Health and Family Services
650, 1 West Wilson Street
Madison, WI 53707-7850

Dear Secretary Dubé,

We would like to thank the Department of Health and Family Services and the Statewide Trauma Advisory Council for their work in preparing the joint report on the development and implementation of a statewide trauma care system. We appreciate the time, effort and contributions from the many individuals that participated in producing the report.

Under 1997 Wisconsin Act 154, the Department cannot promulgate rules to implement the statewide trauma system until the Joint Committee on Finance approves the report under section 13.10 of the statutes. At the time this legislation was passed, it was not known what level of funding or additional statutory changes would be needed to implement the recommendations included in the report. The plan developed by your Department and the Statewide Trauma Advisory Council includes funding and statutory changes that the report indicates would be necessary to implement the system.

We would suggest that your office proceed to have the plan drafted as separate legislation so that the funding and statutory changes recommended in the report can be considered by the full Legislature.

Sincerely,

Handwritten signature of Brian Burke in black ink.

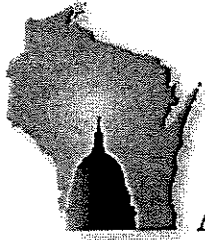
BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

BB:JG:js

cc: Members, Joint Finance Committee



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

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

April 24, 2001

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
316 South, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
315 North, State Capitol
Madison, WI 53702

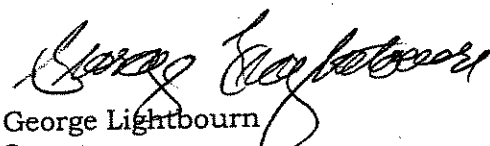
Dear Senator Burke and Representative Gard:

As you know, state agencies are facing the need to permanently reduce their operating budgets by 5% in the next budget. We asked for their input on ways to help them accommodate these cuts. One avenue they requested was to consider certain statutory changes through an amendment to the budget. Several of the agencies and DOA also discussed the merits of this with the Legislative Fiscal Bureau. On March 26, I sent a memo to all agencies asking them to submit language changes to DOA that could help them meet the expected cuts.

For the agencies that responded to my memo, there were two basic types of changes suggested. First, some agencies simply want to reallocate the cut to the specific appropriation(s) where they plan to make the actual reductions (the Governor's budget generally took the entire 5% reduction in just the largest state operations appropriation). Second, some agencies feel statutory changes to increase program efficiency, eliminate lower priority activities or utilize other funding sources can help reduce GPR costs, and should be in place on the effective date of the budget, rather than first attempting to secure legislation next fall.

Attached are summaries by agency, of their requests for language changes to help accommodate the reductions. The information shows the dollars associated with each discrete language change. We have elected to not have these changes drafted in the interest of getting them to you in a timely fashion. However, on behalf of state agencies, we would appreciate having the changes included in the final bill if GPR operations are ultimately reduced by 5%. Thank you.

Sincerely,


George Lightbourn
Secretary

cc: Bob Lang, Director
Legislative Fiscal Bureau

STATUTORY LANGUAGE AND REALLOCATIONS RELATING TO 5% BASE REDUCTION

LANGUAGE/REALLOCATION ITEM REQUESTED BY AGENCY	FY02/FY03 DOLLAR SAVINGS (in thousands)	FTE SAVINGS
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Department of Agriculture, Trade and Consumer Protection – Total cut required: \$1,013,200 per year.

Allocate the required reduction among the following appropriations:

1. 101 - Food Inspection	\$69.0/\$69.0	0.0
2. 102 - Meat Inspection	\$69.1/\$69.1	0.0
3. 105 - Trade & Consumer Protection	\$88.9/\$88.9	0.0
4. 201 - Animal Health	\$156.6/\$156.6	0.0
5. 301 - Marketing	\$236.4/\$236.4	0.0
6. 701 - Ag Resource Management	\$36.0/\$36.0	0.0
7. 801 - Office of the Secretary & Management Services	\$357.2/\$357.2	0.0

Department of Commerce – Total cut required: \$411,700 per year.

1. **Wisconsin Relocation Program Position.** Convert half of the Wisconsin relocation program real estate specialist position funding to federal Community Development Block Grant (CDBG) funds. The position also performs CDBG relocation work. Position number 035935.
2. **Environmental and Regulatory Services Position.** Convert half of the environmental and regulatory services budget and policy analyst position funding to PR-S (chargebacks to the department's divisions). The position performs work for a division that contributes to administrative overhead. Position number 013462.
3. **Secretary Position.** Convert half of the department secretary position funding to PR-S (chargebacks to the department's divisions).
4. **Printing and Mailing Charges.** Reduce the economic development promotion program [s. 20.143(1)(b)] and require department programs to cover promotional printing and mailing costs.
5. **Rent Charges.** Reduce the administrative services general program operations appropriation [s. 20.143(4)(a)] to reflect lower than expected rent costs.

Department of Health and Family Services – Total cut required: \$8,035,500 per year.

1.	<u>Child Abuse Neglect Prevention Technical Assistance.</u> Replace GPR funding with federal Child Abuse Treatment and Prevention Act funding. Repeal or modify the associated appropriation.	\$160.0/\$160.0	0.0
2.	<u>MA Contracts - Income Maintenance Incentive Payments.</u> Eliminate incentive payments to counties for reporting new health insurance coverage information related to Medical Assistance recipients. Strike s. 49.45(3)(am).	\$120.0/\$120.0	0.0
3.	With the above statutory language changes, shift a portion of the 5% cut from s.20.435(2)(a) to the following numerics:		
	Shift part of 5% cut from numeric 201	-\$3,601.7/-\$3,601.7	0.0
	Internal Services reduction – 202	\$26.3/\$26.3	0.0
	Targeted Case Management		
	314	\$625.3/\$630.0	0.0
	315	\$1,875.7/\$1,889.8	0.0
	Child Abuse and Neglect Prevention Technical Assistance (see above)		
	319	\$160.0/\$160.0	0.0
	Public Health Position Reallocation		
	101	\$214.9/\$214.9	0.0
	SSA – 604	\$200.0/\$200.0	0.0
	General Admin/Billing		
	801	\$460.3/\$460.3	0.0
	404	-\$80.8/-\$99.6	0.0
	MA Contracts Administration		
	412	\$120.0/\$120.0	0.0

Additional file maintenance will be submitted to LFB to adjust the related PR and FED appropriations.

State Historical Society – Total cut required: \$525,800 in each year.

1. **Consolidate Remaining GPR General Operations Appropriations.** The Governor's budget reduced the number of general operations appropriations at the Society from fourteen to two: (a) a Library, Archives, Historic Preservation and Executive Services operations appropriation; and (b) a Historic Sites and Museum operations appropriation. The Society is requesting the consolidation of these two appropriations into a single general program operations appropriation. Currently, the Historic Sites and Museum appropriation is not subject to the 3% turnover calculation. Consolidating the two appropriations would facilitate taking turnover savings of \$45,200 GPR in each year that would help the Society in its \$525,800 GPR budget efficiency goal.

\$45.2/\$45.2

0.0

Department of Natural Resources – Total cut required: \$2,474,100 per year.

1. **Car-Killed Deer Contract Funding:** Modify the GPR and SEG appropriations [s. 20.370(3)(ad) and (3)(aw)], which provide funding for contracts for car-killed deer removal, to eliminate the 50%/50% matching requirement and reduce GPR funding.

\$181.1/\$181.1

0.0

2. **Reallocate Part of the Required Reduction from Numeric 401, Bureau of Watershed Management**
to the following appropriations:

101 - Wildlife Management	\$11.2/\$11.2	0.0
103 - Parks and Recreation	\$186.7/\$186.7	0.0
109 - Endangered Resources	\$9.3/\$9.3	0.0
101 - Facilities and Lands	\$23.1/\$23.1	0.0
205 - Air Management	\$16.1/\$16.1	0.0
201 - Waste Management	\$110.0/\$110.0	0.0
201 - Remediation & Redevelopment	\$74.0/\$74.0	0.0
301 - Integrated Science Services	\$163.0/\$163.0	0.0
401 - Fisheries Management & Habitat Protection	\$218.0/\$218.0	0.0
401 - Drinking Water & Groundwater Management	\$238.4/\$238.4	0.0

Department of Revenue – Total Cut Required: \$4,216,300 per year.

1. **Real Estate Transfer Fee Administration.** Shift real estate transfer fee (RETF) audit activity from GPR to PR. Also reallocate an existing GPR position from other activities to increase real estate transfer fee auditing efforts from 2.5 to 3.5 FTE positions. The new PR appropriation will be funded by the state's share of RETF audit collections. The end of year unencumbered balance in the appropriation will annually lapse to the general fund as GPR-earned except for a reserve amount equal to 10% of the current fiscal year expenditures. \$224.3/\$218.9 0.0

By DOR estimates, the reallocated auditor will increase RETF audit costs by \$61,100 in FY02 and \$56,700 in FY03 but generate an additional \$300,000 in RETF collections in FY02 and \$340,000 in FY03. The net gain to the general fund (after establishing the 10% reserve in the appropriation) is estimated as an increase of GPR-earned of \$216,500 in FY02 and \$283,300 in FY03. \$216.5/\$283.3

Estimated PR expenditures: \$224,300 in FY02 and \$218,900 in FY03.



STATE OF WISCONSIN

May 15, 2001

Members, Joint Committee on Finance
State Capitol
Madison, WI 53702


Dear Members of the Joint Committee on Finance:

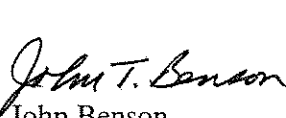
As required under s. 121.15(3m) of the statutes, the purpose of this letter is to certify our estimate of the amount necessary to appropriate in general school aids in fiscal year 2001-02 to ensure that the sum of state school aids and the school levy tax credit equals two-thirds of partial school revenues. By June 30, 2001, the Joint Committee on Finance must determine the general school aids appropriation amount for 2001-02.

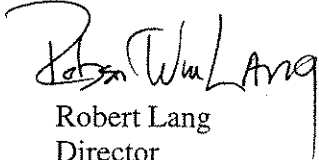
Because this is a biennial budget year, the Committee is required to determine the amount to be appropriated at the same time that the Legislature is deliberating on the 2001-03 budget bill (2001 SB 55). This is problematic since provisions of the final budget adopted by the Legislature which affect categorical aid appropriations, revenue limits, and school district enrollments will directly affect 2001-02 partial school revenues.

Since the Committee will take action on K-12 school finance issues working from the 2000-01 adjusted base, we have estimated partial school revenues under current law provisions regarding revenue limits and adjusted 2000-01 base level funding for categorical aids using the best available data as of May 15, 2001. Based on estimated 2001-02 partial school revenues under current law, we hereby certify that \$4,110,756,200 GPR is the estimated amount necessary to appropriate as general equalization aid in 2001-02. This amount is \$178,884,700 greater than the adjusted base funding level of \$3,931,871,500.

Sincerely,


George Lightbourn
Secretary
Department of Administration

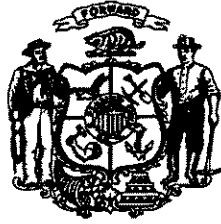

John Benson
State Superintendent
Department of Public Instruction


Robert Lang
Director
Legislative Fiscal Bureau

THE STATE OF WISCONSIN

**SENATE CHAIR
BRIAN BURKE**

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



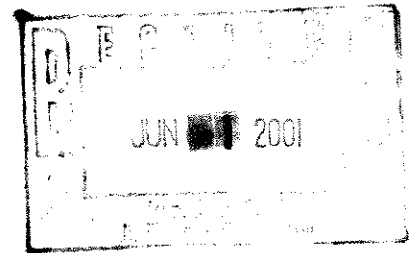
**ASSEMBLY CHAIR
JOHN GARD**

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

May 30, 2001

Ms. Phyllis J. Dubé, Secretary
Department of Health & Family Services
P.O. Box 7850
Madison, WI 53707



Secretary Dubé:

We are asking your department to submit a request to the Joint Committee on Finance for the release of the remaining \$500,000 of funding in the Committee's program supplements appropriation for Westside Healthcare Association.

This funding was provided in 1999 Wisconsin Act 9 as a grant to a community health center in the City of Milwaukee that emphasizes the health care needs of minorities, high-risk pregnant women, infants, children and the elderly. This funding was provided to support a one-time payment to the successor of Rainbow Clinics in Milwaukee—identified by the Committee as the Westside Healthcare Association. Act 9 required the Department of Health and Family Services (DHFS) to seek the release of these funds under a 14-day passive review process once DHFS submitted a report that detailed the amount of the grant and the services that would be provided by the grant.

On December 7, 1999, DHFS submitted this report as required by Act 9. The Committee, in turn, released \$500,000 of the appropriation on March 2, 2000 to Westside Healthcare Association. The Committee retained the remaining \$500,000 in its program supplements appropriation—maintaining the authority to release these funds at a latter date.

May 30, 2001
Page 2

The Westside Healthcare Association continues in its mission to provide quality affordable health care services to the 70,000 residents in the area. Services to residents include primary health care with special focus on identified areas of health concerns (diabetes, STD's, teen pregnancy, parental care, asthma, hypertension, alcohol and other substance abuse and mental health services). Further services include OB/GYN, child immunization and pediatric services and health education services. Support from community residents and business partners remain strong. Westside is moving forward with the development of collaborative projects with the Medical College of Wisconsin, Marquette School of Dentistry, the Women and Infant Care Program (WIC), Milwaukee Public Schools and the Social Development Commissions Head Start Programs as well as community churches and other social service agencies.

Appreciating the fact that the Department and Westside have been working together, we are asking the Department to take the next step and request the release of the remaining funds contained in the Committee's appropriation. Obviously, we must move forward, as a Committee, with this request, or the remaining appropriation will lapse back to the general fund. And the Committee will miss a wonderful opportunity to provide critically needed healthcare services to Milwaukee's Central City—a community that has been historically under-served by healthcare providers.

Thank you, in advance, for your quick response to our request.

Sincerely,



BRIAN BURKE
Senate Chair



JOHN GARD
Assembly Chair



WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

August 16, 2001

Secretary George Lightbourn
State of Wisconsin
Department of Administration
P.O. Box 7868
Madison, WI 53707-7868

Dear Secretary Lightbourn:

As you know, the Legislature has been monitoring the Department of Administration's progress since it set out to implement the public benefit provisions of 1999 Wisconsin Act 9 well over a year ago. We understand that program administrators have been chosen, and that many programs are underway. As you continue to move forward, we ask that you keep in mind the impetus for the energy conservation portion of the legislation and its connection to the reliability of Wisconsin's energy supply.

As the energy market became competitive in the mid-1990's regulators, environmental advocates and utilities agreed that more resources should be dedicated to energy conservation and that the market should be expanded giving other providers access to utility funding. In light of this, Wisconsin Act 9 required utilities to transfer their funding for these programs, together with new money, to the state. Under the new law, DOA must administer programs that reduce the demand for natural gas and electricity, and improve energy efficiency.

Many in the legislature desired a greater emphasis on energy conservation since it is a crucial piece of any balanced energy policy. Successful energy conservation programs will address both environmental concerns and reliability. By slowing demand, these programs slow the need for new fossil-fuel generation and help utilities meet peak demand. This is more important than ever given today's capacity challenges. Wisconsin's status as a net importer of electricity, combined with demand that is growing about 300 megawatts annually, make conservation efforts an important tool for ensuring a reliable electric supply.

In light of this, there are some basic principles necessary for the success of the department's energy conservation programs. First, the program goal should be to produce measurable energy savings. Targets for kilowatt hours and therms saved should be set for every sector. The PSC has required tracking and evaluation of utility energy conservation programs for well over a decade. With this information, quantifiable and measurable goals can be easily set.

Second, the foundation of programs designed and delivered by the department and its program administrators should be their energy savings potential. While programs for residential and small business customers are limited, more opportunities exist in the energy-intensive commercial, industrial and agriculture markets. For example, energy conservation and efficiency project identification, development, management and implementation will save significantly more energy than an information campaign or free technical support.

Third, the department should consider the most cost-effective manner of achieving savings. Again, this is most applicable to the commercial, industrial and agriculture sector. While informing customers of new technologies or consulting may help save energy, it is neither the most beneficial nor the most cost-effective means for doing so. Program administrators and their subcontractors should be held accountable for their spending; they should be required to demonstrate measurable energy savings.

For this reason, we recommend that DOA require a performance contracting program in the nonresidential sector. After trial and error with many different types of services and programs, some Wisconsin utilities hit upon performance contracting as an extremely successful method of saving energy in Wisconsin.

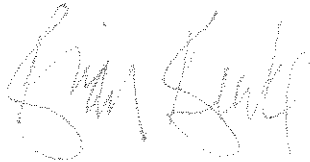
Under this performance contracting model, the provider supplies financing and guarantees a positive cash flow, shifting the financial risk away from the customer. In addition, accountability is built in to the program because providers receive an incentive payment from the state only if energy savings are achieved. Finally, the provider acts as a project manager providing the resources and expertise necessary to identify and evaluate potential savings, choose the appropriate technology, determine cost, and assist with implementation.

We understand that of the \$63.2 million DOA has budgeted for energy conservation, environmental research and development, and renewables, \$19.6 to \$29.5 million - with a target of \$24.5 million - has been allocated for nonresidential energy conservation. We recommend the following:

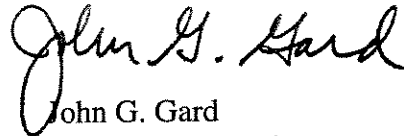
- Eighty percent of this allocated amount should be dedicated to a performance contracting program.
- Of that 80 percent, a maximum of \$1 million should be earmarked to cover the program administrator's costs associated with selecting projects and awarding incentive payments. Since DOA has budgeted about 15% of the \$63.2 million (between \$7.3 and \$11 million, with a target of \$9 million) for market research, program evaluation, DOA administration and program support services, \$1 million should be sufficient for additional administrative costs.
- The remaining amount should be awarded as incentive payments to successful providers. The payment should be based upon actual savings of electricity (kWh) and natural gas (therms) verified after one year of operation for each specific customer project. Verification should be completed by an independent evaluator hired by the program administrator.

We look forward to working with your department as it continues to deliver public benefit programs in Wisconsin and are anxious to hear more about your plans for nonresidential energy conservation in Wisconsin.

Sincerely,



Brian Burke
State Senator
Co-Chair, Joint Finance Committee



John G. Gard
State Representative
Co-Chair, Joint Finance Committee

cc: John Marx

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

October 18, 2001

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

Dear Secretary Lightbourn:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed the plan which identifies the Department of Health and Family Services' proposed use of federal income augmentation funds, dated September 26, 2001.

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

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance
Secretary Phyllis J. Dubé, Health and Family Services
Vicky LaBelle, Department of Administration

STATE OF WISCONSIN

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October 18, 2001

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101 E. Wilson Street, 10th Floor
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Senate Chair

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JOHN GARD
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance
Secretary Phyllis J. Dubé, Health and Family Services
Vicky LaBelle, Department of Administration



Legislative Fiscal Bureau

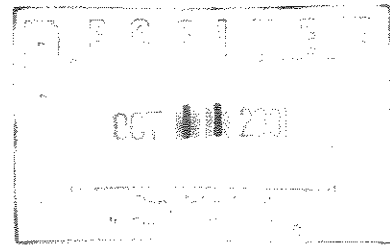
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

October 10, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Income Augmentation Plan



On August 31, 2001, the Department of Health and Family Services (DHFS) submitted, to the DOA Secretary, a proposed plan for the use of federal income augmentation revenues that were generated through the end of the previous fiscal year, as provided under s. 46.46(2) of the statutes. In a letter dated September 26, 2001, the DOA Secretary informed the Committee's Co-chairs that he had approved the plan submitted by DHFS and that he was submitting the plan to the Committee for its approval under a 14-day passive review.

Current Law

Income augmentation funds are unanticipated federal funds DHFS receives under Title IV-E (foster care), XIX (Medicaid) and XVIII (Medicare) of the federal Social Security Act as reimbursement for costs that were initially paid with state or local revenue, or revenue from one of these sources that would not otherwise have been available, had it not been for activities conducted specifically to augment federal income. There are no federal restrictions relating to the use of these funds. Consequently, these funds may be used for any purpose.

Under s. 46.46 of the statutes, if DHFS proposes to use any income augmentation funds for any purpose other than to support costs that are exclusively related to the operational costs of augmenting federal income, DHFS must submit a plan for the proposed use of the funds to the DOA Secretary by September 1 of the fiscal year after the fiscal year in which those moneys were received. If the DOA Secretary approves the plan, he or she is directed to forward the plan to the Committee by October 1 of that year for the Committee's review and approval under a 14-day passive review process.

2001 Wisconsin Act 16 (the 2001-03 biennial budget act) specified the following uses of income augmentation revenue in the 2001-03 biennium.

- The DOA Secretary is required to lapse \$6,750,000 in income augmentation revenue to the general fund no later than June 30, 2003 (section 9223 (4z)(b)).

- In addition to the \$6,750,000 identified above, the DOA Secretary is required to lapse \$3,008,300 in 2001-02 and \$3,328,500 in 2002-03 in income augmentation revenue to the general fund (section 9223 (5zk)).

- If, after supporting costs authorized under s. 46.46 and meeting the lapse requirements specified above, there remain any funds in the income augmentation appropriation, these funds are allocated for DHFS costs associated with transferring the responsibility for cases of children in out-of-home care from Milwaukee County to private vendors. These funds cannot be encumbered or expended without approval from the DOA Secretary and the Committee under a 14-day passive review. DHFS may not propose encumbering or expending more than \$2,933,700 for this purpose (section 9123 (8z)).

- The DOA Secretary is required to lapse any income augmentation funds not expended or encumbered under a plan approved by the Committee to the general fund no later than June 30, 2003 (section 9223 (4z)(a)).

Plan Summary

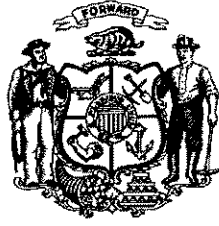
Under the plan approved by the DOA Secretary, DHFS proposes to lapse \$6,750,000 to the general fund, expend \$2,933,700 for costs associated with the DHFS Bureau of Milwaukee Child Welfare's transition of cases from Milwaukee County to private vendors and set aside \$2,552,300 in revenue to offset the potential loss of federal Title IV-E revenue that supports child welfare costs incurred by DHFS and the counties. In addition, the plan identifies that of the total funding available, \$1,284,400 will be used for administrative costs associated with augmenting federal income and other activities.

Under s. 46.46(2) of the statutes, the administration's plan will be approved if the Committee's Co-chairs do not notify the DOA Secretary within 14 working days after the plan was submitted that the Committee has scheduled a meeting for the purpose of reviewing the plan. Because the Co-chairs received the DOA Secretary's letter on October 4, the plan will be approved as submitted, on October 24, unless a meeting on the plan is scheduled.

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

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

Date: October 4, 2001

Re: Federal Income Augmentation Funds

Attached is a copy of a report received October 3, 2001, from the Secretary of the Department of Administration, pursuant to s. 46.46(2), which identifies the Department of Health and Family Services' plan for the use of federal income augmentation funds.

Please review the material and notify **Senator Burke** or **Representative Gard**, no later than **Friday, October 19, 2001**, if you have any concerns about the report or if you would like to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

BB/JB/dh



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

September 26, 2001

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

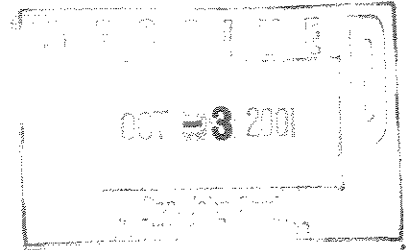
The Honorable John Gard, Co-Chair
Joint Committee on Finance
State Capitol, Room 315 North
Madison, WI. 53707

Dear Senator Burke and Representative Gard:

Pursuant to s. 46.46(2) I am submitting the Department of Health and Family Services' plan for the use of federal Income Augmentation funds. I have approved a plan that lapses \$6,750,000 to the general fund, provides \$2,933,700 for transition costs for Milwaukee child welfare and sets aside \$2,552,300 for possible disallowances due to policy changes in federal Title IV-E reimbursement.

Sincerely,


George Lightbourn
Secretary



Milwaukee Child Welfare Transition: \$2,933,700

On May 22, 2001, DHFS announced, with concurrence from the Milwaukee County Executive and the Milwaukee County Board Chairperson, that DHFS would be transferring child welfare contracts from Milwaukee County to alternate community-based agencies. The transition to new agencies began on June 1, 2001, and is now in full implementation, with much of the transfer already complete. Among the responsibilities being transferred are those for ongoing case management, adoptions and out-of-home care placement. The responsibility for trust fund accounting is also being transferred to a new agency. Trust fund accounting involves management of the funds collected from SSI, Social Security, child support, and other sources that are used to offset the cost of child welfare services. Overall, the cost of phasing in the new agencies while Milwaukee County's contracts are phased out is estimated at \$3,762,900 all funds (\$2,933,700 GPR).

Contracts for ongoing case management have been signed with Wisconsin Community Services Network and Innovative Family Partnership, Inc. Half of the existing out-of-home care cases were transferred from Milwaukee County to these agencies on August 20, and the remaining half will be transferred on September 17. The new ongoing case management agencies are expected to be fully operational on October 1. A contract for adoption services has been signed with Children's Service Society of Wisconsin (CSSW). Adoption cases were transferred from Milwaukee County to CSSW during the month of July, and full operations will begin in August. Lutheran Social Services (LSS) is the new contract agency for out-of-home care placement services, which include foster care recruitment, licensing, training, quality assurance, and placement consultation. These functions are progressively being transferred to LSS during June, July and August, and the new unit is expected to be fully operational by September 1. The Milwaukee transition is being overseen by an Executive Transition Team composed of Department officials and representation from a variety of key local stakeholders, including but not limited to: foster parents, Milwaukee County Children's Court, Milwaukee County Human Services Department, District Attorney's Office, Public Defender, Wisconsin Council on Children and Families, Milwaukee Interfaith, Milwaukee Child Welfare Partnership Council, University of Wisconsin-Milwaukee School of Social Work, and Wisconsin State Employees Union.

The Department has also applied for this same amount of transition funding through the s. 13.10 process, by requesting Joint Finance Committee approval to use SFY01 underspending in the Milwaukee Child Welfare safety services program for the transition costs. The Department submitted this s.13.10 request to seek approval of the transition funding on a more timely basis, since the transition is ongoing at this time. If the Joint Finance Committee approves this request at its next s.13.10 meeting on September 5, the Department will withdraw the request in this plan to use income augmentation funding for Milwaukee Child Welfare transition costs.

**DHFS INCOME AUGMENTATION PROJECT
NEW REVENUE AVAILABLE AS OF JULY 1, 2001**

	Foster Care/MA 1/00 - 3/01 Claims	Medicare As of 6/01	Corrections 1/00 - 3/01 Claims	Total
TOTAL AVAILABLE (1)	\$24,036,307	\$2,127,902	\$391,141	\$26,555,350
MAXIMUS 10% Fee	(\$1,529,777)	(\$212,790)	(\$39,114)	(\$1,781,681)
Payment to Counties, 50% of IV-E Receipts	(\$11,253,265)			(\$11,253,265)
Net Total Available	\$11,253,265	\$1,915,112	\$352,027	\$13,520,404
PRIOR COMMITMENTS				
Department Admin Costs				
(A) Support of Ongoing Project Efforts (SFY03) (2)	(\$125,000)	(\$42,200)	(\$50,000)	(\$217,200)
(B) Project Follow-up Efforts in SFY04 (2)	(\$125,000)	(\$42,200)	(\$50,000)	(\$217,200)
(C) Audit Compliance IV-E Eligibility Federal Review (3)	(\$500,000)			(\$500,000)
State-wide Central IV-E Eligibility Unit - (SFY02 & 03) - State Match Only	(\$350,000)			(\$350,000)
Required Lapse in 2001-03 per Conference Committee	(\$6,500,000)		(\$250,000)	(\$6,750,000)
Available After Prior Commitments	\$3,653,265	\$1,830,712	\$2,027	\$5,486,004

DEPARTMENT NEEDS

Estimate to cover reduction in federal funding due to:

- New rule requiring court order language within 60 days and the federal review of eligibility determination (3)
- Required changes per ACYF Policy Announcement 01-2 (4)

BMCW Transition Projected Deficit/Milwaukee Co. 2001(5)

(\$10,000,000)
(\$8,000,000)
(\$2,933,700)

REMAINING AVAILABLE / (DEFICIT)

(\$15,447,696)

- (1) FC/MA includes \$8,738,533 from federal community aids earnings not attributable to MAXIMUS efforts.
- (2) Same level as previously approved by DOA and JFC
- (3) Wisconsin is scheduled for a federal foster care compliance review in 2002. Preliminary case reviews show counties lack significant documentation to support their eligibility determinations. Also, a new federal requirement on court orders show county judicial compliance documentation changes needed or case will be ineligible. Funds needed for extensive technical assistance/training with all 72 counties to improve documentation and compliance. Despite technical assistance, potential exists for some federal reduction estimated at \$10 million or more.
- (4) Due to new HHS policy disallowing state administrative costs related to foster care in unlicensed relative homes (kinship care)
- (5) To be withdrawn if 13.10 action is approved

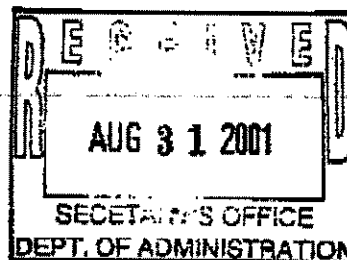


**State of Wisconsin
Department of Health and Family Services**

Scott McCallum, Governor
Phyllis J. Dubé, Secretary

August 31, 2001

Secretary George Lightbourn
Department of Administration
101 East Wilson St., 10th Floor
Madison, WI 53702



Dear Secretary Lightbourn:

As provided in s. 46.46(2), I am submitting for your consideration a plan for proposed use of federal Income Augmentation funding generated by DHFS.

I am submitting this plan by the statutory date of September 1. However, I would like to reserve the right to revise the plan after the signing of the Biennial Budget and the 13.10 meeting on September 5th. The revision, if necessary, would be made to adjust the request to reflect action on the \$2,933,700.00 for BMCW transition. Attached is the description of the MCW transition funding request.

This plan covers the revenues deposited and reconciled through June 30, 2001. The funds were received from federal foster care (Title IV-E), Medical Assistance and Medicare. The plan shows compliance with the statutory provision in s. 46.45(2)(a) that requires at least 50% of funds generated under Title IV-E be distributed to non-Milwaukee counties. Also, the lapse requirement specified in Section 9223 (4z)(b) of the 01-03 Biennial Budget bill has been met.

I am requesting that the remaining funds be held at this time, as the attached plan shows, for the implementation of federal IV-E funding changes. Because the final results from federal changes and county compliance issues will not be certain until later this year or until 2002, the Department will re-assess the need for these funds in each subsequent report and if some or all can be lapsed.

If you have any questions, please contact Fredi Bove (266-2907) or Don Warnke (266-5869) in DHFS.

Thank you for your consideration of this plan.

Sincerely,

Phyllis J. Dubé
Secretary

- cc: Fredi Bove, OSF
- John Kiesow, SO
- Don Warnke, BFS
- Ton Ak, SO
- Sue Reinardy, DMI
- Bill Fiss, DCYF

Wisconsin.gov

CORRESPONDENCE/Memorandum

State of Wisconsin
Department of Administration

Date: September 26, 2001

To: George Lightbourn
Department of Administration

From: Gretchen A. Fossum
Division of Executive Budget and Finance

SAT

Subject: Department of Health and Family Services Plan for Income Augmentation Funds

REQUEST

The Department of Health and Family Services (DHFS) requests approval of the Department of Administration (DOA) for an income augmentation plan that would lapse \$6,750,000 to the general fund, provide \$2,933,700 for transition costs for Milwaukee child welfare and set aside \$2,552,300 for possible disallowances due to policy changes in federal Title IV-E reimbursement.

BACKGROUND

As of July 1, 2001 DHFS has received an additional \$26,555,400 federal income augmentation funding. After subtracting the MAXIMUS, Inc. fee (\$1,781,700), the 50% Title IV-E funding for counties (\$11,253,300) and the administrative costs to augment federal income (\$1,284,400), \$12,236,000 is available for state use. S. 46.46(2) requires DHFS to submit a plan to DOA for the expenditure of the federal funds and if the plan is approved by the Secretary of DOA, the Secretary must submit the plan to the Joint Committee on Finance for its 14 day review.

ANALYSIS AND RECOMMENDATIONS

The department has proposed a plan to use the \$12,236,200 as follows:

1. **Lapse to the General Fund.** 2001 Wisconsin Act 16 requires the DOA Secretary to lapse \$6,750,000 of income augmentation funds to the general fund by July 30, 2003. DHFS proposes lapsing the funds in FY02. **Recommendation:** Lapse the funds in FY02.
2. **Milwaukee Child Welfare Transition Costs.** Act 16 provides that, after lapsing \$6,750,000, \$2,933,700 of income augmentation is to be allocated for the transition costs associated with transferring child welfare cases from Milwaukee County to private vendors. The transition was completed on September 19, 2001 at a cost of \$3,762,900 AF (\$2,933,700 GPR). DHFS is requesting \$2,933,700 of the income augmentation funds to pay for the costs.
Recommendation: Approve the department's request.

3. **Title IV-E Reimbursement.** On July 3, 2001, the U. S. Department of Health and Human Services issued a policy announcement that significantly changed the requirements for receiving Title IV-E reimbursement. For reimbursement purposes, changes were made in the treatment of court ordered kinship care children and the treatment of children who are temporarily in nonreimbursable placements. If the new policy remains in effect, the department could lose up to \$12 million annually in Title IV-E reimbursement. DHFS is requesting that \$2,552,300 of the income augmentation funds be set aside until the effects of the new federal requirements become certain.
Recommendation: Approve the department's request.

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

October 26, 2001

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

Dear Secretary Lightbourn:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed the request from the University of Wisconsin System regarding the 2001-02 proposed plan for fee funded auxiliary reserve balances.

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

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

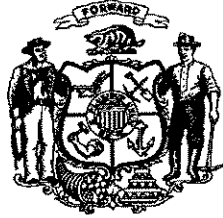
BB:JG:dh

cc: Members, Joint Committee on Finance
President Katharine Lyall, UW System
Deborah Durcan, UW System
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Re: 14-Day Passive Review of Fee Funded Auxilliary Reserves

Date: October 10, 2001

Attached is a copy of a letter from the Secretary of Administration, received October 10, 2001, concerning a request from the University of Wisconsin System regarding the 2001-02 plan for fee funded auxilliary reserve balances. The Secretary has reviewed this plan and recommends that it be approved by the Committee.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Friday, October 26, 2001**, if you have any concerns about the request or if you would like the Committee to meet formally to discuss it.

Also, please contact us if you need further information.

Attachment

BB:JG:dh



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

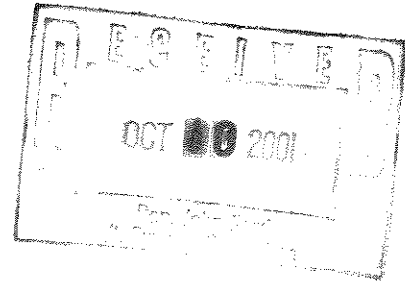
GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

October 2, 2001

The Honorable Brian Burke, Senate Co-Chair
Joint Committee on Finance
316 South, State Capital
P.O. Box 7882
Madison WI 53708-7882

The Honorable John Gard, Assembly Co-Chair
Joint Committee on Finance
315 North, State Capital
P.O. Box 8952
Madison, WI 53708-8952



Dear Senator Burke and Representative Gard:

Pursuant to s. 36.46, Wisconsin Statutes, enclosed is a request from the University of Wisconsin System to approve its fiscal year 2001-02 plan for fee funded auxiliary reserve balances. As amended by 1997 Wisconsin Act 27, section 36.46 prohibits the Board of Regents from accumulating "any auxiliary reserve funds from student fees for any institution, or for the centers in aggregate, in any amount that exceeds an amount equal to 15% of the previous fiscal year's total revenues from student segregated fees", unless the reserve funds are approved by the Secretary of the Department of Administration and the Joint Committee on Finance.

UW System is requesting approval to accumulate reserve balances in excess of the 15% threshold at ten of the fourteen UW System institutions (including the two-year colleges). The amount of reserve funds in excess of the 15% threshold is summarized in Table 1, presented below. For campuses with excess reserves, the amounts are expected to vary from 17.4% (\$5.3 million) at Milwaukee to 46.8% (\$3.9 million) at Green Bay. Conversely, Madison, which accounts for about 30% of all auxiliaries revenue collected, has the lowest planned balance for any campus, at 5.9%. For all campuses, FY02 auxiliary reserve balances are expected to equal 17.4% of FY01 auxiliary revenues, slightly above the 15% threshold.

UW institutions are required to maintain a rolling five-year auxiliary operations plan, which is used to determine future funding needs and to project appropriate reserve balances. UW System policy requires that auxiliary reserve balances at all institutions

be linked to specific programmatic and operating requirements. According to UW System, reserve funds are needed by UW institutions to meet various obligations:

- to meet debt service requirements;
- to ensure that equipment and facilities can be maintained, replaced, remodeled or refurbished as needed;
- to provide an operating cushion to offset short-term revenue losses or unanticipated expenditures; and
- to stabilize rate increases for students.

The planned uses of the reserve balances for the eleven campuses that are projecting balances in excess of the 15% threshold are detailed below (cost estimates are included where available):

- Milwaukee: Student union remodeling (\$3 million); sprinkler system installation (\$525,000).
- Eau Claire: Student Center addition and remodeling (\$8.5 million); children's center relocation and renovation.
- Green Bay: 21st century initiative (\$1.4 million); student union remodeling; Phoenix Sport Center; Events Center; Wood Hall parking lot and relocation of bookstore (\$1 million)
- La Crosse: Eagle Student Recreation Center Phase II Aquatic Center (\$3.0 million).
- Parkside: Residence hall debt sinking fund (\$2.4 million); Tallent Hall parking lot resurfacing.
- Platteville: Residence Hall debt repayment and technological infrastructure upgrade (\$3 million); remodeling and renovation of food service (\$1.8 million).
- River Falls: Residence hall rewiring and renovation (\$9 million); improvements for new Student Center (\$20 million).
- Stout: New residence halls and Recreation Complex remodeling (\$40 million).
- Superior: Remodeling Rothwell Student Center (\$2.5 million); construction of Health and Wellness Center (\$18 million).
- Colleges: Theater expansion and renovation projects.

Table 1

INSTITUTION	FY01 Actual Revenue	FY02 Planned Reserve Balance	Planned Reserve as % of FY01 Revenue	Amount in Excess of 15% Threshold
Milwaukee	\$30,391,172	\$5,299,227	17.4%	\$740,552
Eau Claire	\$22,214,547	\$5,546,929	25.0%	\$2,214,747
Green Bay	\$8,271,393	\$3,872,755	46.8%	\$2,632,046
La Crosse	\$18,000,233	\$3,804,541	21.1%	\$1,104,506
Parkside	\$7,256,166	\$2,253,382	31.1%	\$1,164,957
Platteville	\$13,200,695	\$2,591,854	19.6%	\$611,750
River Falls	\$11,541,258	\$5,201,653	45.1%	\$3,470,464
Stout	\$15,290,696	\$4,537,219	29.7%	\$2,243,614
Superior	\$3,869,390	\$1,482,546	38.3%	\$902,138
Colleges	\$2,893,732	\$564,025	19.5%	\$129,965

Three campuses have planned relatively high reserve balances with respect to prior year's revenues – Green Bay, River Falls, and Superior (although the total dollar amount in excess of the 15% threshold is fairly low for Superior, at \$902,138). The schools are planning relatively high reserve balances to meet the costs associated with upcoming projects. Details concerning those projects and associated costs are outlined on the previous page.


The net effect of this plan is to decrease the auxiliary reserves balance (by \$682,722) below the July 1, 2001 actual balance of \$46,727,275, to an estimated \$46,044,553 by June 30, 2002. The actual auxiliary reserve balance reported at the close of FY01, \$46,727,275, was approximately \$5.8 million higher than the projected balance that was approved for that year. This was the smallest variance since FY97 and the lowest overall balance since FY98.

The variance can be attributed to a number of factors that complicate the estimation of institutional auxiliary reserves. These factors include planned and unanticipated project deferrals, unanticipated program growth, and conservative fund administration by campus officials in an effort to avoid deficit situations that could force higher than anticipated student fee increases.

Page 4
October 1, 2001

UW System's current plan for student fee-funded reserves at those campuses that exceed the 15% threshold appears reasonable and therefore should be approved.

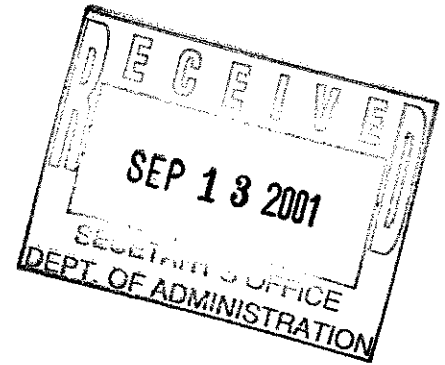
Sincerely,


George Lightbourn
Secretary



Financial Administration

780 Regent Street, Suite 221
Madison, Wisconsin 53715
(608) 262-1313
(608) 262-5316 Fax
email: finadmin@uwsa.edu
website: <http://www.uwsa.edu>



September 12, 2001

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

George Lightbourn, Secretary
Department of Administration

Dear Senator Burke, Representative Gard and Secretary Lightbourn:

This letter requests approval of the UW System's 2001-2002 plan for student fee funded auxiliary reserve balances as required by section 36.46, Wisconsin Statutes:

The board may not accumulate any auxiliary reserve funds from student fees for any institution, or for the centers in aggregate, in an amount that exceeds an amount equal to 15% of the previous fiscal year's total revenues from student segregated fees and auxiliary operations funded from student fees for that institution, or for the centers in aggregate, unless the reserve funds are approved by the secretary of administration and the joint committee on finance under this subsection. A request by the board for such approval for any fiscal year shall be filed by the board with the secretary of administration and the cochairpersons of the joint committee on finance no later than September 15 of that fiscal year. The request shall include a plan specifying the amount of reserve funds the board wishes to accumulate and the purposes to which the reserve funds would be applied, if approved. Within 14 working days of receipt of the request, the secretary of administration shall notify the cochairpersons of the joint committee on finance in writing of whether the secretary proposes to approve the reserve fund accumulation.

Reserve funds are needed to meet debt service requirements, to ensure that equipment and facilities can be maintained, replaced, remodeled or refurbished as needed, to provide an operating cushion to offset short-term revenue losses or unanticipated expenditures and to stabilize rate increases for students. Section 36.46 originally required approval of all student fee funded auxiliary reserve accumulations but was amended by the 1997-99 biennial budget bill to require approval of only reserve accumulations in excess of 15% of prior year revenues. UW System policy requires that institutional reserve levels be clearly linked to specific programmatic and operating needs detailed in a multi-year plan.

Attachment 1 shows planned reserves as of the end of 2001-2002 for all UW institutions and compares that amount to the reporting threshold (i.e., 15% of 2000-2001 revenues). Attachment 2 shows the planned use of these reserves for the ten institutions that are projecting to end 2001-2002 with reserve balances above the 15% threshold. In almost every case reserves are being accumulated for major capital projects such as residence hall construction or renewal, equipment purchases or upgrades, and residence or food services infrastructure.

With this report we request approval of the projected balances shown in Attachment 2. I would be happy to answer any questions you may have about this information.

Sincerely,



Deborah A. Durcan
Vice President of Finance

cc: Joint Committee on Finance Members
President Lyall
Regents
Chancellors
Vice Presidents
Chief Business Officers
Doug Hendrix

Kathi Sell
Freda Harris
Bob Hanle, DOA
Bob Lang, LFB
John Stott, LFB
Legislative Reference Bureau
Renee Stephenson

University of Wisconsin System
 Section 36.46 Report on Student Fee Funded Auxiliary Reserves
 Calculation of 15% Reporting Threshold

All Institutions	2000-01 Actual Revenue	15% of 00-01 Actual Revenue (Threshold)	6/30/02 Planned Reserve Balance	Greater Than / (Less Than) Threshold
Madison	78,010,405	11,701,561	4,621,227	(7,080,334)
Milwaukee	30,391,172	4,558,676	5,299,227	740,552
Eau Claire	22,214,547	3,332,182	5,546,929	2,214,747
Green Bay	8,271,393	1,240,709	3,872,755	2,632,046
LaCrosse	18,000,233	2,700,035	3,804,541	1,104,506
Oshkosh	17,040,762	2,556,114	2,019,142	(536,972)
Parkside	7,256,166	1,088,425	2,253,382	1,164,957
Platteville	13,200,695	1,980,104	2,591,854	611,750
River Falls	11,541,258	1,731,189	5,201,653	3,470,464
Stevens Point	18,658,589	2,798,788	2,727,557	(71,231)
Stout	15,290,696	2,293,604	4,537,219	2,243,614
Superior	3,869,390	580,409	1,482,546	902,138
Whitewater	18,507,759	2,776,164	1,522,496	(1,253,668)
Colleges	2,893,732	434,060	564,025	129,965
TOTAL	265,146,797	39,772,020	46,044,553	6,272,533

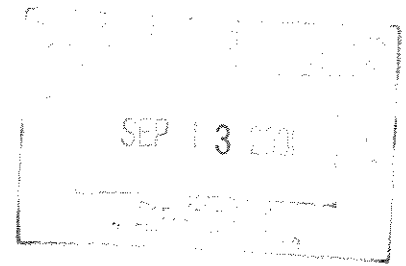
University of Wisconsin System
 Section 36.46 Report on Student Fee Funded Auxiliary Reserves
 Planned Use of 2001-2002 Balances Greater Than Threshold

Institution	Balance Greater Than Threshold	Planned Use of 2001-2002 Balances Greater Than Threshold
Milwaukee	740,552	Student Union remodeling (\$3 million); Sprinkler system installation (\$525, 000)
Eau Claire	2,214,747	Student Center addition and remodeling; Children's Center relocation and renovation
Green Bay	2,632,046	21st Century Initiative (\$1.4 million); Student Union remodeling; addition of Phoenix Sport Center; addition of Events Center; resurface Wood Hall parking lot and move bookstore (\$1 million)
LaCrosse	1,104,506	Eagle Student Recreation Center Phase II Aquatic Center (\$3 million)
Parkside	1,164,957	Residence hall debt sinking fund (\$2.4 million); Tailent Hall parking lot resurfacing.
Platteville	611,750	Residence hall debt repayment and technological infrastructure upgrade (\$3 million); Remodeling and renovation of food service (\$1.8 million)
River Falls	3,470,464	Residence hall rewiring and renovation (\$9 million); New Student Union (\$20 million)
Stout	2,243,614	New Residence Halls and Recreation Complex remodeling (\$40 million)
Superior	902,138	Remodeling Rothwell Student Center (\$2.5 million); construction of Health and Wellness Center (\$18 million).
Colleges	129,965	Theatre expansion and renovation projects.
TOTAL	14,474,187	



Financial Administration

780 Regent Street, Suite 221
Madison, Wisconsin 53715
(608) 262-1313
(608) 262-5316 Fax
email: finadmin@uwsa.edu
website: <http://www.uwsa.edu>



September 12, 2001

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

George Lightbourn, Secretary
Department of Administration

Dear Senator Burke, Representative Gard and Secretary Lightbourn:

This letter requests approval of the UW System's 2001-2002 plan for student fee funded auxiliary reserve balances as required by section 36.46, Wisconsin Statutes:

The board may not accumulate any auxiliary reserve funds from student fees for any institution, or for the centers in aggregate, in an amount that exceeds an amount equal to 15% of the previous fiscal year's total revenues from student segregated fees and auxiliary operations funded from student fees for that institution, or for the centers in aggregate, unless the reserve funds are approved by the secretary of administration and the joint committee on finance under this subsection. A request by the board for such approval for any fiscal year shall be filed by the board with the secretary of administration and the cochairpersons of the joint committee on finance no later than September 15 of that fiscal year. The request shall include a plan specifying the amount of reserve funds the board wishes to accumulate and the purposes to which the reserve funds would be applied, if approved. Within 14 working days of receipt of the request, the secretary of administration shall notify the cochairpersons of the joint committee on finance in writing of whether the secretary proposes to approve the reserve fund accumulation.

Reserve funds are needed to meet debt service requirements, to ensure that equipment and facilities can be maintained, replaced, remodeled or refurbished as needed, to provide an operating cushion to offset short-term revenue losses or unanticipated expenditures and to stabilize rate increases for students. Section 36.46 originally required approval of all student fee funded auxiliary reserve accumulations but was amended by the 1997-99 biennial budget bill to require approval of only reserve accumulations in excess of 15% of prior year revenues. UW System policy requires that institutional reserve levels be clearly linked to specific programmatic and operating needs detailed in a multi-year plan.

Attachment 1 shows planned reserves as of the end of 2001-2002 for all UW institutions and compares that amount to the reporting threshold (i.e., 15% of 2000-2001 revenues). Attachment 2 shows the planned use of these reserves for the ten institutions that are projecting to end 2001-2002 with reserve balances above the 15% threshold. In almost every case reserves are being accumulated for major capital projects such as residence hall construction or renewal, equipment purchases or upgrades, and residence or food services infrastructure.

With this report we request approval of the projected balances shown in Attachment 2. I would be happy to answer any questions you may have about this information.

Sincerely,



Deborah A. Durcan
Vice President of Finance

cc: Joint Committee on Finance Members
President Lyall
Regents
Chancellors
Vice Presidents
Chief Business Officers
Doug Hendrix

Kathi Sell
Freda Harris
Bob Hanle, DOA
Bob Lang, LFB
John Stott, LFB
Legislative Reference Bureau
Renee Stephenson

University of Wisconsin System
 Section 36.46 Report on Student Fee Funded Auxiliary Reserves
 Calculation of 15% Reporting Threshold

All Institutions	2000-01 Actual Revenue	15% of 00-01 Actual Revenue (Threshold)	6/30/02 Planned Reserve Balance	Greater Than / (Less Than) Threshold
Madison	78,010,405	11,701,561	4,621,227	(7,080,334)
Milwaukee	30,391,172	4,558,676	5,299,227	740,552
Eau Claire	22,214,547	3,332,182	5,546,929	2,214,747
Green Bay	8,271,393	1,240,709	3,872,755	2,632,046
LaCrosse	18,000,233	2,700,035	3,804,541	1,104,506
Oshkosh	17,040,762	2,556,114	2,019,142	(536,972)
Parkside	7,256,166	1,088,425	2,253,382	1,164,957
Platteville	13,200,695	1,980,104	2,591,854	611,750
River Falls	11,541,258	1,731,189	5,201,653	3,470,464
Stevens Point	18,658,589	2,798,788	2,727,557	(71,231)
Stout	15,290,696	2,293,604	4,537,219	2,243,614
Superior	3,869,390	580,409	1,482,546	902,138
Whitewater	18,507,759	2,776,164	1,522,496	(1,253,668)
Colleges	2,893,732	434,060	564,025	129,965
TOTAL	265,146,797	39,772,020	46,044,553	6,272,533

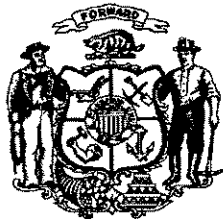
University of Wisconsin System
 Section 36.46 Report on Student Fee Funded Auxiliary Reserves
 Planned Use of 2001-2002 Balances Greater Than Threshold

Institution	Balance Greater Than Threshold	Planned Use of 2001-2002 Balances Greater Than Threshold
Milwaukee	740,552	Student Union remodeling (\$3 million); Sprinkler system installation (\$525, 000)
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Colleges	129,965	Theatre expansion and renovation projects.
TOTAL	<u>14,474,187</u>	

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

November 5, 2001

Secretary Darrell Bazzell
Department of Natural Resources
101 S. Webster St., 5th Floor
Madison, Wisconsin 53703

Dear Secretary Bazzell:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, originally received on August 17, 2001, concerning the proposed 206 acre land purchase in Taylor County from Joseph and Marie Pawelko for \$765,000.

An objection to the request, which was made on September 6, 2001, was withdrawn on October 30, 2001.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Brian Burke".

BRIAN BURKE
Senate Chair

A handwritten signature in cursive script, appearing to read "John G. Gard".

JOHN G. GARD
Assembly Chair

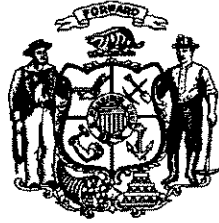
BB:JG:dh

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

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
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Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members

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

Date: October 31, 2001

Re: Pawelko Land Purchase/Withdrawal of Objection

On September 6, 2001, an objection was made to two proposed land purchases by the Department of Natural Resources. The agency was notified that the requests, for the Arndt property in Waukesha County and the Pawelko property in Taylor County, were not approved and that a meeting would be held to further discuss the requests.

On October 30, 2001, the objection to one of those two land purchases, for 206 acres in Taylor County from Joseph and Marie Pawelko for \$765,000, was withdrawn.

Please notify **Senator Burke** or **Representative Gard** no later than **12 noon on Friday, November 2, 2001**, if you have any questions about the land purchase or would like the Committee to meet formally to consider it. If no objections are heard by that date, the request will be approved.

Also, please contact us if you need further information.

BB:JG:dh

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

September 6, 2001

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

Dear Secretary Bazzell:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed your requests, dated August 17, 2001, regarding the following two proposed land purchases:

- 80 acres in Waukesha County from Dennis and Christine Arndt for \$384,000; and
- 206 acres in Taylor County from Joseph and Marie Pawelko for \$765,000

A meeting will be scheduled to further discuss these purchases. Therefore, the requests are not approved at this time.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

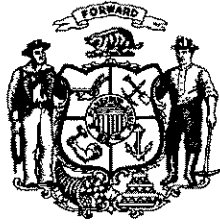
BB:JG:dh

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

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members

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

Date: August 20, 2001

Re: 14 Day Passive Review/Land Purchases

Attached are copies of two requests from Department of Natural Resources Secretary Darrell Bazzell, received on August 17, 2001, regarding the following two land purchases:

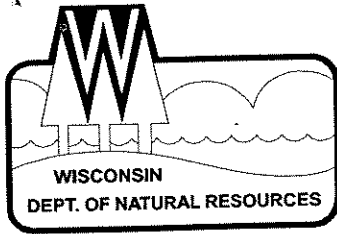
- 1) A proposed 80 acre land purchase from Dennis and Christine Arndt for \$384,000 in Waukesha County.
- 2) A proposed 206 acre land purchase from Joseph and Marie Pawelko for \$765,000 in Taylor County.

The notice is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all stewardship projects more than \$250,000 in cost.

Please review these items and notify **Senator Burke** or **Representative Gard** no later than **Wednesday, September 5, 2001**, if you have any questions about these requests or would like the Committee to meet formally to consider them. If no objections are heard by that date, the requests will be approved.

Also, please contact us if you need further information.

BB:JG:dh



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

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

AUG 17 2001

IN REPLY REFER TO: SF-134

Honorable Brian Burke
Member State Senate
Room 317E
CAPITOL

→ Honorable John Gard
Member State Assembly
Room 308E
CAPITOL

Dear Senator Burke and Representative Gard:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed 80 acre land purchase from Dennis and Christine Arndt for \$384,000. This notice is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects more than \$250,000 in cost. The Natural Resources Board approved the purchase at the August meeting. The land is required for forestry management and protection and public recreation.


The file number is SF-134 and the land is located in Waukesha County. Attached please find a memo and maps describing this transaction.

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

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

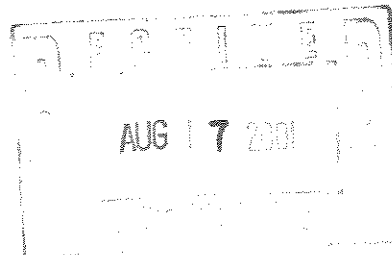
Thank you for this consideration.

Sincerely,


Darrell Bazzell
Secretary

Attach.

cc: Legislative Fiscal Bureau
Department of Administration



CORRESPONDENCE/MEMORANDUM

DATE: July 12, 2001 FILE REF: SF-134
 TO: Governor McCallum
 FROM: Darrell Bazzell *DB*
 SUBJECT: Proposed Land Acquisition, Arndt Tract, File # SF-134, Option Expires September 15, 2001

1. PARCEL DESCRIPTION:

Kettle Moraine State Forest - Southern Unit
 Waukesha County

Grantor:

Dennis and Christine Arndt
 S78 W37150 Wilton Rd.
 Eagle, WI 53119

Acres: 80Price: \$384,000Appraised Value: \$384,000Interest: Purchase in fee.Improvements: None

Location: The tract is located eleven miles southwest of the City of Waukesha, in southwestern Waukesha County.

Land Description: The subject area is level to gently rolling cropland.

<u>Covertypes Breakdown:</u>	<u>Type</u>	<u>Acreage</u>
	Cropland	80.0

Zoning: General Agriculture; Upland ConservancyPresent Use: AgricultureProposed Use: Forestry Management and Protection, and Public RecreationTenure: In the family for more than 20 yearsProperty Taxes: \$1,191.39 (estimated)Option Date: April 20, 2001Comments: It is a requirement of this transaction that it be closed by September 15, 20012. JUSTIFICATION:

The 80-acre Arndt property is proposed for purchase for forest management, natural resource protection and public recreation in the Kettle Moraine State Forest - Southern Unit. Ownership will protect the land and water resources associated with the Scuppernong Marsh, including the Bark River. Additionally, opportunities for public recreation will be provided in a heavily populated area of the state, and State ownership will be consolidated in an area of the forest where Department ownership is limited.

The Kettle Moraine State Forest - Southern Unit was established in 1936 to provide recreational opportunities in the southeastern portion of the State and to protect the natural and scenic values of the Kettle Moraine landscape. The property is used by the public for hunting, fishing, trapping, cross-country skiing, camping, hiking, and other outdoor recreation. In addition, the geologic and natural values of the area are used for research and education.

The project, an all season property, is located in southeastern Wisconsin in Waukesha, Jefferson, and Walworth Counties. The forest is located about 35 miles west of Milwaukee, and within 100 miles of five million people. Total attendance at the property in 1996 was 1,179,000, making it one of Wisconsin's busiest state park/forests. KMSF-SU is also a heavily hunted property; and the forest consistently ranks as one of the top five DNR license outlets (first for field stations) in the state.

The 80- acre Arndt property is presently converted, cropped wetland and part of a larger 160-acre farm. The Arndt's are retaining the remaining 80 acres where the farmstead is located. The Arndt property is located on the eastern edge of the Scuppernong Marsh, and DNR lands border the entire 160-acre Arndt ownership on the western and northern boundaries, as well as a portion of the eastern boundary. Broad, scenic views of the marsh are available from the eastern edge of the property. Residential development in the area is increasing, and nearby properties have recently been subdivided into residential lots. Purchase of the Arndt parcel will not only ensure that it's not subdivided, the parcel will also provide a buffer from the existing development encroaching on the valuable Scuppernong Marsh resources.

The Arndt parcel is located within the boundary of the 3,700-acre Scuppernong River Habitat Preservation Area as designated in the forest's Master Plan. The Department has identified this Preservation Area as the largest grassland opportunity in the southeastern part of the state. The Bureau of Wildlife Management and the Bureau of Endangered Resources both endorsed the establishment of the Habitat Preservation Area, and encourage the purchase of land to support the project's goals.

The proposed purchase will also provide additional recreational opportunities in a highly populated area of the state. Additional hunting, bird watching and hiking will be provided on the Arndt tract, as well as nature study and on-going research of natural systems. The cropland will be sharecropped or rented for several years, then converted to native vegetation.

Purchase of the Arndt parcel is recommended to protect the Scuppernong Marsh and watershed, to provide for public recreation, to prevent incompatible use, and to consolidate State ownership within the state forest.

3. FINANCING:

State Stewardship bond funds are anticipated:

Funds allotted to program:	Balance after proposed transaction
\$2,900,000	\$1,145,200

4. ACQUISITION STATUS OF THE KETTLE MORAIN STATE FOREST - SOUTHERN UNIT:

Established: 1936
Acres Purchased to Date: 20,533.23
Acquisition Goal: 29,085.0 Acres
Percent Complete: 70.6%
Cost to Date: \$10,671,384

5. APPRAISAL:

Appraiser: Richard Larkin (Private Appraiser)
Valuation Date: December 13, 2000
Appraised Value: \$384,000
Highest and Best Use: Rural Residential Site(s)

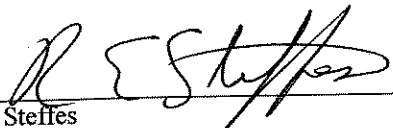
Allocation of Values:

- a. land: 80.0 acres @ \$4,800 per acre: \$384,000
- b. market data approach used, four comparable sales cited
- c. adjusted value range: \$3,375 to \$5,600 per acre

Appraisal Review: Ron Olson – January 9, 2001

Comments: Two appraisals were completed for this transaction. The first appraisal was completed by Richard Larkin (Private Appraiser) on September 13, 1999 with a valuation of \$760,000 (\$4,750 per acre) for 160 acres of improved land. The Larkin appraisal was updated on December 13, 2000 to account for time and a change in acreage, and a new valuation of \$384,000 (\$4,800 per acre) for 80 acres was determined. The second appraisal was completed by Philip Vander Male and Thomas Kilpatrick (Private Appraisers) on June 1, 2001 with a valuation of \$410,000 (\$5,125 per acre) for 80 acres. The Larkin appraisal was used as the basis for the final transaction price, as it was the best representation of the subject parcel.

RECOMMENDED:




 Richard E. Steffes

7-12-01
 Date



 Bureau of Legal Services

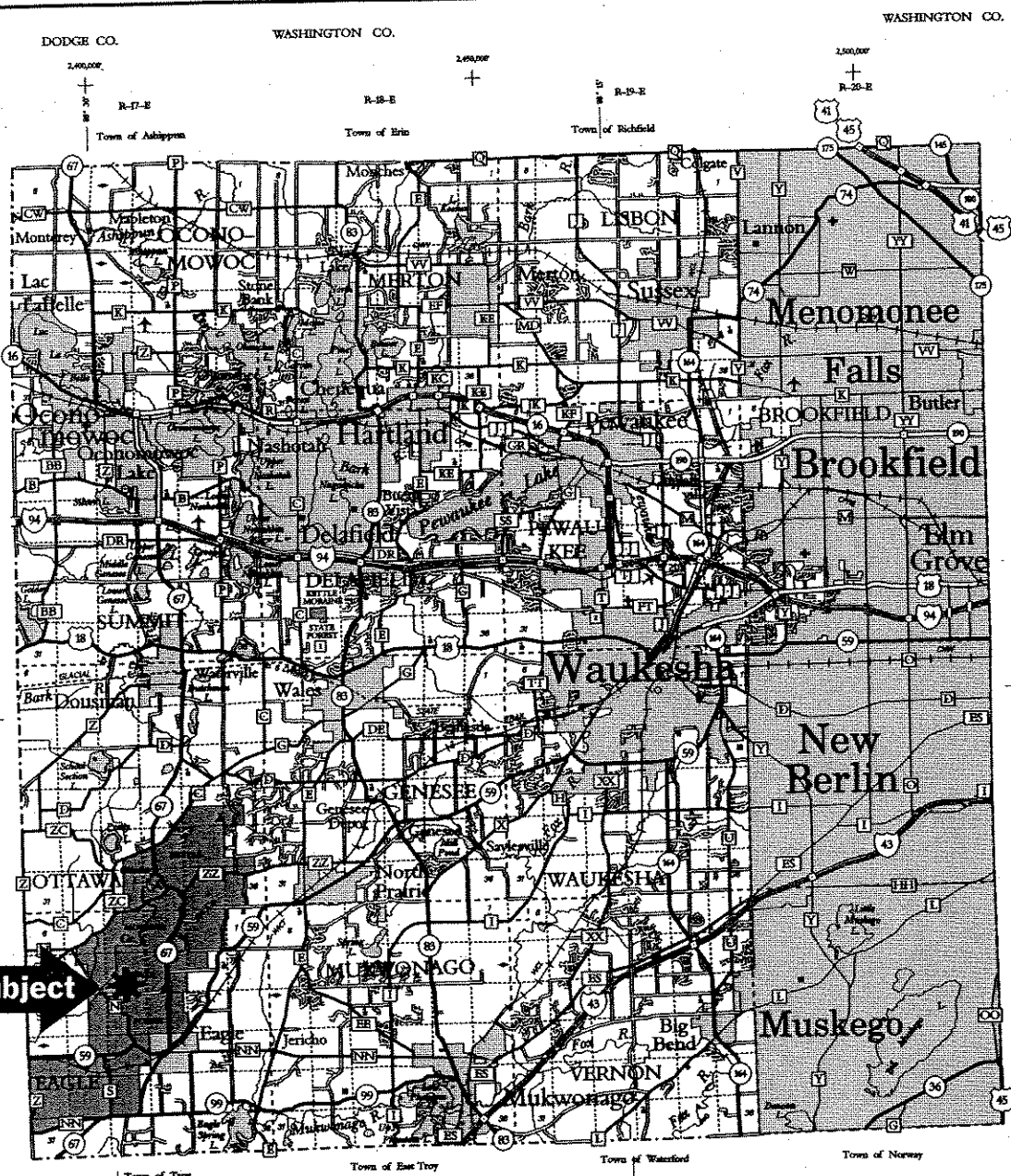
7/13/01
 Date



 Steven W. Miller

7/13/01
 Date

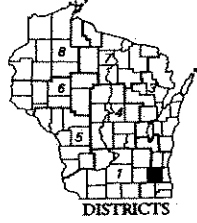
RES:tmt



Subject

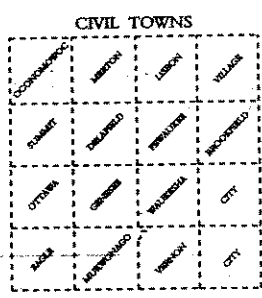
LEGEND

- | | | | |
|------------------------|-------|-------------------------------|-------|
| Freeway | ----- | Dam | ----- |
| Multi-lane Divided | ----- | Hospital | + |
| U.S. or State Hwy | ----- | School | + |
| County Trunk Hwy | ----- | Airport | + |
| Town Road | ----- | County Seat | + |
| Private | ----- | Unincorporated Village | + |
| Railroad | ----- | Fish Hatchery | + |
| State Trail | ----- | Game Farm | + |
| Interchange | ----- | Public Hunt or Fish Gnd. | + |
| Highway Separation | ----- | Public Camp & Picnic Gnd. | + |
| Interstate Highway No. | 94 | Range Station | + |
| U.S. Highway No. | 18 | State Park | + |
| State Highway No. | 59 | County Park | + |
| County Highway Letter | T | White Potholes | + |
| State Boundary | ----- | White Potholes | + |
| County Boundary | ----- | White Potholes | + |
| Chad Plover Boundary | ----- | White Potholes | + |
| Section No. | ----- | White Potholes - Waukesha Co. | + |



SECTION NUMBERING OF A TOWNSHIP

8	9	10	11	12
13	14	15	16	17
18	19	20	21	22
23	24	25	26	27
28	29	30	31	32



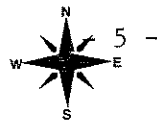
MILES OF HIGHWAY
as of Jan. 1, 1994

STATE	228
COUNTY	364
LOCAL ROADS	187
OTHER ROADS	15
TOTAL FOR COUNTY	794

Land Area: 299 sq. mi.
Population: 200,000
County Seat: Waukesha

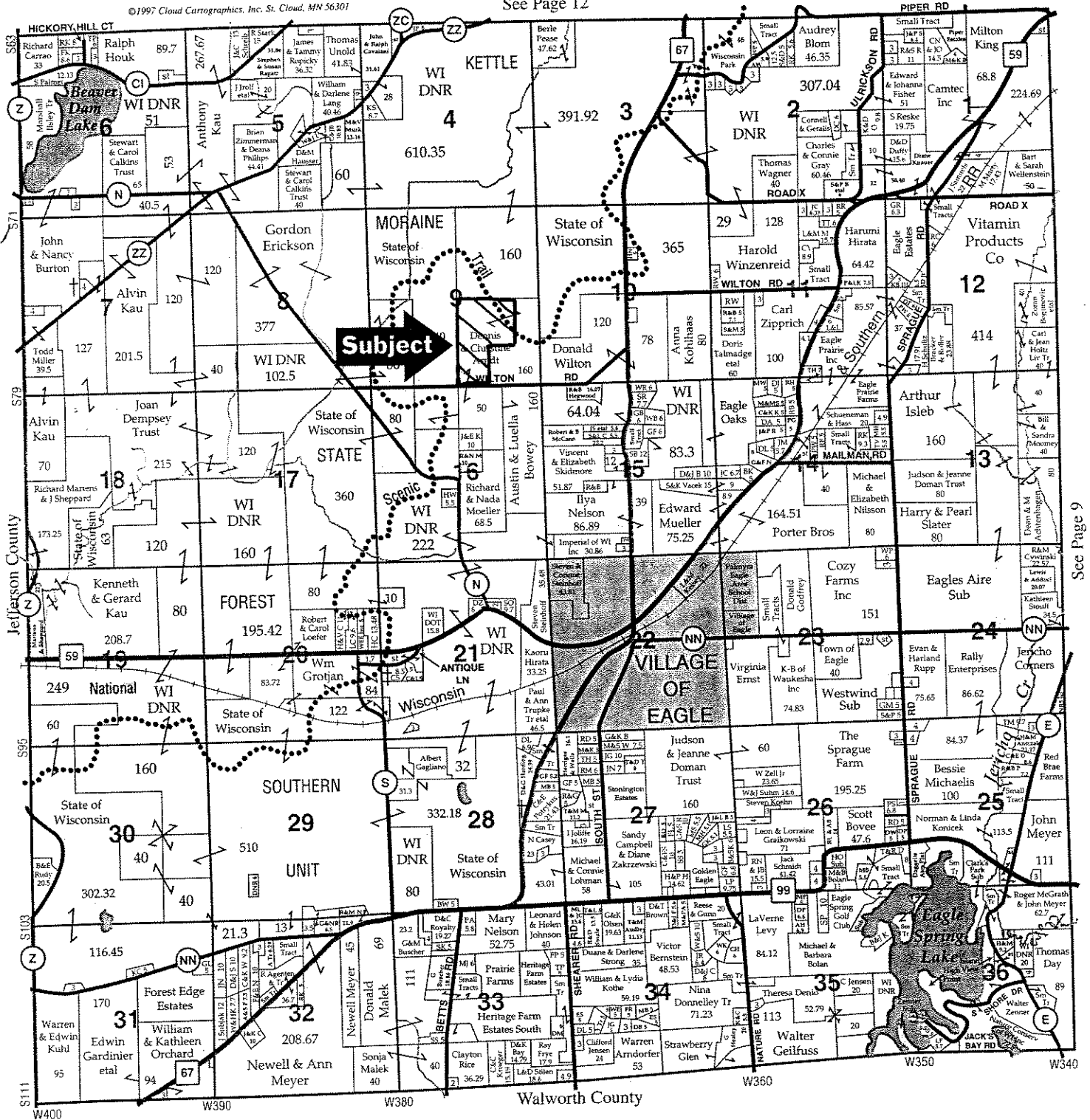
WAUKESHA CO.

DEPARTMENT OF TRANSPORTATION
STATE OFFICE BUILDING
Madison, Wisconsin
Created for
JAN 1995
Not compiled from U.S.G.S. Quadrangle
100,000 Scale



©1997 Cloud Cartographics, Inc. St. Cloud, MN 56301

See Page 12



See Page 9

"Reproduced with permission of Cloud Cartographics, Inc."

LEGEND

BOUNDARY APPROVED

Aug. 94
date

■■■■■ PROJECT BOUNDARY

ACREAGE GOAL

29,085
acres

■ STATE OWNED

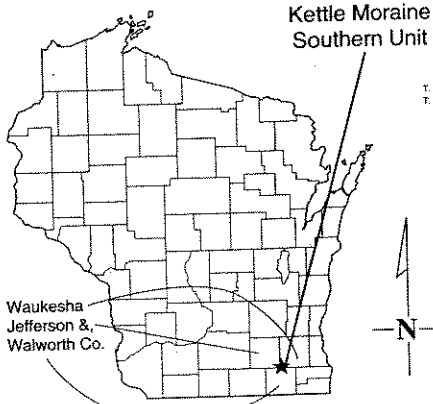
▨ STATE EASEMENT

PLANIMETERED AREA
WITHIN BOUNDARY

_____ acres

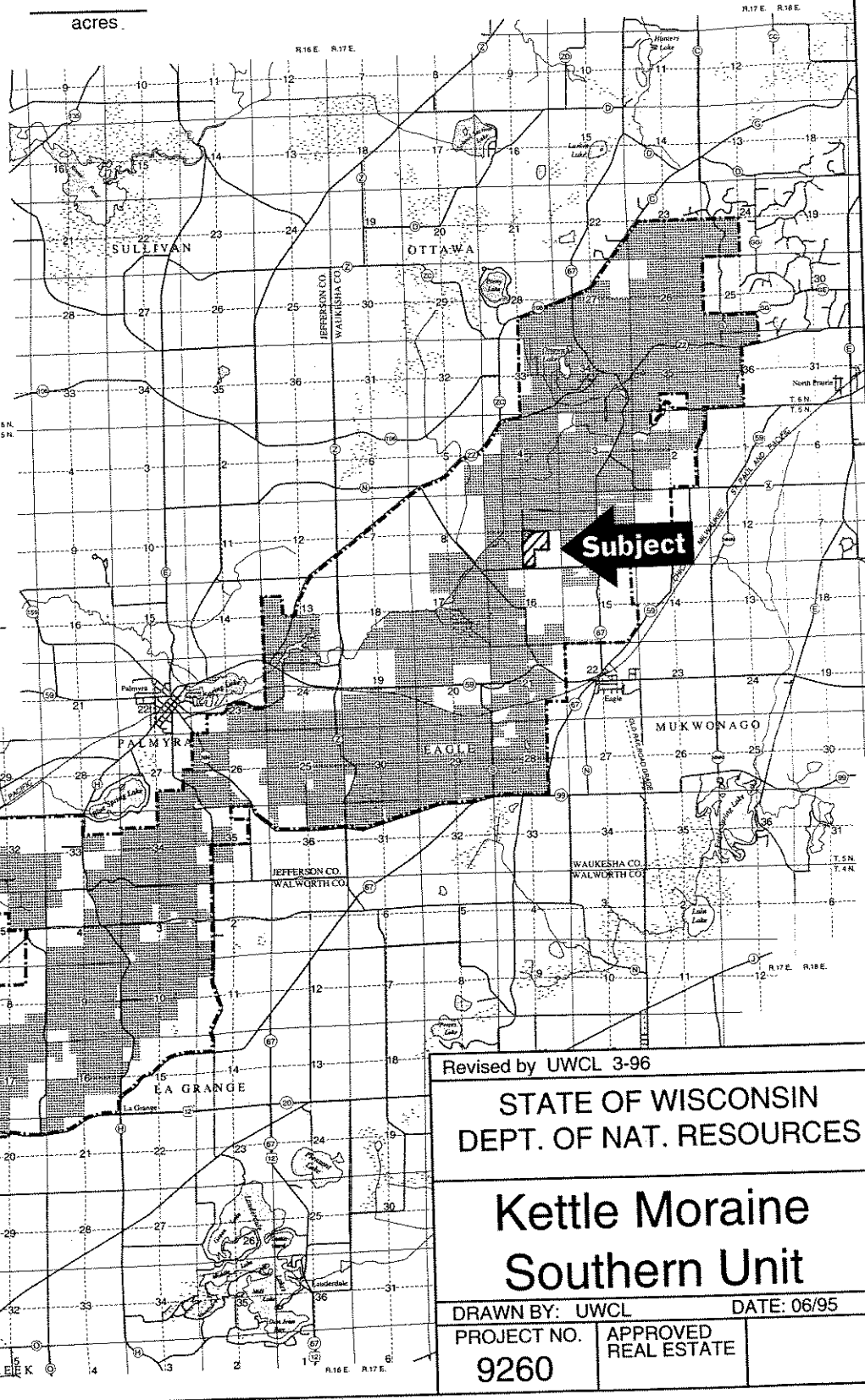
SCALE

1 : 63,360



Kettle Moraine
Southern Unit

Waukesha
Jefferson &
Walworth Co.



Revised by UWCL 3-96
**STATE OF WISCONSIN
DEPT. OF NAT. RESOURCES**

**Kettle Moraine
Southern Unit**

DRAWN BY: UWCL DATE: 06/95

PROJECT NO.
9260

APPROVED
REAL ESTATE



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor
Darrell Bazzell, Secretary

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

AUG 17 2001

IN REPLY REFER TO: NA-766

Honorable Brian Burke
Member State Senate
Room 317E
CAPITOL

→ Honorable John Gard
Member State Assembly
Room 308E
CAPITOL

Dear Senator Burke and Representative Gard:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed 206 acre land purchase from Joseph and Marie Pawelko for \$765,000. This notice is pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects more than \$250,000 in cost. The Natural Resources Board approved the purchase at the August meeting. The land is required for natural area protection and public recreation.

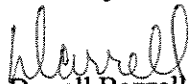
The file number is NA-766 and the land is located in Taylor County. Attached please find a memo and maps describing this transaction.

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

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

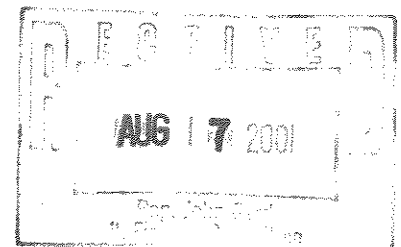
Thank you for this consideration.

Sincerely,


Darrell Bazzell
Secretary

Attach.

cc: Legislative Fiscal Bureau
Department of Administration



CORRESPONDENCE/MEMORANDUM

DATE: July 18, 2001 FILE REF: NA-766
 TO: Governor McCallum
 FROM: Darrell Bazzell *DB*
 SUBJECT: Proposed Land Acquisition, Joseph and Marie Pawelko Tract, File # NA-766,
 Option Expires November 3, 2001

1. PARCEL DESCRIPTION:

Statewide Natural Area – Wild Lakes Program
 Taylor County

Grantor:

Joseph and Marie Pawelko
 C/o Coldwell Banker/Larson Realty
 1151 Hwy 13 South, PO Box 108
 Park Falls, WI 54552

Acres: 206.0 (plus 50 acres of submerged land included in taxable acreage)

Price: \$765,000

Appraised Value: \$765,000; \$755,000

Interest: Purchase in fee.

Improvements: Residence, barn, machine shed, 2 silos, well and septic system

Location: The tract is located sixteen miles west of the Village of Medford, in southwestern Taylor County.

Land Description: The subject area varies from flat to rolling uplands, with scattered, low wetland areas.

<u>Coverture Breakdown:</u>	<u>Type</u>	<u>Acreage</u>
	Wooded Lowland	20.0
	Wooded Upland	70.0
	Cropland	68.0
	Wetland	25.0
	Grasslands	20.0
	Building Site	3.0
	Submerged Land	50.0
	TOTAL	256.0

Zoning: Shoreland - Floodplain

Present Use: Agriculture

Proposed Use: Natural Area Protection and Public Recreation

Tenure: In the family for more than 50 years

Property Taxes: \$2,738.67

Option Date: July 6, 2001

2. JUSTIFICATION:

The 256-acre Pawelko property is proposed for purchase for the Statewide Natural Areas – Wild Lakes Program. Ownership will protect the natural values of the site for future generations, allow natural area management, prevent incompatible development within the project boundary, and provide opportunities for public recreation and natural area research and education.

The Statewide Natural Areas Program was established in 1972 to protect the best remaining examples of Wisconsin's native plant and animal communities, their component species, and habitat for rare plant and animal species. Natural areas protect the natural diversity of the landscape for future generations. Natural areas are used for study by school groups of all ages and researchers as well as by the general public. Other recreational activities such as nature study, hiking, cross-country skiing, fishing, and hunting are also popular.

The Pawelko parcel is 256 acres in size (50 acres submerged) and consists of 218 acres surrounding most of Diamond Lake and a separate 38-acre parcel with improvements fronting on Mud Lake. The subject has about 6,000 feet of frontage on Diamond Lake. This is broken down to 4,700 feet of high frontage and 1,300 feet of wetland frontage. In addition to the frontage on the two lakes, the subject parcel also contains about 650 feet of stream thread on Diamond Creek – flowing into the northwest corner of Diamond Lake, and another 1,200 feet of stream thread on Diamond Creek as it flows southwesterly, out of Diamond Lake.

Coverture on the Pawelko parcel consists of a mixture of farm fields, upland hardwoods and swamplands. The subject has a total area of about 256.0 acres. Of this total 68.0 acres are active croplands, 45 acres are grasslands and wetlands, 3 acres are in the improvement site, 90 acres are wooded, and 50 acres are in the bed of Diamond and Mud Lakes. The croplands are spread out in separate irregular shaped fields on the subject. All fields are active but are currently leased out to other farmers, as the Pawelko's are now retired. There are scattered pockets of planted red pine and white spruce around the buildings and throughout the property. The wooded uplands are primarily pole size mixed hardwoods. The wetlands are open bog, lowland brush swamp conifers.

Diamond Lake is a 49-acre soft water drainage lake with a maximum depth of 30 feet, and is listed as the number one Wild Lake for Taylor County, on the statewide "Wild Lakes" list. A two-foot head rock roller dam at the outlet maintains the water level. The lake bottom is composed of rubble, gravel, and half muck. About 80% of the parcel's shoreline are uplands and the rest is a mixture of marsh and swamp wetlands.

Diamond Lake has a very diverse and productive fish population. Growth rates for most species are above the northwestern Wisconsin average. The game fish community is made up of walleye, largemouth bass, northern pike, bluegill, black crappie, yellow perch, and pumpkinseed. Non-game species are black bullhead, brook lamprey, common carp, johnny darter, common shiner, and white sucker. The dominant predator species in order of abundance are largemouth bass, walleye, and northern pike. In the past, occasional private and DNR plants of walleye have occurred to supplement natural reproduction.

There is walleye spawning habitat both in the lake and up and downstream in the inlet/outlet stream, Diamond Creek. Largemouth bass and northern pike are entirely dependent on natural reproduction to maintain their population levels. All three species grow to large size in the lake. The panfish fishery is dominated by black crappie and bluegill, and to a lesser degree yellow perch and pumpkinseed. Natural reproduction is adequate to maintain these populations. Growth rates and size distribution are very good in both the main panfish species.

The wetland associated with the Diamond Lake shore (excepting the small Co. Park area), Mud Lake and Diamond Creek are very important wildlife habitats. Diamond Lake is a natural lake in an area where few exist. Sign from some furbearer species, muskrat, mink, weasel, beaver and otter was present. Diamond Lake's natural shoreline being undisturbed for its whole length along the north, east, and south sides of the lake provides uninterrupted corridor use for many shoreline edge species. Wildlife species typically utilize the shallow weedy lake edges, the associated wetlands, and the forested uplands adjacent to the lake and creek.

The 38-acre improved parcel includes about 800 feet of lowland frontage on Mud Lake. Mud Lake is a 9-acre soft water drainage lake with fishery of largemouth bass and panfish, with a small creek outlet to the Eau Claire River, and has a maximum depth of 21 feet. The improvements on the property include a 1-1/2 story year-round residence, a 40' x 80' machine shed, an old 2-story barn, two silos, and a well and septic system. If acquired, the improvements will be sectioned off to an 8-acre parcel to be resold for an estimated \$70,000. That part is not needed for conservation purposes. The balance of the 38-acre parcel would be retained. This area has a pothole wetland complex adjacent to a small farm field, and it would provide access to both Mud Lake, and the rest of the Pawelko land along the northwest portion of Diamond Lake.

The Town of Roosevelt owns the 40 acres that would block in between the 38-acre parcel and the 218-acre parcel, joining the two separate parcels of the subject. Also, Taylor County has a park on 4.5 acres along a portion of Diamond Lake frontage on the western shoreline. There is an excellent public boat landing/parking area on the west shoreline with new pavement and a poured concrete launching ramp and boarding dock. These facilities include a lakeside walking trail, an accessible fishing pier along the west shore, picnicking, camping, and a beach. There is no private development on Diamond Lake. The south boundary of the Chequamegon National Forest is located one-half of a mile north of the subject.

The Department recommends purchase of this property to protect the natural values of the site, to allow natural area management, to provide opportunities for public education and recreation, and to protect the site from development incompatible with the goals of the natural area program.

3. FINANCING:

State Stewardship bond funds are anticipated:

	Funds allotted to program:	Balance after proposed transaction
Stewardship Bond:	\$2,900,000	\$1,109,890

4. ACQUISITION STATUS OF THE STATEWIDE NATURAL AREA:

Established: 1972
Acres Purchased to Date: 6,328.13
Acquisition Goal: 5,535.0 Acres
Percent Complete: 114.3%
Cost to Date: \$3,415,044

5. APPRAISAL:

Appraiser: Wayne Gibson (Private Appraiser)
Valuation Date: April 9, 2001
Appraised Value: \$765,000
Highest and Best Use: Recreation and Residential

Allocation of Values:

- | | | |
|----|---|------------------|
| a. | Lake frontage: 6,000 feet @ \$105/ff: | \$630,000 |
| b. | Backland: | 72,000 |
| c. | Improvements: | <u>\$63,000</u> |
| d. | Total: | <u>\$765,000</u> |
| e. | market data approach used, seven comparable sales cited | |
| f. | adjusted value range to value 38-acre improved parcel: | |
| | 3 improved sales at \$113,897 to \$163,056 total value | |
| g. | adjusted value range to value 218-acre Diamond Lake parcel: | |
| | 4 unimproved lakefront sales at \$82 to \$135 per foot frontage | |

Appraisal Review: Phil Lepinski — May 1, 2001

Comments: Two appraisals were completed for this transaction. The first was by Wayne Gibson (Private Appraiser) on April 9, 2001 with a valuation of \$765,000 (\$2,988 per acre). Michael Augustyn (Private Appraiser) completed the second appraisal on April 9, 2001 with a valuation of \$755,000 (\$2,949 per acre). The final purchase price of \$765,000 was set through negotiations with the grantor.

RECOMMENDED:

RES Steffes
Richard E. Steffes

7-19-01
Date

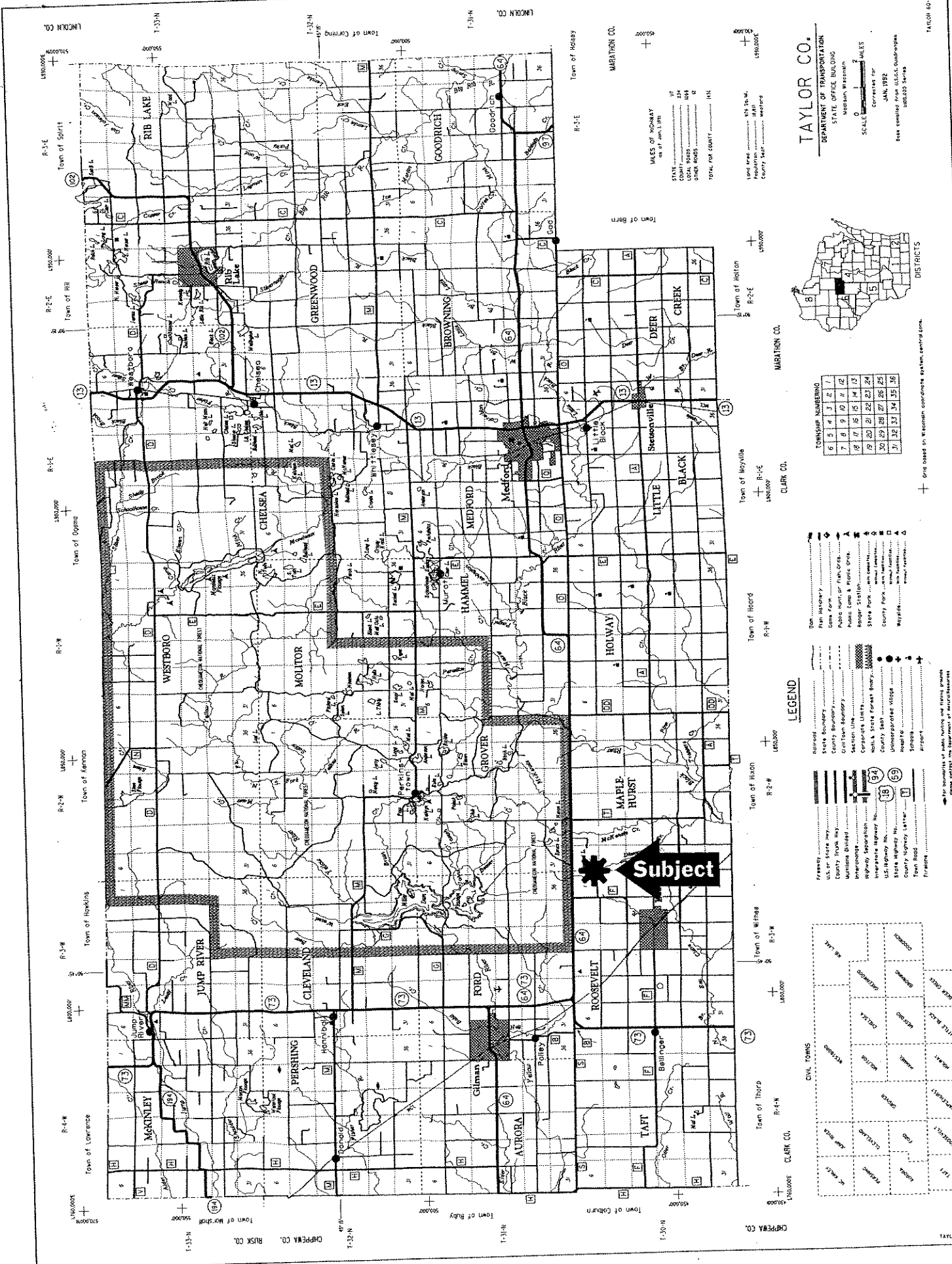
Richard Hermann
Bureau of Legal Services

7/20/01
Date

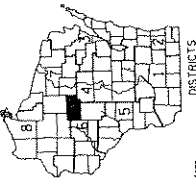
Steven W. Miller (sen)
Steven W. Miller

7/19/01
Date

RES:jp



TAYLOR CO.
 DEPARTMENT OF TRANSPORTATION
 STATE OFFICE BUILDING
 MADISON, WISCONSIN
 SCALE 0 1 2 3 4 5 MILES
 CORRECTED TO JAN. 1952
 SEE COMPLETION OF TOWNSHIP COORDINATES

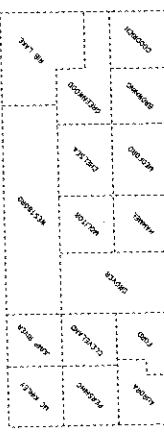


TOWNSHIP NUMBERING

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

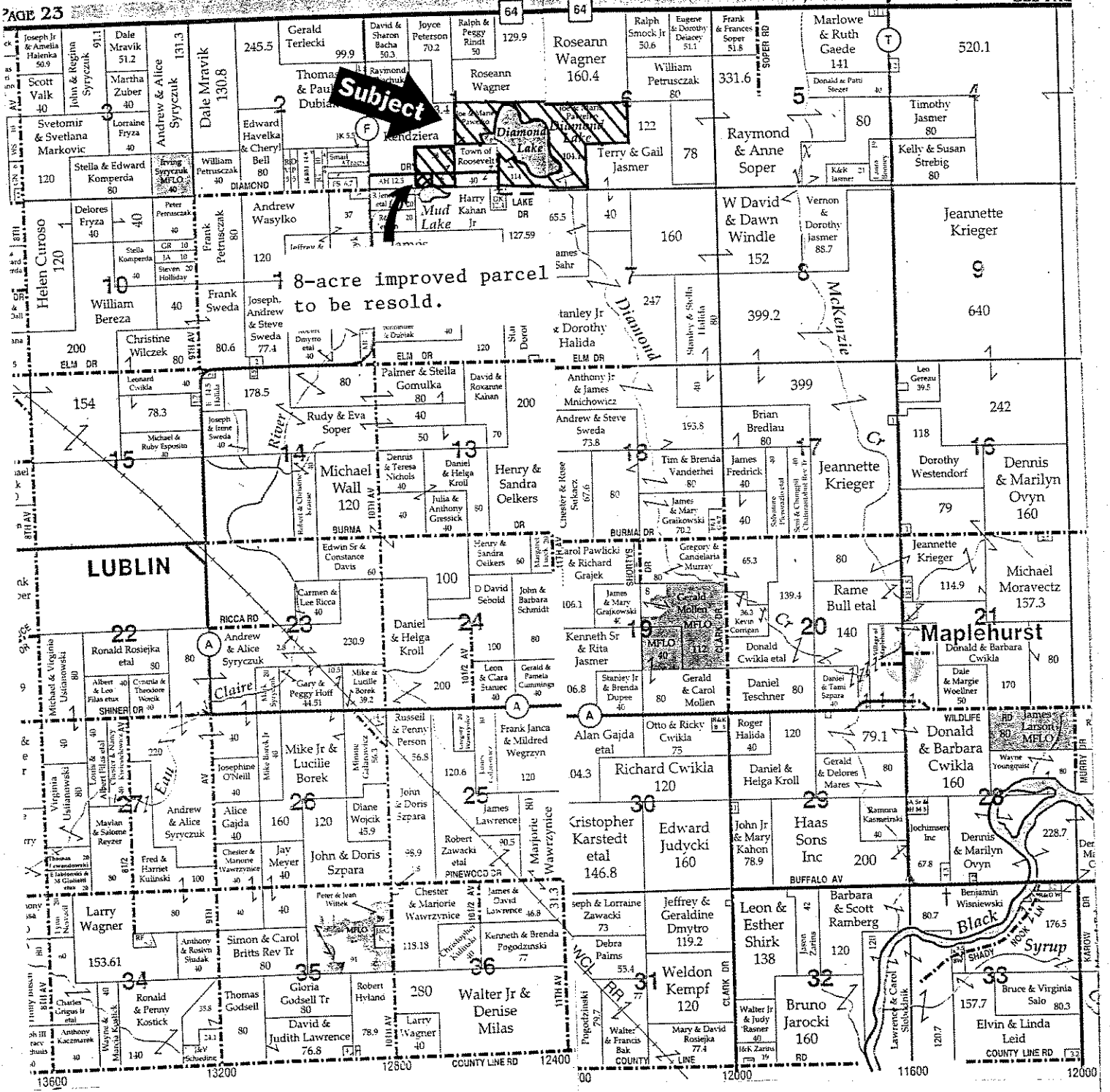
LEGEND

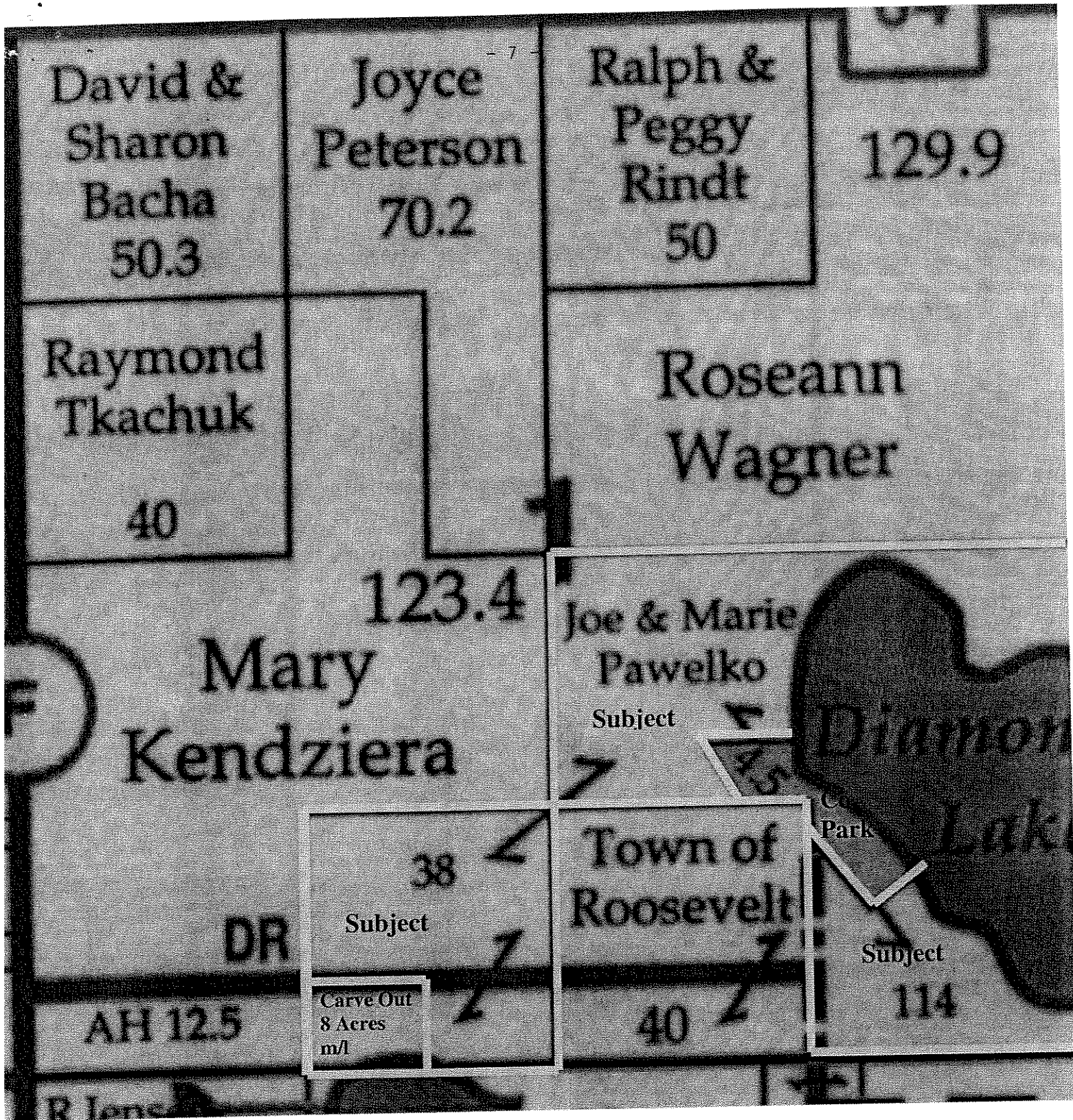
- Freeway
- U.S. or State Hwy.
- County Highway
- Maintained Gravel
- Interchange
- Interstate Highway
- U.S. Highway No.
- State Highway Letter
- Town Road
- Fire Road
- Railroad
- State Boundary
- County Boundary
- County Highway
- State Boundary
- Gravel Area
- Concrete Area
- North & State Forest Hwy.
- County Park
- State Park
- County Park
- Wayline
- State Park
- Public Hunt. or Fish Cr.
- Public Camp & Picnic Cr.
- Regulator Station
- State Park
- County Park
- Wayline
- State Park
- Public Hunt. or Fish Cr.
- Public Camp & Picnic Cr.
- Regulator Station
- State Park
- County Park
- Wayline
- State Park



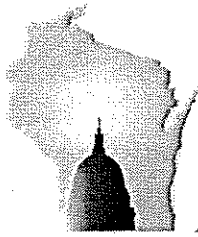
CLARK CO. MARATHON CO. LINCOLN CO. RUSK CO. CHESTERA CO. TOWN OF SPIRIT TOWN OF HILL TOWN OF BERN TOWN OF HOLTON TOWN OF HOYVILLE TOWN OF HORD TOWN OF HURST TOWN OF HATHORN TOWN OF WITHEAP TOWN OF THORP TOWN OF LOWMEADE TOWN OF HAWKINS TOWN OF FARMER TOWN OF DOUGLAS TOWN OF CHELSEA TOWN OF WESTBORO TOWN OF MOLITOR TOWN OF GROVER TOWN OF MAPLE HURST TOWN OF FORD TOWN OF ROOSEVELT TOWN OF TAFT TOWN OF AURORA TOWN OF COLUMBIA TOWN OF COBURN TOWN OF RUBY TOWN OF MADRID TOWN OF PERSHING TOWN OF JUMP RIVER TOWN OF CLEVELAND TOWN OF GREENWOOD TOWN OF BROWNING TOWN OF GOODRICH TOWN OF DEER CREEK TOWN OF LITTLE BLACK TOWN OF STONESTOWN

5-00-007141 1-1-1 1-2-1 1-3-1 1-4-1 1-5-1 1-6-1 1-7-1 1-8-1 1-9-1 1-10-1 1-11-1 1-12-1 1-13-1 1-14-1 1-15-1 1-16-1 1-17-1 1-18-1 1-19-1 1-20-1 1-21-1 1-22-1 1-23-1 1-24-1 1-25-1 1-26-1 1-27-1 1-28-1 1-29-1 1-30-1 1-31-1 1-32-1 1-33-1 1-34-1 1-35-1 1-36-1 1-37-1 1-38-1 1-39-1 1-40-1 1-41-1 1-42-1 1-43-1 1-44-1 1-45-1 1-46-1 1-47-1 1-48-1 1-49-1 1-50-1 1-51-1 1-52-1 1-53-1 1-54-1 1-55-1 1-56-1 1-57-1 1-58-1 1-59-1 1-60-1 1-61-1 1-62-1 1-63-1 1-64-1 1-65-1 1-66-1 1-67-1 1-68-1 1-69-1 1-70-1 1-71-1 1-72-1 1-73-1 1-74-1 1-75-1 1-76-1 1-77-1 1-78-1 1-79-1 1-80-1 1-81-1 1-82-1 1-83-1 1-84-1 1-85-1 1-86-1 1-87-1 1-88-1 1-89-1 1-90-1 1-91-1 1-92-1 1-93-1 1-94-1 1-95-1 1-96-1 1-97-1 1-98-1 1-99-1 1-100-1





Carve out for resale includes 8 acres m/l, house, metal machine shed and barn, (Subject to survey). Eight (8) acres m/l, described as the west 660 feet, of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ all located south of Diamond Drive, in Section 1, T30N, R3W, Township of Roosevelt, Taylor County.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

November 15, 2001

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
317 East, State Capitol
Madison, WI 53702

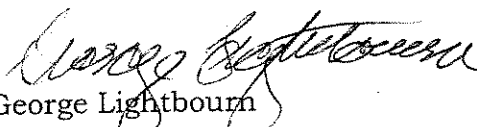
The Honorable John Gard, Co-Chair
The Joint Committee on Finance
308 East, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

In fulfillment of the requirements set forth under s. 9101(26n), I am notifying the Joint Committee on Finance of the Department of Administration's (DOA) action taken to lapse funding related to vacant positions in state government. This lapse plan totals \$7,948,300 in each fiscal year. The nonstatutory provision gives the DOA secretary the latitude to determine each agency's lapse amount and requires each agency to lapse the amount identified. I have apportioned the reduction on the same basis as the five percent state operations reductions were determined, with certain exclusions.

Agencies were informed of the amounts that they were required to lapse in my September 24, 2001, memorandum relating to the implementation of budget cuts and lapses. The reduction for the vacancy lapse amounts to a 1.47% state operations reduction for most state agencies. Positions in the Division of Care and Treatment Facilities in the Department of Health and Family Services, small agencies and the Circuit Courts have been exempted from this reduction. The lapse amount for each agency is listed in the attachment.

Sincerely,


George Lightbourn
Secretary

cc: Bob Lang, Legislative Fiscal Bureau

Additional GPR Lapses (related to vacant positions)

Department	Additional Vac FTE Cut 1.47%
115 Agriculture	297,300
143 Commerce	120,800
215 Arts Board	0
225 Educational Communications Board	83,300
235 Higher Educational Aids Board	0
245 Historical Society	154,300
255 Public Instruction	212,100
275 TEACH Board	0
285 University of Wisconsin System	0
292 Wisconsin Technical College System	50,700
370 Natural Resources	725,900
380 Tourism	175,400
410 Corrections	515,300
425 Employment Relations Commission	40,800
432 Board on Aging	0
434 Adolescent Pregnancy Prev	0
435 Health and Family Services	1,179,000
445 Workforce Development	147,500
455 Justice	519,300
465 Military Affairs	90,200
485 Veteran Affairs	0
505 Administration	211,000
510 Elections Board	0
512 Employment Relations Department	89,500
521 Ethics Board	0
525 Office of the Governor	49,900
540 Office of the Lieutenant Governor	0
547 Personnel Commission	0
550 Public Defender Board	949,800
566 Revenue	1,237,100
585 State Treasurer	0
625 Circuit Courts	0
660 Court of Appeals	92,600
665 Judicial Commission	0
680 Supreme Court	121,400
765 Legislature	885,100
TOTALS	7,948,300