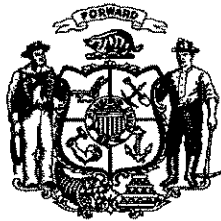


# THE STATE OF WISCONSIN

K

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

July 8, 2002

Secretary George Lightbourn  
Department of Administration  
101 E. Wilson St., 10<sup>th</sup> Floor  
Madison, Wisconsin 53703

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, received June 17, 2002, concerning the proposed plan to transfer responsibility for administration of the Food Stamp Program from the Department of Workforce Development to the Department of Health and Family Services.

No objections have been raised to this request. Therefore, the plan is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE  
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD  
Assembly Chair

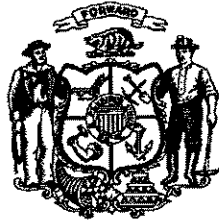
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cc: Members, Joint Committee on Finance  
Secretary Jennifer Reinert, Dept. of Workforce Development  
Secretary Phyllis Dubé, Dept. of Health and Family Services  
Robert Lang, Legislative Fiscal Bureau  
Vicky LaBelle, Department of Administration

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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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: June 19, 2002

Re: Transfer of Food Stamp Program from DWD to DHFS

Attached is a copy of a memo, received June 17, 2002, from the Secretary of the Department of Administration, which requests approval of a plan developed by the Department of Health and Family Services and the Department of Workforce Development to transfer the responsibility for administration of the Food Stamp Program.

The request is submitted for 14-day passive review and approval by the Joint Committee on Finance as required by section 9158 (9q) of 2001 Wisconsin Act 16.

Please review the plan and notify **Senator Burke** or **Representative Gard**, no later than **Friday, July 5, 2002**, 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/JG/dh

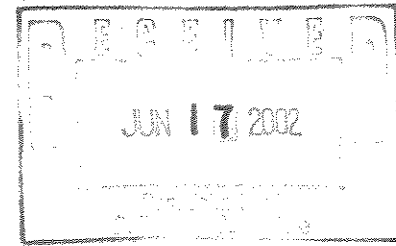


**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

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



**Date:** June 15, 2002

**To:** The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance

The Honorable John Gard, Co-Chair  
Joint Committee on Finance

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

**Subject:** Proposal to Transfer Budget and Position Authority between the  
Department of Workforce Development and the Department of Health and  
Family Services for Administration of the Food Stamp Program

**BACKGROUND**

2001 Act 16 (2001-03 Biennial Budget) transfers the responsibility for administration of the Food Stamp program authorized under 7 USC 2011 to 2036 from the Department of Workforce Development (DWD) to the Department of Health and Family Services (DHFS), effective July 1, 2002. Section 9158(9q) of Act 16 requires the two departments to submit to the Department of Administration (DOA), no later than March 1, 2002, a joint proposal for transferring the budget and position authority necessary to administer the Food Stamp program. Upon approval by DOA, the plan must be forwarded to the Co-Chairpersons of the Joint Committee on Finance for approval under the 14-day passive review process.

On February 28, 2002, DOA received a preliminary report from the two departments that described the status of the planning underway at the time to transfer resources from DWD to DHFS for the administration of the Food Stamp program. However, the specific details of a transfer plan, including budget and position authority amounts to be transferred, was not transmitted to DOA until June 13, 2002.

DOA has reviewed the proposed transfer request. This memo summarizes the proposal and includes DOA's recommendation.

## **REQUEST**

### *Funding*

The proposal includes the following transfers of budget authority between the two departments:

- \$25,135,700 GPR, of which \$9,177,400 would fund state administrative expenses, \$15,008,300 would fund the Food Stamp portion of the state's Income Maintenance (IM) contracts with counties and tribes, and \$950,000 would fund the cost of the State Food Stamp Program for Qualified Aliens.
- \$32,676,300 FED, of which \$9,649,200 would fund state administrative expenses, \$18,096,700 would fund the Food Stamp portion of the state's IM contracts with counties and tribes, and \$4,930,400 would fund the costs of providing nutrition education services (via UW-Extension, Ho-Chunk Tribe and the Great Lakes Intertribal Council).
- \$280,500 PR, which would fund state administrative expenses.
- Fraud and Error Reduction activities would be funded with PR resources. DHFS would increase PR budget authority by \$1,469,800 to fund local assistance/aids contracts for fraud and error reduction activities. This amount is an estimate of revenues that will be available for this purpose in SFY03. The unexpended, encumbered amounts for existing commitments related to Food Stamp program and IM contracts will be transferred to DHFS.
- Food Stamp Reinvestment activities would also be funded with PR resources. The proposal would transfer all revenue, encumbrances and expenditure authority consistent with the provision of 2001 Act 16, including unspent revenue and expenditure authority related to Food Stamp Reinvestment obligations in past biennia. The total amount identified in the proposal is \$2,823,400. This amount would be modified by actual expenditures since May 2002.

### *Positions*

A total of 57.35 FTE would be deleted from DWD, including:

- 23.43 GPR FTE
- 26.42 FED FTE
- 7.50 PR FTE

A total of 57.35 FTE would be deployed for the Food Stamp program in DHFS, including:

- 25.68 GPR FTE (includes internal reallocation of GPR FTE authority in DHFS)
- 27.17 FED FTE (includes internal reallocation of FED FTE authority in DHFS)
- 4.50 PR FTE

The internal reallocation of position authority in DHFS is explained in the analysis section of this paper, below. See Attachment 1 for detail concerning the appropriations between which the budget and position authority would transfer.

*Other*

- EBT: Federal funds for Electronic Benefits Transfer (EBT) will flow into DHFS' appropriation under s.20.435(4)(pv), *Food stamps; Electronic Benefits Transfer*. The Chapter 20 language for this appropriation states that the estimated disbursements for EBT shall not be included in the schedule; therefore, there will be no increase to DHFS' budget authority in the Chapter 20 schedule for this purpose. Increases to DHFS' budget authority in the state's accounting system (WISMART) will be handled administratively. The estimated federal funding for EBT is \$145,000,000 for SFY03.
- Collections Section: because the Collections Section in DWD's Office of Nutritional Services and Program Integrity (ONSPI) performs work related to other, non-Food Stamp related programs, this unit will remain intact at DWD. DWD will bill DHFS for Food Stamp and Medicaid-related collection services.
- CARES: DWD will continue to operate the Client Assistance for Re-employment and Economic Support (CARES) system. Beginning July 2002, DHFS will contract with DWD for the CARES related services provided to DHFS by DWD's Bureau of Information Technology Services (BITS).
- Contracts: All contracts entered into by DWD in effect on July 1, 2002 that are primarily related to the Food Stamp program and IM contracts would remain in effect and be transferred to DHFS. Similarly, all rules related to the Food Stamp program and IM contracts would remain in effect until their specified expiration date, or until amended or repealed by DHFS.
- FSET: As required by Act 16, DHFS will contract with DWD to administer the Food Stamp Employment and Training (FSET) program. However, the proposal transfers the funding associated with the FSET program from DWD to DHFS, in order to meet the federal requirement that a single state agency receive all federal Food Stamp funding. DHFS will be responsible for all federal financial reporting and claiming related to Food Stamp funding, including federal FSET funds. The GPR matching funds for the FSET program will continue to reside in DWD's appropriation under s. 20.445(3)(cr), *State supplement employment opportunity demonstration projects*.
- State Funded Burials: DHFS will also assume responsibility for administration of state-funded burials for persons who are categorically eligible for Medicaid as a component of IM administration. The GPR funds for this purpose will remain in a DWD appropriation and DHFS will bill all costs reported by IM agencies for this purpose to DWD.
- MOU: DHFS and DWD will enter into a Memorandum of Understanding (MOU) for managing the joint responsibilities (above) that result from the transfer of the Food Stamp program to DHFS.

## **ANALYSIS**

### *Funding*

The increases in GPR and FED budget authority for DHFS would equal the GPR and FED budget authority decreases for DWD. The increase in PR budget authority for DHFS will be greater than the reduction to PR budget authority for DWD. This is because the reduction to PR budget authority in DWD (\$1,415,500) would include:

- Budget authority associated with 3.0 PR FTE positions (\$170,900);
- Budget authority associated with 4.0 PR-S FTE positions (\$269,600); and
- The budgeted amount for Food Stamp Reinvestment activities (\$975,000).

The increase to PR budget authority in DHFS (\$4,573,700) would include:

- Budget authority for 3.0 PR FTE (\$170,900);
- Budget authority for 1.5 PR-S FTE (\$109,600);
- Estimated revenues for Fraud and Error activities (\$1,469,800); and
- The transfer of revenues for Food Stamp Reinvestment activities (\$2,823,400) – see below.

The amounts transferred for Food Stamp Reinvestment activities includes unspent and unbudgeted amounts carried over from prior years, as well as additional revenue in the current fiscal year that were not budgeted in 2001 Act 16.

DHFS will also assume responsibility of administering the IM contracts with counties and tribes as a result of the action taken in 2001 Act 16 to transfer the FS program. Therefore, the funding and position resources associated with the administration of the IM contracts is included in the proposal to transfer resources.

### *Positions*

The total number of positions coming from DWD, and the total that would be deployed for the Food Stamp program in DHFS, would be 57.35 FTE under this plan. However, due to differences between the two departments' federally approved costs allocation plans (and therefore the accounting of positions), DHFS will reallocate a total of 2.25 GPR FTE and 0.75 FED FTE, in order to properly align position authority with the underlying funding for the positions. The rationale for reallocating position authority within DHFS is as follows:

- 4.50 of the 57.35 FTE that will transfer are budgeted as PR-S positions in DWD. While the positions perform Food Stamp related activities, the position authority resides in the department's Administrative Services Division. The positions are funded via the chargeback mechanism to DWD's Division of Workforce Solutions.
- DHFS' federally approved cost allocation plan dictates that 1.5 FTE of these positions be funded with 50% GPR/50% FED, and 3.0 FTE of these positions be

funded with 50% GPR/50% PR-S, after they are transferred to DHFS. Therefore, DHFS must convert these PR-S positions to the appropriate funding structure.

- This internal reallocation of position authority will ensure that no additional position authority is created in DHFS.
- If DHFS is not permitted to internally reallocate the GPR and FED position authority to convert the PR-S positions to the appropriate funding structure, DHFS would in effect receive less position authority than DWD would be giving up for the transfer. This was not the intent of 2001 Act 16.

The GPR positions that DHFS proposes to reallocate were originally identified for deletion as part of the Governor's Budget Reform Bill reductions. DHFS proposes to delete the funding for those positions to meet the required reductions in the Governor's Budget Reform Bill, but retain the position authority to be used for the Food Stamp program. DHFS would reallocate 0.75 GPR FTE from numeric 401 to numeric 801; the remaining 1.50 GPR FTE would be re-deployed within numeric 801. Also, 0.75 FED FTE would be reallocated from numeric 440 to numeric 441. These positions would be funded with the GPR and FED budget authority coming over from DWD as a part of the transfer.

Please note that, per 2001 Act 16, the responsibility for administering the Food Stamp program will transfer to DHFS effective July 1, 2002. However, the transfer of the resources needed to administer the program will occur upon approval of this plan by the Committee. Given the date on which the proposal was submitted to DOA (and subsequently forwarded to the Committee for approval under the passive review process), the 14-day review period would expire after the program is officially transferred to DHFS. That means that DHFS would not formally have the budget and position authority to administer the Food Stamp program until after the program itself is transferred (on July 1), unless the Committee were to signal approval of the plan before the expiration of the 14-day passive review period.

### **SUMMARY**

The proposal requests to transfer \$25,135,700 GPR, \$32,676,300 FED and \$280,500 PR (for state administration purposes) from DWD to DHFS. DHFS' budget authority would be increased by an additional \$4,293,200 PR, to reflect the transfer of unexpended and unbudgeted revenues related to Food Stamp Reinvestment activities and an estimate of revenue related to Fraud/Error Reduction activities. DWD would delete a total of 57.35 FTE. DHFS would increase position authority by 54.35 FTE and reallocate 3.0 FTE in order to direct a total of 57.35 FTE to the Food Stamp program.

### **RECOMMENDATION**

Approve the plan to transfer budget and position authority from DWD to DHFS for administration of the Food Stamp program and Income Maintenance contracts.

Prepared by: Erin Fath (6-8219)

ATTACHMENT 1

Transfer of Budget and Position Authority from DWD to DHFS for the Administration of the Food Stamp Program and Income Maintenance Contracts, State Fiscal Year 2003

FROM DWD			TO DHFS						
Appr.	Num.	Title	\$ Change	FTE Change	Appr.	Num.	Title	\$ Change	FTE Change
		<b>GPR</b>					<b>GPR</b>		
20.445(3)(a)	301	General Program Operations	(\$9,177,400)	(23.43)	20.435(8)(a)	801	General Program Operations	\$109,600	0.00
20.445(3)(gz)	315	TANF MOE	(\$950,000)	0.00	20.435(4)(a)	401	General Program Operations	\$9,067,800	23.43
20.445(3)(gz)	316	Food Stamps Income Maintenance	(\$15,008,300)	0.00	20.435(4)(bn)	414	Income Maintenance	\$950,000	0.00
					20.435(4)(bn)	414	Income Maintenance	\$15,008,300	0.00
					20.435(8)(a)	801	General Program Operations	\$0	(1.50)
					20.435(8)(a)	801	General Program Operations	\$0	1.50
					20.435(8)(a)	801	General Program Operations	\$0	(0.75)
					20.435(8)(a)	401	General Program Operations	\$0	0.75
<b>SUBTOTAL - GPR</b>			<b>(\$25,135,700)</b>	<b>(23.43)</b>				<b>\$25,135,700</b>	<b>23.43</b>
		<b>FED</b>					<b>FED</b>		
20.445(3)(n)	344	Income Maintenance - State Admin.	(\$9,242,900)	(26.42)	20.435(4)(n)	441	Federal Program Operations	\$9,242,900	26.42
20.445(3)(nL)	355	Income Maintenance - County Admin.	(\$12,494,700)	0.00	20.435(4)(nn)	442	Federal Aid; Income Maintenance	\$12,494,700	0.00
20.445(3)(m)	340	Federal Project Operations	(\$4,707,300)	0.00	20.435(4)(nn)	442	Federal Aid; Income Maintenance	\$4,707,300	0.00
20.445(3)(ma)	341	Federal Project Aids	(\$223,100)	0.00	20.435(4)(nn)	442	Federal Aid; Income Maintenance	\$223,100	0.00
20.445(3)(pm)	359	FSET; Administration	(\$406,300)	0.00	20.435(4)(n)	443	FSET; Administration	\$406,300	0.00
20.445(3)(ps)	358	FSET; Aids	(\$5,602,000)	0.00	20.435(4)(nn)	442	Federal Aid; Income Maintenance	\$5,602,000	0.00
					20.435(4)(n)	440	Medical Assistance - State Admin.	\$0	(0.75)
					20.435(4)(n)	441	Federal Program Operations	\$0	0.75
<b>SUBTOTAL - FED</b>			<b>(\$32,676,300)</b>	<b>(26.42)</b>				<b>\$32,676,300</b>	<b>26.42</b>



ATTACHMENT 1

Transfer of Budget and Position Authority from DWD to DHFS for the Administration of the Food Stamp Program and Income Maintenance Contracts, State Fiscal Year 2003

FROM DWD			TO DHFS						
Appr.	Num.	Title	\$ Change	FTE Change	Appr.	Num.	Title	\$ Change	FTE Change
		PR					PR		
20.445(3)(L)	338	Welf. Fraud & Error Red. & FS Sanct.	(\$975,000)	0.00					
20.445(3)(L)	338	Welf. Fraud & Error Red. & FS Sanct.	(\$170,900)	(3.00)	20.435(4)(L)	461	MA & FS Fraud & Error Reduction	\$170,900	3.00
					20.435(4)(L)	461	MA & FS Fraud & Error Reduction	\$4,293,200	0.00
<b>SUBTOTAL - PR*</b>			<b>(\$1,145,900)</b>	<b>(3.00)</b>				<b>\$4,464,100</b>	<b>3.00</b>

\*Differences between the reduction in DWD and the increase in DHFS for PR budget authority is explained by the fact that DWD will transfer all unexpended, encumbered revenues from prior years related to Food Stamp Reinvestment activities, as well as unbudgeted revenues from the current fiscal year, to DHFS (2001 Act 16 assumed no carryover of budget authority from prior years). The total increase for this purpose is \$2,823,400. Also, the increase in budget authority for Fraud/Error Reduction activities (\$1,469,800) is an estimate of revenues that will be available for those activities. A corresponding decrease in DWD's budget authority was not included in the proposal; however, this adjustment can be made administratively.

PR-S								
Appr.	Num.	Title	\$ Change	FTE Change				
		PR-S						
20.445(1)(kc)	185	Administrative Services	(\$269,600)	(4.00)				
20.445(3)(kx)	367	Interagency & Intra-agency programs	\$0	(0.50)				
			20.435(8)(k)	821	Admin. & Supp. Serv.; Fiscal Serv.	\$109,600	1.50	
<b>SUBTOTAL - PR-S*</b>			<b>(\$269,600)</b>	<b>(4.50)</b>			<b>\$109,600</b>	<b>1.50</b>

\*Differences between the reduction in DWD and the increase in DHFS for PR-S budget and position authority is explained by DHFS converting 1.50 of DWD's PR-S FTE to 50% GPR/50% FED, and 3.0 of DWD's PR-S FTE to 50% GPR/50% PR-S.

<b>TOTAL - ALL FUNDS</b>			<b>(\$59,227,500)</b>	<b>(57.35)</b>				<b>\$62,385,700</b>	<b>54.35</b>
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Internally reallocated positions in DHFS  
 GPR DHFS 801 to 801 3.00  
 GPR DHFS 801 to 401 1.50  
 FED DHFS 440 to 441 0.75  
 0.75

<b>Total Food Stamp positions at DHFS</b>	<b>57.35</b>
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DEPARTMENT OF WORKFORCE  
DEVELOPMENT

Secretary Jennifer Reinert  
201 East Washington Avenue  
P.O. Box 7946  
Madison, WI 53707-7946  
Telephone: (608) 266-7552  
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State of Wisconsin  
Governor Scott McCallum

DEPARTMENT OF HEALTH AND  
FAMILY SERVICES

Secretary Phyllis Dubé  
1 West Wilson Street  
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Madison, WI 53707-7850  
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FAX: (608) 266-7882

June 13, 2002

Mr. George Lightbourn  
Secretary  
Department of Administration  
101 East Wilson Street  
Madison, WI 53703

Dear Secretary Lightbourn:

As required under 9158(9q) of 2001 Wisconsin Act 16, the Department of Health and Family Services (DHFS) and the Department of Workforce Development (DWD) are submitting a final report detailing the DHFS/DWD proposal for expenditure and position authority changes necessary to transfer the food stamp program and related Income Maintenance Administration functions from DWD to DHFS. This report follows up the preliminary DHFS/DWD report submitted to you on February 28, 2002.

The proposal requests the following transfers effective SFY03:

GPR Funding

- \$9,177,400 and 23.43 GPR FTE from s.20.445(3)(a)/301, of which \$109,600 is transferred to s.20.435(8)(a)/801 and the balance of \$9,067,800 and 23.43 FTE is transferred to s.20.435(4)(a)/401
- 0.75 GPR FTE from s.20.435(8)(a)/801 to s.20.435(4)(a)/401
- \$950,000 from s.20.445(3)(dz)/315 to s.20.435(4bn)/414
- \$15,008,300 from s.20.445(3)(dz)/316 to s.20.435(4bn)/414

FED Funding

- \$9,242,900 and 26.42 FED FTE from s.20.445(3)(n)/344 to s.20.435(4)(n)/441
- \$406,300 from s.20.445(3)(pm)/359 to s.20.435(4)(n)/443
- \$4,707,300 from s.20.445(3)(m)/340 to s.20.435(4)(nn)/442
- \$223,100 from s.20.445(3)(ma)/341 to s.20.435(4)(nn)/442
- \$12,494,700 from s.20.445(3)(nL)/355 to s.20.435(4)(nn)/442
- \$5,602,000 from s.20.445(3)(ps)/358 to s.20.435(4)(nn)/442

Mr. George Lightbourn  
June 13, 2002  
Page 2

PR Funding

- Decrease of \$269,600 and 4.0 PRS FTE in s.20.445(1)(kc)/185
- Decrease of 0.5 PRS FTE in s.20.445(3)(kx)/367
- Increase of \$109,600 and 1.5 PRS FTE in s.20.435(8)(k)/821
- \$170,900 and 3.0 PR FTE from s.20.445(3)(L)/338 to s.20.435(4)(L)/461
- A decrease of \$975,000 in FY03 expenditure authority in s.20.445(3)(L)/338
- An increase of \$4,293,200 in FY03 expenditure authority in s.20.435(4)(L)/461

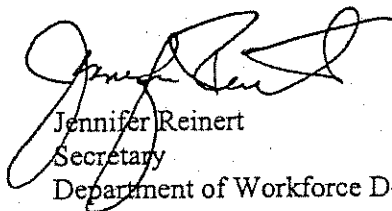
The proposal is budget neutral to the state. The justification for these transfers is described in the attached narrative and tables. We would appreciate your agency reviewing the proposal and transmitting the proposal to the Joint Committee on Finance under the fourteen-day passive review process as expeditiously as possible. The DOA and JFC approval processes for expenditure and position authority must be completed by July 1, 2002 to reflect the fact that DHFS is statutorily required to begin administering the food stamp program July 1, 2002.

Please contact our staffs if you have any questions regarding the proposal. Thank you for your attention to this issue.

Sincerely,



Phyllis Dubé  
Secretary  
Department of Health and Family Services



Jennifer Reinert  
Secretary  
Department of Workforce Development

attachments

DHFS/DWD PROPOSAL FOR FOOD STAMP and RELATED INCOME MAINTENANCE  
ADMINISTRATION TRANSFER

1. Positions

The proposal transfers 57.35 FTE positions from the Department of Workforce Development (DWD) to DHFS to staff the functions moved to DHFS. The position numbers, funding ratios, splits and classifications for the all positions associated with this transfer are documented in Table 1. Position changes include the transfer of 57.35 FTE consisting of:

- 38.5 FTE in the DWD Division of Workforce Solutions (DWS) Office of Nutrition Services and Program Integrity (ONSPI). This includes staff who perform Food Stamp program and issuance functions and the Program Integrity/Fraud Prevention unit that supports both Income Maintenance (IM) and employment programs. This FTE count reflects a 2.5 position cut that was taken for the Governor's Budget Repair Bill. The Program Integrity unit will be maintained as a multi-program unit because it is less expensive than creating parallel structures in the two departments. DHFS will bill DWD for employment program services based on time studies or other mutually agreed upon reporting methods.
- 1 FTE in the DWS Bureau of Workforce Programs performing CARES systems analysis functions for the Food Stamp Program
- 1 FTE in the DWS Bureau of Workforce Information performing research, statistical and federal reporting functions for the Food Stamp Program
- 9.85 FTE in the DWS Bureau of Partner Services who staff the Call Center (6 FTE), and provide food stamp-related training (1.85 FTE) and area administration functions (2 FTE). The Call Center now supports programs administered by both DWD and DHFS. As with the Program Integrity functions, it will be maintained as an intact unit because it is less expensive than setting up parallel structures in the two departments. DHFS will bill DWD for employment program services based on time studies or other mutually agreed upon reporting methods.
- 2 FTE in the Administrative Services Division performing accounting functions.
- 1 FTE in the DWS Bureau of Division-wide Services performing contract specialist functions for county and tribal IM contracts.
- 4 vacant FTE positions, comprised of two positions from the Administrative Services Division and two positions from the Division of Workforce Solutions, that are transferred to help absorb the Income Maintenance functions that will become the responsibility of DHFS. The four positions will be converted to two contract specialists and one Planning and Analysis Administrator in the Division of Health Care Financing and one Accountant in the Division of Management and Technology.

The Collections Section in ONSPI/DWD carries out work related to Food Stamps and other DWD programs. It will remain as an intact unit at DWD; therefore DWD will retain all positions in the

Collections Unit. DWD will bill DHFS for food stamps and Medicaid-related collection services based on time studies or other mutually agreed upon reporting methods.

With the transfer of Food Stamps, the IM contract with counties and tribes will transfer entirely to DHFS. Therefore the responsibility and staff associated with that transfer are included in this proposal. The positions transferred will perform critical functions to oversee the state's investment in the service delivery system for Income Maintenance (IM). The investment of federal, state and local funds is more than \$100 million annually. This requires extensive financial, legal and program oversight.

The DWD Administrative Services Division has provided extensive support to IM programs. During the past fiscal year they billed about \$1.9 million to the FS program and \$1 million to Medicaid. The ASD charges represent all functions performed for the programs including the Bureau of Information Technology (BITS) charges to support the CARES system.

DWD will continue to operate the CARES system, and beginning in July 2002 DHFS will contract back to DWD for the CARES related services provided by BITS. Most other services now provided by ASD will shift to DHFS. These include general administrative, procurement, financial, legal, IT, budget, and personnel functions.

As with all inter-agency transfers of programs and staff, on the effective date of this transfer all tangible personal property of DWD that is primarily related to Food Stamps and Income Maintenance will transfer to DHFS. All contracts entered into by DWD in effect on July 1, 2002 that are primarily related to Food Stamps and Income Maintenance remain in effect and are transferred to DHFS. All rules promulgated by DWD related to Food Stamps and Income Maintenance remain in effect until their specified expiration date or until amended or repealed by DHFS.

DHFS is requesting exemption status from the state hiring freeze for all positions listed in Table I. As explained above, all of these positions are critical to the functioning of the Food Stamps program and to Income Maintenance Administration. DHFS, along with other state agencies, has recently implemented several rounds of operational and position cuts. Existing DHFS staff have had to absorb workload related to these cuts and the GPR position freeze, and cannot absorb additional work related to workload that is new to the Department. Over the next year, DHFS must:

- Operationalize the integration of the Food Stamps program into DHFS;
- Carry out the actions required by the federal government in the multiple "reinvestment" plans currently in effect;
- Maintain county Income Maintenance relations;
- Monitor and implement policy changes to reduce errors and decrease or avoid sanctions in the future.

To achieve these objectives, DHFS needs the ability to fill all Food Stamp and Income Maintenance-related positions.

## 2. Funding

All funding transfers are summarized in the attached tables. All amounts previously committed (usually by encumbrance) but not yet expended in FY02 will be transferred from DWD to DHFS for Food Stamps and Income Maintenance Administration.

## Food Stamp State Administration Funding

### a. State Administrative Activities

The proposal transfers \$9,177,400 GPR (in DWD appropriation 3a/301), \$9,649,200 FED (in DWD appropriations 3n/344 and 3pm/359), and \$280,500 PR (in DWD appropriations 1kc and 3L) from DWD to DHFS to fund state administrative expenses for Food Stamps. These funding levels are based on DWD's SFY01 WisMart financial reports for Food Stamps which are the basis for federal reporting and claiming which include the amount of funding DWD has determined it spends for internal administrative support services for the Food Stamps programs. The funding levels have been adjusted for the FY03 state operations cuts required by Act 16 and the Governor's Budget Reform Bill. This state administrative funding will fund the staff positions noted above, food stamps and FSET-related CARES operations, including the Food Stamp share of InfoTech charges, the contract with Deloitte Consulting for CARES maintenance, DWD charges for the operation of the CARES system, Food Stamps fair hearings, contracts for Electronic Benefit Issuance and other contracts related to fraud investigation services, and other administrative costs.

The proposal transfers funding from DWD to DHFS for the Food Stamp Employment and Training Program (FSET). DHFS will contract with DWD so that DWD can administer this program, as required by Act 16. The United States Department of Agriculture has indicated that there needs to be a single state agency receiving all Food Stamps funding. Therefore, DHFS will be responsible for all federal financial reporting and claiming including for the FSET funds.

The State Employment Opportunities Development Program will remain in DWD.

### b. Fraud

The proposal increases expenditure authority by \$1,469,800 PR in DHFS (appropriation 4L/461) to support local assistance/aids contracts for fraud-and-error-reduction activities. This projected funding level is based on DWD's background information regarding Appropriation 338. Actual funding levels are contingent on revenue collected. The Fraud/Program Integrity Unit will move to DHFS and continue to provide fraud prevention and investigation functions for both IM and employment programs. DHFS will bill DWD for employment program services based on time studies or other mutually agreed upon reporting methods. The Fraud/Program Integrity unit administers contracts to support the investigation functions with IM agencies on the basis of the right of first selection, and with a private agency that conducts fraud investigations in the other counties. In addition to the contracts for investigation, each IM agency also receives an allocation for general fraud prevention and administration activities other than fraud investigations. These activities are specified in the IM contract as program integrity functions. The unexpended encumbered amounts of existing commitments related to Food Stamps and Income Maintenance will be transferred through the year-end close-out process.

### c. Reinvestment Funds

The proposal transfers all revenue, encumbrances, and expenditure authority consistent with the provisions of 2001 Wisconsin Act 16 (the 01-03 biennial budget bill) regarding the level and mechanisms for funding the state's Reinvestment obligations in the 01-03 biennium. The proposal also transfers all unspent revenue and expenditure authority related to Reinvestment obligations in past biennia. Based on the DWD Reinvestment History schedule the status of the relevant funding sources as of May 2002 are summarized in the following chart:

From DWD Appropriation	To DHFS Appropriation	Amount of Transfer*	Explanation
3nL/349(FED)	4L/461	\$742,000	"Excess federal funding" the legislature directed be used for Reinvestment. This amount of funding was unspent as of May 2002
3L/338 (PR)	4L/461	\$503,800	Actual APE penalties related to CY00 contracts; unspent as of May 2002
		\$494,300	FY02 amount of ordinary collection revenue directed by the legislature for Reinvestment, adjusted for offset to GPR funding reduction for Reinvestment in the Governor's Budget Reform Bill; unspent as of May 2002
		\$358,300	Penalty amounts related to CY2001 contracts. As these are not yet collected, DWD will transfer to DHFS the accounts receivable
		\$250,000	Liquidated damages for CY2001 contract. As these are not yet collected, DWD will transfer to DHFS the accounts receivable
		\$475,000	FY03 amount of ordinary collection revenue directed by the legislature for Reinvestment.
		Subtotal: \$2,081,400	DWD will transfer to DHFS \$1,473,100 of revenue and \$608,300 of accounts receivable.
TOTAL:	4L/461	\$2,823,400	

\*The actual amounts transferred will be adjusted to the actual unexpended amounts related to these funding sources at the close of FY02.

Due to the fact that actual penalties somewhat exceeded projected penalties, the actual amount of penalty revenue available for reinvestment activities in the 03-05 biennium is \$112,100 greater than the budgeted level. This additional revenue will be applied to the \$966,000 of reinvestment obligations through FFY01 that the state must spend in the 03-05 biennium and that was not funded in the 01-03 biennial budget.

The amounts in the table will transfer from DWD to DHFS and be modified by actual expenditures or changes in funding sources since May 2002. Since DWD's appropriation for these revenues, s.20.445(3)(L)/338 has not been increased to reflect this proposal, it should be reduced by the budgeted level of \$975,000. In summary, the proposal requests the following changes in expenditure authority and transfers consistent with the above table:

- A decrease of \$975,000 in FY03 expenditure authority in s.20.445(3)(L)/338
- An increase of \$2,823,400 in FY03 expenditure authority in s.20.435(4)(L)/461

## Local Assistance

### a. Income Maintenance Contract with Counties and Tribes

The proposal transfers \$15,008,300 GPR (in DWD appropriation 3dz/316) and \$18,096,700 FED (in DWD appropriations 3nL/355 and 3ps/358) from DWD to DHFS to fund the Food Stamps portions of the state's income maintenance (IM) contract with counties and tribes. This funding level is based on DWD's SFY01 WisMart financial reports for Food Stamps which are the basis for federal reporting and claiming.

As a component of IM administration, DHFS will assume responsibility for administration of state-funded burials for persons who are categorically eligible for Medicaid. The GPR funds for this purpose will remain in a DWD appropriation and DHFS will bill all costs reported by IM agencies for this purpose to DWD. DHFS reserves the right to reconsider this arrangement and submit a proposal in the 03-05 biennial budget to transfer the funding to DHFS, if it is determined that it is appropriate to do so.

### b. Food Stamps for Qualified Aliens

The proposal transfers \$950,000 GPR (in DWD appropriation 3dz/315) from DWD to DHFS to fund the benefit costs of the state's food stamps program for aliens. The state has maintained this program as a 100% GPR-funded program since the federal government eliminated in 1996 federal reimbursement for food stamps benefits for certain legally admitted aliens. This funding level is based on the FY03 budgeted level of funding.

### c. Nutrition Education

The proposal transfers \$4,930,400 FED (in DWD appropriations 3m/340 and 3ma/341) from DWD to DHFS to fund payments to the UW - Extension, Ho-Chunk Tribe and the Great Lakes Intertribal Council for nutrition education services. These agencies provide the local match for these contracts. This funding level is based on DWD's SFY01 WisMart financial reports for Food Stamps which are the basis for federal reporting and claiming.

## Memorandum of Understanding (MOU)

DHFS and DWD will enter into an MOU for managing joint responsibilities necessitated by transfers as enumerated above.



Basis for Appropriation 301 transfer amount:

FY01 Food Stamp Expenditures in Appropriation 301 (according to DWD Wismart Report)	\$ 9,673,800
Adjustment for Act 16 Operations Cuts	\$ (155,000)
Adjustment for Governor's BRB Cut	\$ <u>(341,400)</u>
Adjusted Amount	\$ 9,177,400

Basis for Appropriation 344 transfer amount:

FY01 Food Stamp Expenditures in Appropriation 344 (according to DWD Wismart Report)	\$ 9,242,900
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ADMINISTRATION

Transfer From DWD s. 20.445	Transfer To DHFS s. 20.435	Dollars	FTE
<b>GPR</b>			
(3)(a) / 301	\$	9,177,400	
	(4)(a) / 401 \$	9,015,900	23.43
	Salary \$	978,200	
	Fringe \$	376,300	
	Supplies/Services \$	7,582,000	
	Rent \$	79,400	
	(4)(a) / 401 \$	51,900	
	Salary \$	32,100	
	Fringe \$	12,400	
	Supplies/Services \$	4,000	
	Rent \$	3,400	
	Subtotal 401 \$	9,067,800	23.43
	Salary \$	1,010,300	
	Fringe \$	388,700	
	Supplies/Services \$	7,586,000	
	Rent \$	82,800	
	(8)(a) / 801 \$	109,600	
	Salary \$	71,200	
	Fringe \$	27,300	
	Supplies/Services \$	6,000	
	Rent \$	5,100	

\*\* 2.25 GPR positions will be reallocated from within DHFS; therefore, there is no transfer of FTE authority from DWD s. 20.445(3)(a) / 301. 3.00 PRS position authority will be converted from DWD s. 20.445(1)(kc) / 185 (PRO) to 1.5 GPR in DHFS s. 20.435(8)(a) / 801 and 1.5 PRS in DHFS s. 20.435(8)(k) / 821 – see PRO Administration Sheet. 1.00 PRS from DWD in s. 20.445(1)(kc) / 185 will be converted to 0.50 GPR in DHFS s. 20.435(4)(a) / 401 and 0.50 FED in DHFS s. 20.435(4)(n) / 441. 0.50 PRS position authority will be converted from DWD s. 20.445(3)(kx) / 367 (PRS) to 0.25 GPR in DHFS s. 20.435(4)(a) / 401 and 0.25 FED in DHFS s. 20.435(4)(n) / 441.

ADMINISTRATION

Transfer From DWD s. 20.445	Transfer To DHFS s. 20.435	Dollars	FTE
FED			
(3)(n) / 344		\$ 9,242,900	
	(4)(n) / 441	\$ 9,191,000	26.42
	Salary	\$ 1,087,900	
	Fringe	\$ 418,400	
	Supplies/Services	\$ 7,596,700	
	Rent	\$ 88,000	
	(4)(n) / 441	\$ 51,900	**
	Salary	\$ 32,100	
	Fringe	\$ 12,400	
	Supplies/Services	\$ 4,000	
	Rent	\$ 3,400	
	(4)(n) / 441	\$ 9,242,900	26.42
	Salary	\$ 1,120,000	
	Fringe	\$ 430,800	
	Supplies/Services	\$ 7,600,700	
	Rent	\$ 91,400	
(3)(pm) / 359	(4)(n) / 443	\$ 406,300	
	Supplies/Services	\$ 406,300	
Total in DHFS		\$ 9,649,200	

\*\* 1.00 FED positions will be reallocated from within DHFS; therefore, there is no transfer of FTE authority from DWD s. 20.445(3)(n) / 344. 0.50 PRS position authority will be converted from DWD s. 20.445(3)(kx) / 367 (PRS) to 0.25 GPR in DHFS s. 20.435(4)(a) / 401 and 0.25 FED in DHFS s. 20.435(4)(n) / 441 (FED). 1.00 PRS position authority from DWD s. 20.445(1)(kc) / 185 will be converted to 0.50 GPR in DHFS s. 20.435(4)(a) / 401 and 0.50 FED in DHFS s. 20.435(4)(n) / 441. All of these transactions are part of the GPR/FED reallocation process.

**ADMINISTRATION**

Transfer From DWD s. 20.445	Transfer To DHFS s. 20.435	Dollars	FTE
<b>Program Revenue (PR)</b>			
(1)(kc) / 185		\$ (269,600)	(4.00) ***
	(8)(k) / 821	\$ 109,600	1.50 ***
	Salary	\$ 71,200	
	Fringe	\$ 27,300	
	Supplies/Services	\$ 6,000	
	Rent	\$ 5,100	
(3)(L) / 338	(4)(L) / 461	\$ 170,900	3.00
	Salary	\$ 110,100	
	Fringe	\$ 42,300	
	Supplies/Services	\$ 10,000	
	Rent	\$ 8,500	
<b>Fraud</b>			
	(4)(L) / 461	\$ 1,469,800	-
	Local Assistance	\$ 1,469,800	
<b>Reinvestment</b>			
(3)(L) / 338		\$ (975,000)	-
	(4)(L) / 461	\$ 2,823,400	-
	Local Assistance	\$ 2,823,400	
<b>Subtotal: Fraud &amp; Reinvestment</b>			
	(4)(L) / 461	\$ 4,293,200	-

\*\*\* 4.00 PRS position authority will transfer from DWD s. 20.445(1)(kc) / 185 to DHFS. 3.00 PRS will be funded 1.50 GPR in DHFS s. 20.435(8)(a) / 801 and 1.50 PRS in DHFS s. 20.435(8)(k) / 821. 1.0 PRS will be funded 0.50 GPR in DHFS s. 20.435(4)(a) / 401 and 0.50 FED in DHFS s. 20.435(4)(n) / 441. 0.50 PRS position authority will be converted from DWD s. 20.445(3)(kx) / 367 to 0.25 GPR in DHFS s. 20.435(4)(a) / 401 and 0.25 FED in DHFS s. 20.435(4)(n) / 441. DHFS will reallocate GPR position authority from within DHFS for the GPR portion of these positions. The remaining 3.0 PRS position authority will be deleted.

LOCAL ASSISTANCE/AIDS

Transfer From DWD s. 20.445	Transfer To DHFS s. 20.435	Dollars	FTE
<b>GPR</b>			
(3)(dz) / 315	(4)(bn) / 414 \$ Local Assistance \$	950,000 950,000	-
(3)(dz) / 316	(4)(bn) / 414 \$ Local Assistance \$	15,008,300 15,008,300	-

LOCAL ASSISTANCE/AIDS

Transfer From DWD s. 20.445	Transfer To DHFS s. 20.435	Dollars	FTE
<b>FED</b>			
(3)(m) / 340	(4)(nn) / 442 \$ Local Assistance \$	4,707,300 4,707,300	-
(3)(ma) / 341	(4)(nn) / 442 \$ Local Assistance \$	223,100 223,100	-
(3)(nL) / 355	(4)(nn) / 442 \$ Local Assistance \$	12,494,700 12,494,700	-
(3)(ps) / 358	(4)(nn) / 442 \$ Local Assistance \$	5,602,000 5,602,000	-







REV.S.F.	FUND.POS.	CLASS.	AC CLASS.	ADJ. DURELTY	B2	APP. P.	B3	APPR. FUND.	FRINGE BENEF.	S.S.	INS/INTRA	H.S.	PPER.	REG.	TOTAL COMMENTS
P01744	023058 023058	Regional Office Economic Support Supervisor	401 441	301 344	\$22.59 \$22.59	GPR PRF	0.50 0.50 1.00	\$23,600 \$23,600 \$47,200	\$9,100 \$9,100 \$18,200	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$36,400 \$36,400 \$72,800
P01745	035205 035205	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$21.85 \$21.85	GPR PRF	0.50 0.50 1.00	\$22,500 \$22,500 \$45,000	\$8,700 \$8,700 \$17,400	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$34,900 \$34,900 \$69,800
P01764	037850 037850	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$20.85 \$20.85	GPR PRF	0.50 0.50 1.00	\$21,700 \$21,700 \$43,400	\$8,300 \$8,300 \$16,600	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$33,700 \$33,700 \$67,400
P01767	304849 304849	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$18.49 \$18.49	GPR PRF	0.50 0.50 1.00	\$19,200 \$19,200 \$38,400	\$7,400 \$7,400 \$14,800	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$30,300 \$30,300 \$60,600
P01768	300255 300255	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$17.20 \$17.20	GPR PRF	0.50 0.50 1.00	\$17,900 \$17,900 \$35,800	\$6,900 \$6,900 \$13,800	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$28,500 \$28,500 \$57,000
P01769	023922 023922	Regional Office Economic Support Supervisor	401 441	301 344	\$21.94 \$21.94	GPR PRF	0.50 0.50 1.00	\$22,800 \$22,800 \$45,600	\$8,800 \$8,800 \$17,600	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$35,300 \$35,300 \$70,600
P01770	303687 303687	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$15.59 \$15.59	GPR PRF	0.25 0.25 0.50	\$6,100 \$6,100 \$12,200	\$3,100 \$3,100 \$6,200	\$800 \$800 \$1,600	\$300 \$500 \$600	\$500 \$1,000 \$1,000	\$100 \$100 \$200	\$100 \$100 \$200	\$13,000 \$13,000 \$26,000
P01771	313771 313771	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$17.20 \$17.20	GPR PRF	0.50 0.50 1.00	\$17,900 \$17,900 \$35,800	\$6,900 \$6,900 \$13,800	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$28,500 \$28,500 \$57,000
P01773	300645 300645	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$18.70 \$18.70	GPR PRF	0.50 0.50 1.00	\$19,500 \$19,500 \$39,000	\$7,500 \$7,500 \$15,000	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$30,700 \$30,700 \$61,400
P01774	309535 309535	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$17.42 \$17.42	GPR PRF	0.50 0.50 1.00	\$18,100 \$18,100 \$36,200	\$7,000 \$7,000 \$14,000	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$28,800 \$28,800 \$57,600
P01775	326148 326148	Economic Support QA Specialist Economic Support QA Specialist	401 441	301 344	\$18.49 \$18.49	GPR PRF	0.25 0.25 0.50	\$9,600 \$9,600 \$19,200	\$3,700 \$3,700 \$7,400	\$800 \$800 \$1,600	\$300 \$300 \$600	\$500 \$500 \$1,000	\$100 \$100 \$200	\$100 \$100 \$200	\$15,100 \$15,100 \$30,200
See Below	307799	Clerical Assistant 2	See Below	387	\$10.89	GPR	0.50 0.50 5.50	\$11,300 \$11,300 \$203,300	\$4,300 \$4,300 \$78,300	\$1,700 \$1,700 \$18,500	\$600 \$600 \$6,400	\$1,000 \$1,000 \$11,000	\$200 \$200 \$2,200	\$200 \$200 \$2,200	\$19,300 \$19,300 \$322,100
P01777	025274 025274	Regional Office Economic Support Supervisor	401 441	301 344	\$18.86 \$18.86	GPR PRF	0.50 0.50 1.00	\$19,400 \$19,400 \$38,800	\$7,500 \$7,500 \$15,000	\$1,700 \$1,700 \$3,400	\$600 \$1,000 \$1,200	\$1,000 \$1,000 \$2,000	\$200 \$200 \$400	\$200 \$200 \$400	\$30,600 \$30,600 \$61,200

POS #	DWD POS #	CLASS	ADDITIONAL BZ	APPR	RUND	ETES	ANNUA	PRNGE	RENT	US	IN	PA	SES	EFF	9/30	TOTAL	COMMENTS
P0178	309255	Economic Support QA Specialist	\$17.95	301	401	GPR	0.50 \$	18,600 \$	7,200 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	29,500 \$	
	309255	Economic Support QA Specialist	\$17.95	344	441	PRF	0.50 \$	18,600 \$	7,200 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	29,500 \$	
							1.00 \$	37,200 \$	14,400 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	59,000 \$	
P0179	305850	Economic Support QA Specialist	\$17.42	301	401	GPR	0.50 \$	18,100 \$	7,000 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	28,800 \$	
	305850	Economic Support QA Specialist	\$17.42	344	441	PRF	0.50 \$	18,100 \$	7,000 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	28,800 \$	
							1.00 \$	36,200 \$	14,000 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	57,600 \$	
P0176	301296	Economic Support QA Specialist	\$17.53	301	401	GPR	0.50 \$	18,300 \$	7,000 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	29,000 \$	
	301296	Economic Support QA Specialist	\$17.53	344	441	PRF	0.50 \$	18,300 \$	7,000 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	29,000 \$	
							1.00 \$	36,600 \$	14,000 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	58,000 \$	
P01781	031941	Economic Support QA Specialist	\$20.54	301	401	GPR	0.50 \$	21,500 \$	8,500 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	33,500 \$	
	031941	Economic Support QA Specialist	\$20.54	344	441	PRF	0.50 \$	21,500 \$	8,500 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	33,500 \$	
							1.00 \$	43,000 \$	16,500 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	67,000 \$	
							5.00 \$	191,900 \$	74,000 \$	17,000 \$	6,000 \$	10,000 \$	2,000 \$	2,000 \$	20,000 \$	302,900 \$	
		ONSP TOTAL					38.50 \$	1,690,500 \$	615,700 \$	130,600 \$	48,200 \$	77,000 \$	15,400 \$	15,400 \$	154,000 \$	2,500,800 \$	
		BUREAU OF WORKFORCE PROGRAMS (BWP)															
		CARES Systems Unit (Automated Operations Section)															
P01782	319945	IS Business Automation Specialist	\$24.17	301	401	GPR	0.50 \$	25,100 \$	9,700 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	36,500 \$	
	319945	IS Business Automation Specialist	\$24.17	344	441	PRF	0.50 \$	25,100 \$	9,700 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	36,500 \$	
							1.00 \$	50,200 \$	19,400 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	73,000 \$	
P01807	023984	Contract Spec Senior (formerly Asst Area Admin)	\$24.05	301	401	GPR	0.50 \$	25,000 \$	9,600 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	38,300 \$	
	023984	Contract Spec Senior (formerly Asst Area Admin)	\$24.05	344	441	PRF	0.50 \$	25,000 \$	9,600 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	38,300 \$	
							1.00 \$	50,000 \$	19,200 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	76,600 \$	
		BWP TOTAL					2.00 \$	100,200 \$	38,600 \$	6,800 \$	2,400 \$	4,000 \$	800 \$	800 \$	8,000 \$	153,600 \$	
		BUREAU OF WORKFORCE INFORMATION (BWI)															
		Federal Reporting and Stat Unit (Research & Statistics Section)															
P01783	021134	Research Analyst 4	\$19.51	301	401	GPR	0.50 \$	20,300 \$	7,800 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	31,800 \$	
	021134	Research Analyst 4	\$19.51	344	441	PRF	0.50 \$	20,300 \$	7,800 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	31,800 \$	
							1.00 \$	40,600 \$	15,600 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	63,600 \$	
		BWI TOTAL					1.00 \$	40,600 \$	15,600 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	63,600 \$	
		BUREAU OF PARTNER SERVICES (BPS)															
		Call Center Unit															
P01784	321793	Economic Support Supervisor	\$22.58	301	401	GPR	0.50 \$	23,500 \$	9,000 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	36,200 \$	All positions in the Call Center Unit
	321793	Economic Support Supervisor	\$22.58	344	441	PRF	0.50 \$	23,500 \$	9,000 \$	1,700 \$	600 \$	1,000 \$	200 \$	200 \$	2,000 \$	36,200 \$	are funded 50% GPR / 70% FED.
							1.00 \$	47,000 \$	18,000 \$	3,400 \$	1,200 \$	2,000 \$	400 \$	400 \$	4,000 \$	72,400 \$	



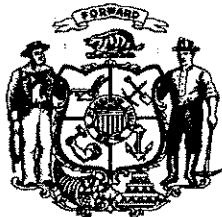
POS #	DW/P/POS #	CLASS	ADJ HOUR	B-Z APPR	B-Z APPR FUND	F-F-E	ANNUAL SAL	FRINGE	RESLT	BUS INFRA	POS #	STATUS	TOTAL	COMMENTS		
	<b>BUREAU OF DIVISION-WIDE SERVICES (BOWS)</b>															
	<b>Fiscal Management Section</b>															
See Below	310612	Accountant - Advanced	185	See Below	PHO	1.00	\$2,200	\$ 20,100	\$ 3,300	\$ 1,200	\$ 1,900	\$ 300	\$ 3,700	\$ 79,300	Position will become 801/821	
See Below	314839	Financial Specialist 4	185	See Below	PHO	1.00	\$2,200	\$ 20,100	\$ 3,300	\$ 1,200	\$ 1,900	\$ 300	\$ 3,700	\$ 79,300	Position will become 801/821	
See Below	303472	IS Systems Development Service-Senior	185	See Below	PHO	1.00	\$8,000	\$ 14,600	\$ 3,300	\$ 1,200	\$ 1,900	\$ 300	\$ 3,700	\$ 59,600	Position will become 801/821	
See Below	321956	IS Comprehensive Services Professional	185	See Below	PHO	1.00	\$3,100	\$ 12,300	\$ 3,300	\$ 1,200	\$ 1,900	\$ 300	\$ 3,700	\$ 51,400	Position will become 801/821	
		<b>Grants and Contract Support</b>														
P01794	321784	Contract Specialist - Advanced	301	401	GPR	0.50	\$21,900	\$ 8,400	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 34,000		
	321784	Contract Specialist - Advanced	344	441	PRF	0.50	\$21,900	\$ 8,400	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 34,000		
		<b>BOWS TOTAL</b>														
		<b>DWD POSITIONS TO TRANSFER</b>														
			195	801/821	PHO	4.00	\$174,500	\$ 67,100	\$ 13,200	\$ 4,800	\$ 7,600	\$ 1,200	\$ 1,800	\$ 289,600		
			301	401	GPR	23.43	\$ 978,200	\$ 378,300	\$ 79,400	\$ 28,100	\$ 48,800	\$ 9,300	\$ 93,500	\$ 1,327,400		
			338	461	PH	3.00	\$110,100	\$ 42,300	\$ 8,500	\$ 3,000	\$ 5,000	\$ 1,000	\$ 10,000	\$ 170,900		
			344	441	PH	26.42	\$ 1,087,900	\$ 419,400	\$ 88,000	\$ 31,100	\$ 51,800	\$ 10,300	\$ 103,500	\$ 1,697,600		
			367	467	PHS	0.50	\$11,300	\$ 4,300	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 19,900		
			57.35			\$ 2,342,000	\$ 908,400	\$ 190,800	\$ 67,600	\$ 112,200	\$ 22,000	\$ 22,000	\$ 223,800	\$ 3,685,000		
		<b>DHFS - REDIRECTED POSITIONS</b>														
		<b>DMT - Conversions of BR-Funded Administrative Positions to GPR/PHS Positions</b>														
P01805	DHFS 010795	Accountant - Advanced	\$23,100	DHFS 801	801	GPR	0.50	\$26,100	\$ 10,000	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 39,800	
	(DWD 310612)	Accountant - Advanced	\$23,100	DWD 185	821	PHS	0.50	\$26,100	\$ 10,000	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 39,800	
			1.00				\$ 52,200	\$ 20,000	\$ 3,400	\$ 1,200	\$ 2,000	\$ 400	\$ 4,000	\$ 79,600		
P01806	DHFS 039866	Financial Specialist 4	\$23,100	DHFS 801	801	GPR	0.50	\$26,100	\$ 10,000	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 39,800	
	(DWD 314839)	Financial Specialist 4	\$23,100	DWD 185	821	PHS	0.50	\$26,100	\$ 10,000	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 39,800	
			1.00				\$ 52,200	\$ 20,000	\$ 3,400	\$ 1,200	\$ 2,000	\$ 400	\$ 4,000	\$ 79,600		
P01809	DHFS 018707	Accountant - Senior	\$18,250	DHFS 801	801	GPR	0.50	\$19,000	\$ 7,300	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 30,000	
	(DWD 303472)	Accountant - Senior	\$18,250	DWD 185	821	PHS	0.50	\$19,000	\$ 7,300	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 2,000	\$ 30,000	
			1.00				\$ 38,000	\$ 14,600	\$ 3,400	\$ 1,200	\$ 2,000	\$ 400	\$ 4,000	\$ 60,000		
		<b>DMT Conversions</b>	3.00				\$ 142,400	\$ 54,600	\$ 10,200	\$ 3,600	\$ 6,000	\$ 1,200	\$ 12,000	\$ 219,200		

DWS P#	DWD POS #	CLASS	ADJ HOURLY B-Z APPR	B-Z APPR	FUND	FTE	ANNUAL SAL	FRINGE	RENT	S/S	BS/INFRA	BESS	APPR	S/S Total	TOTAL	COMMENTS
		DHCF - Conversions of PR-Funded Administrative Positions to GPR/FED Positions														
P01776		DHFS 042134 Clerical Assistant 2	\$10.89	DHFS 801	GPR	0.25	\$ 5,700	\$ 2,200	\$ 800	\$ 300	\$ 500	\$ 100	\$ 100	\$ 1,000	\$ 9,700	Current funding is 100% GPR / 50% FED
		DHFS 27943 Clerical Assistant 2	\$10.89	DHFS 440	PRF	0.25	\$ 5,700	\$ 2,200	\$ 800	\$ 300	\$ 500	\$ 100	\$ 100	\$ 1,000	\$ 9,700	transfer in at 50% GPR / 50% FED
			0.50			0.50	\$ 11,400	\$ 4,400	\$ 1,600	\$ 600	\$ 1,000	\$ 200	\$ 200	\$ 2,000	\$ 19,400	
P01810		DHFS 042134 Planning & Analysis Administrator	\$19.88	DHFS 801	GPR	0.50	\$ 20,700	\$ 8,000	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 200	\$ 2,000	\$ 32,400	Current funding is 100% GPR / 50% FED
		DHFS 312270 Planning & Analysis Administrator	\$19.88	DHFS 440	PRF	0.50	\$ 20,700	\$ 8,000	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 200	\$ 2,000	\$ 32,400	transfer in at 50% GPR / 50% FED
			1.00			1.00	\$ 41,400	\$ 16,000	\$ 3,400	\$ 1,200	\$ 2,000	\$ 400	\$ 400	\$ 4,000	\$ 64,800	
		DHCF Conversions	1.50			1.50	\$ 92,800	\$ 20,400	\$ 5,000	\$ 1,800	\$ 3,000	\$ 600	\$ 600	\$ 6,000	\$ 84,200	
		DHFS "CONVERSIONS" & "REDIRECTED" TOTAL	4.50			4.50	\$ 195,200	\$ 75,000	\$ 15,200	\$ 5,400	\$ 9,000	\$ 1,800	\$ 1,800	\$ 18,000	\$ 303,400	
		TOTAL POSITIONS AFFECTED	61.85			61.85	\$ 2,607,200	\$ 1,002,600	\$ 209,400	\$ 74,200	\$ 123,200	\$ 24,200	\$ 24,200	\$ 245,800	\$ 4,065,000	
			4.00			4.00	\$ 174,500	\$ 67,100	\$ 13,200	\$ 4,800	\$ 7,600	\$ 1,200	\$ 1,200	\$ 14,800	\$ 259,600	6.72%
			23.43			23.43	\$ 978,200	\$ 376,900	\$ 79,400	\$ 28,100	\$ 46,800	\$ 9,300	\$ 9,300	\$ 93,500	\$ 1,527,400	18.30%
			3.00			3.00	\$ 110,100	\$ 42,300	\$ 8,500	\$ 3,000	\$ 5,000	\$ 1,000	\$ 1,000	\$ 10,000	\$ 170,900	4.28%
			26.42			26.42	\$ 1,082,900	\$ 418,400	\$ 86,000	\$ 37,100	\$ 51,800	\$ 10,300	\$ 10,300	\$ 103,500	\$ 1,697,600	42.57%
			0.50			0.50	\$ 11,300	\$ 4,300	\$ 1,700	\$ 600	\$ 1,000	\$ 200	\$ 200	\$ 2,000	\$ 19,300	0.48%
			0.75			0.75	\$ 26,400	\$ 10,200	\$ 2,500	\$ 900	\$ 1,500	\$ 300	\$ 300	\$ 3,000	\$ 42,100	1.04%
			0.75			0.75	\$ 26,400	\$ 10,200	\$ 2,500	\$ 900	\$ 1,500	\$ 300	\$ 300	\$ 3,000	\$ 42,100	1.04%
			1.50			1.50	\$ 71,200	\$ 27,300	\$ 5,100	\$ 1,800	\$ 3,000	\$ 600	\$ 600	\$ 6,000	\$ 109,600	2.75%
			1.50			1.50	\$ 71,200	\$ 27,300	\$ 5,100	\$ 1,800	\$ 3,000	\$ 600	\$ 600	\$ 6,000	\$ 109,600	2.75%
			61.85			61.85	\$ 2,597,200	\$ 983,400	\$ 206,000	\$ 73,000	\$ 121,200	\$ 23,800	\$ 23,800	\$ 241,800	\$ 3,988,400	100.00%
			(4.00)			(4.00)										
			(0.50)			(0.50)										
			57.35			57.35	\$ 2,557,200	\$ 983,400	\$ 206,000	\$ 73,000	\$ 121,200	\$ 23,800	\$ 23,800	\$ 241,800	\$ 3,988,400	
		TOTAL DHFS POSITIONS														

# 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

July 9, 2002

Secretary George Lightbourn  
Department of Administration  
101 E. Wilson Street, 10<sup>th</sup> Floor  
Madison, WI 53702

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, received June 19, 2002, pursuant to s. 16.515/16.505(2), Stats., pertaining to a request from the Supreme Court.

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

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE  
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD  
Assembly Chair

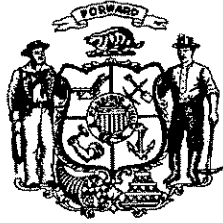
BB:JG:dh

cc: Members, Joint Committee on Finance  
J. Denis Moran, Director of State Courts  
Robert Lang, Legislative Fiscal Bureau  
Vicky LaBelle, Department of Administration

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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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: June 19, 2002

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received on June 19, 2000, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Supreme Court.

Please review the material and notify **Senator Burke** or **Representative Gard**, no later than **Monday, July 8, 2002**, if you have any concerns about the request or if you would like to meet formally to consider it.

Also, please contact us if you need further information.

Attachment

BB/JG/ckm



**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

**Date:** June 18, 2002

**To:** The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance

The Honorable John Gard, Co-Chair  
Joint Committee on Finance

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

*George Lightbourn*

**Subject:** S. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>2001-02 FTE</u>	<u>AMOUNT</u>	<u>2002-03 FTE</u>
Supreme Court 20.680(3)(h)	Office of lawyer regulation				1.00


\* One-time expenditure authority.

As provided in s. 16.515, the request(s) will be approved on July 10, 2002, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Vicky LaBelle at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



**CORRESPONDENCE\MEMORANDUM**STATE OF WISCONSIN  
Department of Administration**Date:** June 11, 2002**To:** George Lightbourn, Secretary  
Department of Administration**From:** Brett Coomber, Budget Analyst   
State Budget Office**Subject:** Request Under s. 16.505(2) Wis. Statutes from The Director of State Courts for 1.0 FTE permanent position authority for Appropriation s. 20.680(3)(h), Office of Lawyer Regulation (OLR).**REQUEST:**

The Director of State Courts, on behalf of the Supreme Court, requests an increase in permanent position authority of 1.0 FTE Assistant Litigation Counsel for appropriation s. 20.680(3)(h), Office of Lawyer Regulation (OLR). The 1.0 FTE is needed to achieve a cost savings for litigation and to accommodate increased workload resulting from increases in the number of actions filed before the Supreme Court and rule changes made by the Supreme Court in October, 2000 pertaining to the handling of certain attorney regulation cases. The Board of Administrative Oversight, appointed by the Supreme Court to oversee the attorney regulation system and the Supreme Court, has approved the position.

**REVENUE SOURCE:**

The source of revenue for appropriation s. 20.680(3)(h), Office of Lawyer Regulation is a combination of an assessment on each attorney member of the State Bar of Wisconsin, costs recovered from the attorneys disciplined in board proceedings and fees on petitions for reinstatement. The FY02 approved attorney assessment is \$124.78 per full dues and \$128.55 for FY03. This is a PR continuing appropriation and is funded by membership fees and through forfeitures and fees assessed to members seeking reinstatement to the Bar.

**ANALYSIS:**

The Court's creation in October of 2000 of rules mandating formal hearings and the possibility of appeals in each license reinstatement matter requires more litigation assignments than in the past. Moreover, the Court created a procedure whereby OLR can file a motion for the temporary suspension of an attorney's law license, based upon that attorney's failure to cooperate with OLR grievance investigations. This procedure did not exist prior to October 1, 2000, and these motions are all handled in-house.

During the calendar year 1996, 19 cases were closed. That number has, on average, risen considerably. In calendar year 2001, 38 prosecution assignments were closed. As of June 5, 2002, there were 43 matters assigned to trial attorneys, with an additional matter pending assignment. This is the highest level of litigation

George Lightbourn, Secretary  
November 29, 2000  
Page 2

assignments at any time since September 1994, the earliest date for which such statistics were reviewed.

The number of matters requiring litigation is expected to increase in the future. Previously, grievances could only be submitted in writing, with approximately 1,500 grievances received and processed by the agency annually. The Court created a new system of receiving grievances and inquiries utilizing a toll-free telephone number (Central Intake). It is now estimated that OLR will receive 2,400 new grievance inquiries annually. The creation of central intake and the resultant increase in investigative matters resulted in the hiring of five new full-time permanent OLR intake employees in 2001 and has resulted in the hiring of additional LTE staff in 2002. This will ultimately result in an increase in OLR litigation.

The annual cost of the Assistant Litigation Counsel position is \$77,800 annually, or \$37.40 per hour. This can be compared to the current cost of outside counsel, at \$60 per hour, plus expenses.

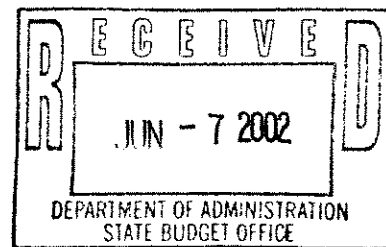
OLR is funded from a continuing appropriation, so there is no accompanying request for an increase in expenditure authority. Assuming a September 1, 2002 start date, the 2002-03 cost for the position would be \$68,800. The annualized cost of the position will be \$77,800.

**RECOMMENDATION:**

Approve the request.

# Memorandum

STATE OF WISCONSIN  
DIRECTOR OF STATE COURTS



CC JJ  
BC

**DATE:** June 7, 2002

**TO:** David Schmiedicke, State Budget Director  
Department of Administration

**FROM:** Pam Radloff, <sup>DS for PIR</sup> Acting Deputy Director of State Courts for Management Services  
Supreme Court of Wisconsin

**SUBJECT:** Request Under s. 16.505(2), Wis. Statutes, for 1.0 FTE Permanent Position for  
Appropriation s. 20.680 (3)(h), Office of Lawyer Regulation

## REQUEST

Under the provisions of s. 16.505(2), Wis. Statutes, the Director of State Courts Office, on behalf of the Supreme Court, requests an ongoing increase in permanent position authority of 1.0 FTE Assistant Litigation Counsel for appropriation s. 20.680(3)(h), Office of Lawyer Regulation (OLR). The 1.0 FTE position is needed to achieve a cost savings for litigation and to accommodate increased workload resulting from increases in the number of actions filed before the Supreme Court and rule changes made by the Supreme Court in October, 2000 pertaining to the handling of certain attorney regulation cases. The position has been approved by the Board of Administrative Oversight, appointed by the Supreme Court to oversee the attorney regulation system, and the Supreme Court.

## BACKGROUND

Article VII of the Wisconsin Constitution provides that the Supreme Court has superintending and administrative authority over all courts in Wisconsin. As a necessary concomitant, it exercises inherent supervisory power over the practice of law in Wisconsin and formulates and carries out the court system budget. Through its rule-making authority, the Court has established Rules of Professional Conduct for Attorneys (Chapter 20 of the Supreme Court Rules) and a mechanism for enforcing these rules by creating the Office of Lawyer Regulation (Chapter 21) and procedures for the Office (Chapter 22). According to Chapter 21, OLR has been established as an arm of the Supreme Court to assist in the discharge of the Court's constitutional responsibility to supervise the practice of law and protect the public from professional misconduct by members of the Bar.

OLR operates from offices in Madison and Milwaukee. Its staff (25.5 FTE) consists of a director, two deputy directors (one for each office), 11.5 FTE investigators, 10.0 FTE administrative and support staff and 1.0 FTE litigation counsel.

## **ANALYSIS**

Under the current lawyer regulation system, OLR receives inquiries and grievances concerning attorney conduct. The vast majority of grievances are resolved informally. For those cases that cannot be informally resolved, the Litigation Counsel, or contract counsel hired by OLR, is responsible for the prosecution of disciplinary and medical incapacity proceedings and for other litigation matters requiring representation.

OLR utilizes contract attorneys to handle workload that cannot be handled by OLR's Litigation Counsel. Currently, one outside attorney is under contract to work half-time at \$56,300 annually, plus expenses, and additional outside attorneys are retained at a rate of \$60/hour, plus expenses, for overflow cases, cases requiring specialized expertise or cases involving OLR conflicts of interest. With the approval of an Assistant Litigation Counsel position, it is anticipated that the half-time counsel contract would be eliminated and the use of hourly outside attorneys would be reduced by the equivalent of at least a half-time position. The Assistant Litigation Counsel would assist the agency's Litigation Counsel, under the supervision of the Director, in representing the agency in disciplinary, medical incapacity and reinstatement lawsuits, temporary license suspension and summary license suspension proceedings, cost collection matters and other litigation-related duties, such as filings in circuit court actions.

### **Need for Position**

The Court's creation in October of 2000 of rules mandating formal hearings and the possibility of appeals in each license reinstatement matter requires more litigation assignments than in the past. Moreover, the Court created a procedure whereby OLR can file a motion for the temporary suspension of an attorney's law license, based upon that attorney's failure to cooperate with OLR grievance investigations. This procedure did not exist prior to October 1, 2000, and these motions are all handled in-house.

During the calendar year 1996, 19 cases were closed. That number has, on average, risen considerably. In calendar year 2001, 38 prosecution assignments were closed. As of June 5, 2002, there were 43 matters assigned to trial attorneys, with an additional matter pending assignment. This is the highest level of litigation assignments at any time since at least September 1994, the earliest date for which such statistics were reviewed.

The increase is further illustrated by considering that throughout calendar years 1998 to implementation of the Court's new rules in October of 2000, in-house Litigation Counsel was directly handling, at any given time, an average of 8.8 matters. As of May 21, 2002, the sole in-house Litigation Counsel was directly handling 15 matters, as well as supervising contract and outside attorneys who were handling 28 additional cases.

The number of matters requiring litigation is expected to further increase. Previously, grievances against attorneys were required to be submitted in writing, and roughly 1,500 grievances were annually received and processed by the agency. The Court created a new system of receiving grievances and inquiries concerning the conduct of Wisconsin attorneys utilizing a toll-free telephone number (Central Intake). It is now estimated that OLR will receive 2400 new grievance inquiries annually. The creation of central intake and the resultant increase in investigative matters resulted in the hiring of five new full-time permanent OLR intake employees in 2001, and has resulted in the

hiring of additional LTE staff in 2002. This will ultimately result in an increase in OLR litigation, rendering the request for the hiring of an in-house assistant trial attorney all the more critical.

### Cost Effectiveness

The annual cost of the Assistant Litigation Counsel position is \$77,800 annually, or \$37.40 per hour. This can be compared to the current cost of outside counsel, at \$60 per hour, plus expenses. Over the last six years, the expenditures for outside counsel have consistently exceeded \$80,000, as shown below:

FY 1996-1997	\$ 95,452
FY 1997-1998	130,216
FY 1998-1999	138,746
FY 1999-2000	89,704
FY 2000-2001	83,090
FY 2001-2002	118,500 (estimated)

It is anticipated that, without the additional position, expenditures will be even higher in future years because: (1) there are currently more open litigation cases than has been the case for over five years, (2) there are more matters assigned to outside counsel than has been the case for years, and (3) the caseload is expected to continue increasing.

Outside retained counsel are overseen by the Litigation Counsel. The increase in usage of outside counsel has resulted in the Litigation Counsel spending a greater proportion of his time training retained counsel in procedural matters, reviewing and correcting proposed filings and otherwise supervising retained counsel.

The increased usage of outside counsel has also resulted in increased time spent by the Madison and Milwaukee offices' investigative and support staff reviewing, discussing and copying voluminous files for outside counsel.

Greater control over the supervision and training of an Assistant Litigation Counsel will lead to greater efficiency. Both in-house litigators will have greater and quicker access to OLR's computer forms and database; to other OLR files, both closed and pending; to in-house legal and investigative research tools; to the experience and advice of other OLR staff, including the Director, both Deputy Directors and the investigators; and both will be served by the existing Legal Assistant currently working for the Litigation Counsel. Moreover, the Assistant Litigation Counsel's development of familiarity with the rules, procedures and case law will result in increased productivity and efficiency.

In-house counsel usage allows OLR to more quickly react in circumstances involving exigent circumstances, such as those involving ongoing attorney theft of client funds. Such cases require a prompt response to better protect clients and the public from suffering further harm.

Also, many litigation matters result in the Court's assessment of costs against a disciplined attorney and in favor of OLR. The creation of the in-house Litigation Counsel position in 1996 and the attendant organization and pursuit of collection matters greatly aided the agency's attempts to recoup its expenses. Innovations such as computer tracking and registry of debts with taxing agencies were implemented. Over the last five years, nearly one million dollars were collected. Currently, however, the agency's sole in-house prosecutor simply does not have adequate time to aggressively

pursue collection efforts. Outside counsel is being used to pursue some cost matters, including, for example, a garnishment action in which the agency then must remit a portion of recoveries, plus expenses, back to outside counsel under a contingent fee agreement.

An Assistant Litigation Counsel will provide assistance in cost-collection matters. More time can be devoted to collecting on money judgments with an anticipated resultant increase in receivables. Also, reliance upon outside collection counsel can be reduced or eliminated, which would eliminate payments to outside counsel for the expenses of unsuccessful collection attempts, the contingent fee charged on successful collections, and coordination of the outside representation by Litigation Counsel.

## **FISCAL EFFECT**

OLR is funded from a continuing appropriation, so there is no accompanying request for an increase in expenditure authority. Assuming a September 1, 2002 start date, the 2002-03 cost for the position would be \$68,800. The annualized cost of the position would be \$77,700.

### **Revenue Source for Appropriation**

The source of revenue deposited in the appropriation under s.20.680 (3)(h), Office of Lawyer Regulation, is a combination of an assessment on each attorney member of the State Bar of Wisconsin, costs recovered from the attorneys disciplined under formal proceedings, and fees on petitions for reinstatement. The attorney assessment is reviewed annually by the OLR Board of Administrative Oversight and approved by the Supreme Court.

In FY 2002, the approved attorney assessment is \$124.78 per full-dues-equivalent attorney; for FY 2003, the approved assessment will be \$128.55. The appropriation balance under this request is shown below.

### **Office of Lawyer Regulation Appropriation s. 680 (3)(h)**

	<u>2001-02</u>	<u>2002-03</u>
Opening Balance	\$200,900	\$247,700
Revenue	2,091,100	2,153,800
Expenditures	2,044,300	2,307,000 *
Closing Balance	\$247,700	\$94,500

\*Includes funding for LTE investigators and program assistants to reduce backlog

## **SUMMARY**

The Director of State Courts Office, on behalf of the Supreme Court, requests an ongoing increase in position authority of 1.0 FTE for appropriation s.20.680 (3)(h), the Office of Lawyer Regulation, for an Assistant Litigation Counsel to accommodate the increased workload resulting from caseload increases and changes in procedures adopted by the Supreme Court in October, 2000. The procedural changes were designed to better protect the public from professional misconduct by members of the Bar. The position will result in cost savings, due to decreased use of more expensive contract counsel. Sufficient revenues, generated from attorney assessments, cost recoveries and fees on petitions for reinstatement, are available to fund the position.

If you have additional questions, please contact Deborah Salm, the Court's budget officer, at 267-0702.

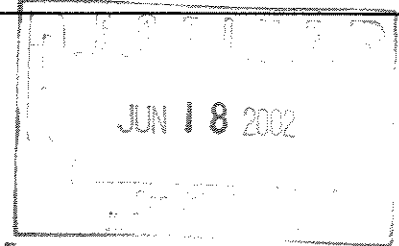


**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT McCALLUM**  
GOVERNOR

**GEORGE LIGHTBOURN**  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
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TTY (608) 267-9629



**Date:** June 18, 2002

**To:** The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance

The Honorable John Gard, Co-Chair  
Joint Committee on Finance

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

*George Lightbourn*

**Subject:** S. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2001-02</u>		<u>2002-03</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
Supreme Court 20.680(3)(h)	Office of lawyer regulation				1.00


\* One-time expenditure authority.

As provided in s. 16.515, the request(s) will be approved on July 10, 2002, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Vicky LaBelle at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



**CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN  
Department of Administration**Date:** June 11, 2002**To:** George Lightbourn, Secretary  
Department of Administration**From:** Brett Coomber, Budget Analyst   
State Budget Office**Subject:** Request Under s. 16.505(2) Wis. Statutes from The Director of State Courts for 1.0 FTE permanent position authority for Appropriation s. 20.680(3)(h), Office of Lawyer Regulation (OLR).**REQUEST:**

The Director of State Courts, on behalf of the Supreme Court, requests an increase in permanent position authority of 1.0 FTE Assistant Litigation Counsel for appropriation s. 20.680(3)(h), Office of Lawyer Regulation (OLR). The 1.0 FTE is needed to achieve a cost savings for litigation and to accommodate increased workload resulting from increases in the number of actions filed before the Supreme Court and rule changes made by the Supreme Court in October, 2000 pertaining to the handling of certain attorney regulation cases. The Board of Administrative Oversight, appointed by the Supreme Court to oversee the attorney regulation system and the Supreme Court, has approved the position.

**REVENUE SOURCE:**

The source of revenue for appropriation s. 20.680(3)(h), Office of Lawyer Regulation is a combination of an assessment on each attorney member of the State Bar of Wisconsin, costs recovered from the attorneys disciplined in board proceedings and fees on petitions for reinstatement. The FY02 approved attorney assessment is \$124.78 per full dues and \$128.55 for FY03. This is a PR continuing appropriation and is funded by membership fees and through forfeitures and fees assessed to members seeking reinstatement to the Bar.

**ANALYSIS:**

The Court's creation in October of 2000 of rules mandating formal hearings and the possibility of appeals in each license reinstatement matter requires more litigation assignments than in the past. Moreover, the Court created a procedure whereby OLR can file a motion for the temporary suspension of an attorney's law license, based upon that attorney's failure to cooperate with OLR grievance investigations. This procedure did not exist prior to October 1, 2000, and these motions are all handled in-house.

During the calendar year 1996, 19 cases were closed. That number has, on average, risen considerably. In calendar year 2001, 38 prosecution assignments were closed. As of June 5, 2002, there were 43 matters assigned to trial attorneys, with an additional matter pending assignment. This is the highest level of litigation

assignments at any time since September 1994, the earliest date for which such statistics were reviewed.

The number of matters requiring litigation is expected to increase in the future. Previously, grievances could only be submitted in writing, with approximately 1,500 grievances received and processed by the agency annually. The Court created a new system of receiving grievances and inquiries utilizing a toll-free telephone number (Central Intake). It is now estimated that OLR will receive 2,400 new grievance inquiries annually. The creation of central intake and the resultant increase in investigative matters resulted in the hiring of five new full-time permanent OLR intake employees in 2001 and has resulted in the hiring of additional LTE staff in 2002. This will ultimately result in an increase in OLR litigation.

The annual cost of the Assistant Litigation Counsel position is \$77,800 annually, or \$37.40 per hour. This can be compared to the current cost of outside counsel, at \$60 per hour, plus expenses.

OLR is funded from a continuing appropriation, so there is no accompanying request for an increase in expenditure authority. Assuming a September 1, 2002 start date, the 2002-03 cost for the position would be \$68,800. The annualized cost of the position will be \$77,800.

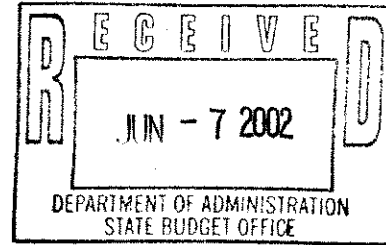
**RECOMMENDATION:**

Approve the request.

# Memorandum



STATE OF WISCONSIN  
DIRECTOR OF STATE COURTS



CC JJ  
BC

**DATE:** June 7, 2002

**TO:** David Schmiedicke, State Budget Director  
Department of Administration

**FROM:** Pam Radloff, <sup>DS for PJR</sup> Acting Deputy Director of State Courts for Management Services  
Supreme Court of Wisconsin

**SUBJECT:** Request Under s. 16.505(2), Wis. Statutes, for 1.0 FTE Permanent Position for  
Appropriation s. 20.680 (3)(h), Office of Lawyer Regulation

## REQUEST

Under the provisions of s. 16.505(2), Wis. Statutes, the Director of State Courts Office, on behalf of the Supreme Court, requests an ongoing increase in permanent position authority of 1.0 FTE Assistant Litigation Counsel for appropriation s. 20.680(3)(h), Office of Lawyer Regulation (OLR). The 1.0 FTE position is needed to achieve a cost savings for litigation and to accommodate increased workload resulting from increases in the number of actions filed before the Supreme Court and rule changes made by the Supreme Court in October, 2000 pertaining to the handling of certain attorney regulation cases. The position has been approved by the Board of Administrative Oversight, appointed by the Supreme Court to oversee the attorney regulation system, and the Supreme Court.

## BACKGROUND

Article VII of the Wisconsin Constitution provides that the Supreme Court has superintending and administrative authority over all courts in Wisconsin. As a necessary concomitant, it exercises inherent supervisory power over the practice of law in Wisconsin and formulates and carries out the court system budget. Through its rule-making authority, the Court has established Rules of Professional Conduct for Attorneys (Chapter 20 of the Supreme Court Rules) and a mechanism for enforcing these rules by creating the Office of Lawyer Regulation (Chapter 21) and procedures for the Office (Chapter 22). According to Chapter 21, OLR has been established as an arm of the Supreme Court to assist in the discharge of the Court's constitutional responsibility to supervise the practice of law and protect the public from professional misconduct by members of the Bar.

OLR operates from offices in Madison and Milwaukee. Its staff (25.5 FTE) consists of a director, two deputy directors (one for each office), 11.5 FTE investigators, 10.0 FTE administrative and support staff and 1.0 FTE litigation counsel.

## ANALYSIS

Under the current lawyer regulation system, OLR receives inquiries and grievances concerning attorney conduct. The vast majority of grievances are resolved informally. For those cases that cannot be informally resolved, the Litigation Counsel, or contract counsel hired by OLR, is responsible for the prosecution of disciplinary and medical incapacity proceedings and for other litigation matters requiring representation.

OLR utilizes contract attorneys to handle workload that cannot be handled by OLR's Litigation Counsel. Currently, one outside attorney is under contract to work half-time at \$56,300 annually, plus expenses, and additional outside attorneys are retained at a rate of \$60/hour, plus expenses, for overflow cases, cases requiring specialized expertise or cases involving OLR conflicts of interest. With the approval of an Assistant Litigation Counsel position, it is anticipated that the half-time counsel contract would be eliminated and the use of hourly outside attorneys would be reduced by the equivalent of at least a half-time position. The Assistant Litigation Counsel would assist the agency's Litigation Counsel, under the supervision of the Director, in representing the agency in disciplinary, medical incapacity and reinstatement lawsuits, temporary license suspension and summary license suspension proceedings, cost collection matters and other litigation-related duties, such as filings in circuit court actions.

### Need for Position

The Court's creation in October of 2000 of rules mandating formal hearings and the possibility of appeals in each license reinstatement matter requires more litigation assignments than in the past. Moreover, the Court created a procedure whereby OLR can file a motion for the temporary suspension of an attorney's law license, based upon that attorney's failure to cooperate with OLR grievance investigations. This procedure did not exist prior to October 1, 2000, and these motions are all handled in-house.

During the calendar year 1996, 19 cases were closed. That number has, on average, risen considerably. In calendar year 2001, 38 prosecution assignments were closed. As of June 5, 2002, there were 43 matters assigned to trial attorneys, with an additional matter pending assignment. This is the highest level of litigation assignments at any time since at least September 1994, the earliest date for which such statistics were reviewed.

The increase is further illustrated by considering that throughout calendar years 1998 to implementation of the Court's new rules in October of 2000, in-house Litigation Counsel was directly handling, at any given time, an average of 8.8 matters. As of May 21, 2002, the sole in-house Litigation Counsel was directly handling 15 matters, as well as supervising contract and outside attorneys who were handling 28 additional cases.

The number of matters requiring litigation is expected to further increase. Previously, grievances against attorneys were required to be submitted in writing, and roughly 1,500 grievances were annually received and processed by the agency. The Court created a new system of receiving grievances and inquiries concerning the conduct of Wisconsin attorneys utilizing a toll-free telephone number (Central Intake). It is now estimated that OLR will receive 2400 new grievance inquiries annually. The creation of central intake and the resultant increase in investigative matters resulted in the hiring of five new full-time permanent OLR intake employees in 2001, and has resulted in the

hiring of additional LTE staff in 2002. This will ultimately result in an increase in OLR litigation, rendering the request for the hiring of an in-house assistant trial attorney all the more critical.

### Cost Effectiveness

The annual cost of the Assistant Litigation Counsel position is \$77,800 annually, or \$37.40 per hour. This can be compared to the current cost of outside counsel, at \$60 per hour, plus expenses. Over the last six years, the expenditures for outside counsel have consistently exceeded \$80,000, as shown below:

FY 1996-1997	\$ 95,452
FY 1997-1998	130,216
FY 1998-1999	138,746
FY 1999-2000	89,704
FY 2000-2001	83,090
FY 2001-2002	118,500 (estimated)

It is anticipated that, without the additional position, expenditures will be even higher in future years because: (1) there are currently more open litigation cases than has been the case for over five years, (2) there are more matters assigned to outside counsel than has been the case for years, and (3) the caseload is expected to continue increasing.

Outside retained counsel are overseen by the Litigation Counsel. The increase in usage of outside counsel has resulted in the Litigation Counsel spending a greater proportion of his time training retained counsel in procedural matters, reviewing and correcting proposed filings and otherwise supervising retained counsel.

The increased usage of outside counsel has also resulted in increased time spent by the Madison and Milwaukee offices' investigative and support staff reviewing, discussing and copying voluminous files for outside counsel.

Greater control over the supervision and training of an Assistant Litigation Counsel will lead to greater efficiency. Both in-house litigators will have greater and quicker access to OLR's computer forms and database; to other OLR files, both closed and pending; to in-house legal and investigative research tools; to the experience and advice of other OLR staff, including the Director, both Deputy Directors and the investigators; and both will be served by the existing Legal Assistant currently working for the Litigation Counsel. Moreover, the Assistant Litigation Counsel's development of familiarity with the rules, procedures and case law will result in increased productivity and efficiency.

In-house counsel usage allows OLR to more quickly react in circumstances involving exigent circumstances, such as those involving ongoing attorney theft of client funds. Such cases require a prompt response to better protect clients and the public from suffering further harm.

Also, many litigation matters result in the Court's assessment of costs against a disciplined attorney and in favor of OLR. The creation of the in-house Litigation Counsel position in 1996 and the attendant organization and pursuit of collection matters greatly aided the agency's attempts to recoup its expenses. Innovations such as computer tracking and registry of debts with taxing agencies were implemented. Over the last five years, nearly one million dollars were collected. Currently, however, the agency's sole in-house prosecutor simply does not have adequate time to aggressively

pursue collection efforts. Outside counsel is being used to pursue some cost matters, including, for example, a garnishment action in which the agency then must remit a portion of recoveries, plus expenses, back to outside counsel under a contingent fee agreement.

An Assistant Litigation Counsel will provide assistance in cost-collection matters. More time can be devoted to collecting on money judgments with an anticipated resultant increase in receivables. Also, reliance upon outside collection counsel can be reduced or eliminated, which would eliminate payments to outside counsel for the expenses of unsuccessful collection attempts, the contingent fee charged on successful collections, and coordination of the outside representation by Litigation Counsel.

## **FISCAL EFFECT**

OLR is funded from a continuing appropriation, so there is no accompanying request for an increase in expenditure authority. Assuming a September 1, 2002 start date, the 2002-03 cost for the position would be \$68,800. The annualized cost of the position would be \$77,700.

### **Revenue Source for Appropriation**

The source of revenue deposited in the appropriation under s.20.680 (3)(h), Office of Lawyer Regulation, is a combination of an assessment on each attorney member of the State Bar of Wisconsin, costs recovered from the attorneys disciplined under formal proceedings, and fees on petitions for reinstatement. The attorney assessment is reviewed annually by the OLR Board of Administrative Oversight and approved by the Supreme Court.

In FY 2002, the approved attorney assessment is \$124.78 per full-dues-equivalent attorney; for FY 2003, the approved assessment will be \$128.55. The appropriation balance under this request is shown below.

### **Office of Lawyer Regulation Appropriation s. 680 (3)(h)**

	<u>2001-02</u>	<u>2002-03</u>
Opening Balance	\$200,900	\$247,700
Revenue	2,091,100	2,153,800
Expenditures	2,044,300	2,307,000 *
Closing Balance	\$247,700	\$94,500

\*Includes funding for LTE investigators and program assistants to reduce backlog

## **SUMMARY**

The Director of State Courts Office, on behalf of the Supreme Court, requests an ongoing increase in position authority of 1.0 FTE for appropriation s.20.680 (3)(h), the Office of Lawyer Regulation, for an Assistant Litigation Counsel to accommodate the increased workload resulting from caseload increases and changes in procedures adopted by the Supreme Court in October, 2000. The procedural changes were designed to better protect the public from professional misconduct by members of the Bar. The position will result in cost savings, due to decreased use of more expensive contract counsel. Sufficient revenues, generated from attorney assessments, cost recoveries and fees on petitions for reinstatement, are available to fund the position.

If you have additional questions, please contact Deborah Salm, the Court's budget officer, at 267-0702.