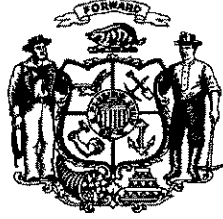


# THE STATE OF WISCONSIN

N

SENATE CHAIR  
**BRIAN BURKE**

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



ASSEMBLY CHAIR  
**JOHN GARD**

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

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

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

Re: s. 16.515/16.505, Stats. Request

Date: August 13, 2002

Attached is a copy of a request from the Department of Administration, received August 13, 2002, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Department of Financial Institutions and the Department of Health and Family Services.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Friday, August 30, 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:dh

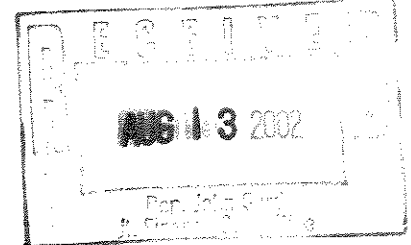


**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**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:** August 13, 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:** S. 16.515/16.505(2) Request(s)

*George Lightbourn*

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:

AGENCY	DESCRIPTION	2001-02		2002-03	
		AMOUNT	FTE	AMOUNT	FTE
DFI					
20.144(2)(g)	General program operations	\$ -56,500 *		\$ -60,100 *	
20.144(1)(g)	General program operations	56,500 *		60,100 *	
DHFS					
20.435(4)(j)b	Prescription drug assistance for elderly; enrollment fees				9.00 **

\* Transfer to correct file maintenance errors.  
\*\* For ongoing administration of the SeniorCare program.

As provided in s. 16.515, the request(s) will be approved on September 4, 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



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT McCALLUM**  
GOVERNOR

**GEORGE LIGHTBOURN**  
SECRETARY

Division of Executive Budget and Finance  
Post Office Box 7864  
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Fax (608) 267-0372  
TTY (608) 267-9629

**Date:** August 6, 2002

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

**From:** John Koskinen

**Subject:** Request Under s. 16.515 from the Department of Financial Institutions to  
Correct File Maintenance Error

**Request:**

The Department of Financial Institutions (DFI) requests to transfer \$56,500 in FY 2001-02 and \$60,100 in FY 2002-03 from its appropriation s. 20.144(2)(g) to appropriation 20.144(1)(g).

**Background**

This request is intended to correct errors in the base budgets of DFI's two general program operation appropriations. File maintenance updating certain standard budget items for the 2001-2003 biennium mistakenly placed these items in the office of credit unions general program operation appropriation, s.20.144 (2) (g), instead of the appropriation for the supervision of financial institutions, securities regulation and other functions, 20.144 (1) (g).

**Analysis:**

Standard budget decision items identified below were credited to the wrong appropriation. Decision items submitted by the department included them in the proper appropriation.

	<u>FY 2002</u>	<u>FY 2003</u>
Standard Budget Decision Item 3006 BadgerNet Increases	\$ 1,600	\$ 1,600
Standard Budget Decision Item 3009 Fifth Week of Vacation	<u>54,900</u>	<u>58,500</u>
Totals	\$56,500	\$60,100

The proposed transfers would result in no net increase in expenditure authority for the Department. The increases in one appropriation would be offset by the decreases in the other.

George Lightbourn  
Page 2  
August 6, 2002

**Recommendation:**

Approve the transfer of \$56,500 in FY 2001-02 and \$60,100 in FY 2002-03 from 20.144 (2) (g) to 20.144 (1) (g) to correct the file maintenance errors.



**State of Wisconsin**  
*Department of Financial Institutions*

Scott McCallum, **Governor**

John F. Kundert, **Secretary**

Date: February 18, 2002

To: David P. Schmiedicke  
State Budget Director

From: John F. Kundert  
Secretary

Subject: Request to transfer program revenue appropriation authority under s. 16.515

The Department of Financial Institutions requests to transfer \$56,500 in fiscal year 2001-02 and \$60,100 in fiscal year 2002-03 from its appropriation 20.144(2)(g) to appropriation 20.144(1)(g).

File maintenance updating certain standard budget items for the 2001-2003 biennium incorrectly placed these items in appropriation 231 instead of appropriation 131. Actual decision items submitted included them in the appropriate appropriation. Please see detail:

	<u>FY 2002</u>	<u>FY 2003</u>
Standard Budget Decision Item 3006 BadgerNet Increases	\$ 1,600	\$ 1,600
Standard Budget Decision Item 3009 Fifth Week of Vacation	\$54,900	\$58,500
Totals	\$56,500	\$60,100

I appreciate your attention to our request.



**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:** August 5, 2002

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

**From:** Robert Blaine, Executive Policy and Budget Analyst  
State Budget Office

*RAB*

**Subject:** Request Under s. 16.505 From Department of Health and Family Services  
For On-Going Administration of SeniorCare

**REQUEST:**

The Department of Health and Family Services (DHFS) requests position authority under s. 16.505 of 9.0 PR FTE in appropriation s. 20.435 (4)(jb), for the on-going administration of the SeniorCare program.

**REVENUE SOURCES FOR APPROPRIATION(S):**

The appropriation is supported by program revenue generated from a \$20 annual enrollment fee charged to every participant in the SeniorCare program. It is estimated that 176,500 individuals will enroll in the program, yielding \$3,530,000 PR in the 2002-03 fiscal year.

**BACKGROUND:**

The SeniorCare program was authorized under 2001 Wisconsin Act 16, established to assist state residents over the age of 65 and with incomes under 240% of the federal poverty line (FPL) in the purchase of prescription drugs. Act 16 specifies that the program shall be implemented by September 1, 2002. The department began collecting applications for the program on July 1, 2002.

The program is administered by the Division of Health Care Financing (DHCF). Act 16 did not directly authorize any positions in DHCF for the on-going administration of SeniorCare, though it did provide for the collection of an annual enrollment fee from program participants to fund the on-going administration of the program. Act 16 appropriated in the 2001-03 biennium on a one-time basis \$1,000,000 GPR annually for the implementation of the program. Use of the funds appropriated in the 2002-03 fiscal year was subject to passive review by the Joint Committee on Finance, who in January 2002 authorized the use of \$900,000 GPR of these funds. This authorization

provided a total of \$1,900,000 GPR in the 2001-03 biennium for the implementation of SeniorCare.

Only July 1, 2002, the federal Center for Medicare and Medicaid Services (CMS) approved a waiver of the Medicaid program, thereby providing federal funds for program benefits and administration costs incurred related to that portion of the program serving individuals under 200% FPL. The matching rate available varies depending on the type of administrative cost; for example, expenditures on state staff are eligible for federal cost sharing at a rate of 50% of total costs, while some information technology costs are matched at a 75% federal share. Because federal financial participation (FFP) is available only for a portion of SeniorCare, federal contributions are roughly 43% of total administrative costs.

**ANALYSIS:**

The department estimates the annualized cost for administering the SeniorCare program is \$6,100,000 all funds, and will be \$4,926,800 in the 2002-03 fiscal year. These costs are broken into the following categories:

<b>Budget Item</b>	<b>Annualized</b>	<b>2002-03</b>
Central Application Processing Operation (CAPO)	\$2,018,700	\$2,018,700
Eligibility System (CARES)	2,676,000	1,684,600
Fiscal Agent (MMIS)	1,086,400	904,600
State Staff	318,900	318,900
<b>Total</b>	<b>\$6,100,000</b>	<b>\$4,926,800</b>

*\*For additional budget detail, see Appendix A.*

Revenues from the \$20 enrollment fee, which cannot be used as state match to claim federal financial participation (FFP), will not be sufficient to support the total cost of administering the program. The department also has identified \$800,000 GPR in one-time savings that could then be used as match to claim \$596,800 in federal MA matching funds.

Of the GPR saving identified, \$400,000 GPR is available due to the department's ability to claim FFP on start-up administrative costs incurred after July 1, 2002. In being able to claim FFP, the department needs only \$1,500,000 of the \$1,900,000 GPR authorized for implementation. The remaining \$400,400 is available through a re-estimate of additional MA administration contracts which are supported by the appropriation under s. 20.435 (4)(bm).

### Funding Sources for Program Administration

	Annualized	2002-03
2002-03 Total Cost	\$6,100,000	\$4,926,800
\$20 Enrollment Fee	<u>3,530,000</u>	<u>(3,530,000)</u>
Net Administration Cost	2,570,000	1,396,800
State share (57%)	1,464,900	800,400
Federal share (43%)	\$1,105,100	\$596,400

Under this budget, in future fiscal years the department will require approximately \$1,464,900 GPR for on-going administration costs. The department was able to avoid this need in the 2002-03 fiscal year because of the one-time savings identified above.

#### Positions Requested Under s. 16.505

The department has requested 9.0 PR FTE, 2.5 FTE for the direct processing of applications and determination of program eligibility and 6.5 FTE for state administration functions.

#### *Central Application Processing Operation (CAPO)*

The department has requested 2.5 PR FTE for processing SeniorCare applications and determining program eligibility. These positions would be classified as Human Services Coordinator -- Entry, and the cost of the positions would be \$103,200 PR.

It is estimated that approximately 176,500 individuals will apply for the program, roughly two-thirds of which are expected to apply between July 1 and September 1. Federal law requires that public workers determine eligibility for the Medical Assistance program. Typically, MA applications are processed by county human service agencies, but in SeniorCare all applications will flow through a central processing unit located in Madison. Application processing is an on-going task because SeniorCare eligibility is granted only for 12-month periods. After an eligibility period expires, a participant will be required to re-apply for program benefits and the department will have to re-determine program eligibility.

#### *State Administration*

The on-going administration of the SeniorCare program will add new functions to DHCF. Positions requested for state administration purposes include:

- 2.0 Budget and Policy Analysts (BPA) -- Advanced
- 1.0 Program and Planning Analyst (PPA) 5 and 0.5 PPA 4
- 1.0 Contract Specialist
- 1.0 IS Business Automation Senior
- 1.0 SeniorCare Auditor



All positions requested are permanent positions at a total cost of \$318,900 PR.

The implementation of the SeniorCare program will significantly impact the long-term workload in the Division of Health Care Financing. The department has absorbed that work currently by reallocating existing staff from other department priorities, but this cannot be sustained. SeniorCare will involve the development and maintenance of administrative rules, policy manuals, brochures and application forms. Positions will also be needed to staff the SeniorCare Advisory Committee and to provide policy analysis for biennial budget development. Also, modification of the Client Assistance for Re-employment and Economic Support (CARES) eligibility system and of the Medicaid Management Information System (MMIS) to accommodate SeniorCare will require additional staff effort to ensure systems are working properly and that vendors are meeting contractual obligations.

In addition, with the approval of a federal waiver, the department will be required to regularly monitor and report on program participation, expenditures and provider participation. The division will also be negotiating rebate agreements with up to 550 pharmaceutical manufacturers and will need to monitor each manufacturer to ensure appropriate rebate amounts are received. The division's workload will also increase in performing quality assurance and auditing SeniorCare providers. Given these factors, the department's request is reasonable and can be accommodated with existing resources.

In the event administrative costs are larger than anticipated or program enrollment is less than projected, a revenue cushion exists in that the department still has not been authorized to use the remaining \$100,000 GPR in implementation funds appropriated in Act 16. This GPR could leverage an additional \$75,400 FED.

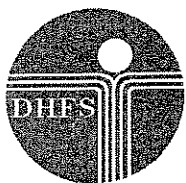
**RECOMMENDATION:**

Approve the department's request.

**Appendix A -- Budget Detail**

**Requested Funding by Program Area**

	<b>FTE</b>	<b>GPR</b>	<b>PR</b>	<b>FED</b>	<b>Total</b>
CAPO	2.5	367,100	1,406,800	244,800	1,406,800
CARES	-	306,400	1,173,900	204,300	1,173,900
MMIS	-	126,900	630,400	147,300	630,400
State Operations	6.5	-	318,900	-	318,900
<b>Total</b>	<b>9.0</b>	<b>800,400</b>	<b>3,350,000</b>	<b>596,4000</b>	<b>4,926,800</b>

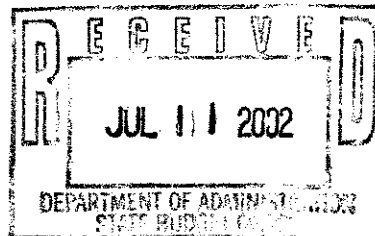


State of Wisconsin  
Department of Health and Family Services

Scott McCallum, Governor  
Phyllis J. Dubé, Secretary

July 11, 2002

Mr. David Schmiedicke  
State Budget Office  
10<sup>th</sup> Floor, 101 East Wilson Street  
Madison, WI 53702



Dear Mr. Schmiedicke:

Under the provisions of s. 16.515, and s. 16.54, the Department requests from the Department of Administration expenditure authority of \$3,530,000 PR in appropriation s. 20.435(4)(jb), \$449,100 FED in appropriations s: 20.435(4)(n), and \$147,300 FED in s. 20.435(4)(pa) in 2002-03 to support ongoing administrative costs for operation of the SeniorCare program. Further, the Department requests, under s 16.505, that DOA approve and transmit to the Joint Committee on Finance the Department's request for 9.00 PR positions in s. 20.435(4)(jb), beginning in 2002-03, for support of operating the SeniorCare Program.

Under 2001 Wisconsin Act 16, a continuing PR appropriation, funded by SeniorCare enrollment fees, was created to support administration of the program. However, Act 16 did not provide any expenditure or position authority in 2002-03. Act 16 requires the Department to implement the SeniorCare program no later than September 1, 2002. In order to meet this deadline, the Department will need PR expenditure and position authority in 2002-03 to operate SeniorCare under the required timeframe.

Under Act 16 and a prior s. 16.505 request, the Department has received funding for start-up/implementation costs for SeniorCare. However, that funding was only intended to fund the design of the computer systems, public outreach, and initial planning. This request relates to the projected ongoing operating costs for SeniorCare, which were not addressed by the funding previously provided for start-up costs.

Since the Department is now processing applications, it is extremely important that this request be reviewed and fully resolved as quickly as possible.

Background

Act 16 establishes a prescription drug assistance program, referred to as SeniorCare, that will provide prescription drug assistance to Wisconsin residents over 65 years of age whose income does not exceed 240% of the federal poverty level (FPL) and to those whose income exceeds 240% of the FPL if their prescription drug expenditures bring their net income below the 240% limit (termed spenddown). Participants of SeniorCare are required to pay an

annual \$20 enrollment fee and copayments of \$15 for each name brand drug and \$5 for each generic drug. Also, participants with higher incomes (over 160% of FPL) must first spend \$500 (deductible) of their own funds annually for prescription drugs before SeniorCare will reimburse the participant's prescription drug expenditures.

Administrative costs for SeniorCare consist of both implementation costs and operating costs. Previous actions have addressed implementation costs by providing a total of \$1.9 million to the Department to support the modification of existing computer systems to add the SeniorCare program.

Act 16 addresses ongoing operating costs for SeniorCare through the creation of a separate PR appropriation (s. 20.435(4)(jb)) funded by an annual \$20 enrollment fee. Act 16 specifies that all enrollment fees be credited to this appropriation for purposes of administration of the SeniorCare Program, and establishes this appropriation as a continuing appropriation. However, Act 16 did not provide any expenditure authority.

On July 1, 2002, the federal Centers for Medicare and Medicaid Services (CMS) approved Wisconsin's waiver application to include the SeniorCare program under Medicaid, which will provide federal matching funds for both SeniorCare benefits and administrative costs. SeniorCare participants with income up to 200% of the Federal Poverty Level (FPL) will be covered under Medicaid, and benefit costs for this group will be eligible for federal matching funds. Since 80% of SeniorCare participants are projected to have income below 200% of the FPL, approximately 80% of SeniorCare administrative costs will be eligible for the administrative federal matching rate of 50% (75% for certain costs). The net impact is that total administrative costs would on average be eligible for 43% federal matching funds.

#### Description of SeniorCare Administrative System

A senior wishing to apply for SeniorCare will fill out a one-page application form and mail it to the central application processing operation center (CAPO). A copy of the application form is attached at the end of this request. Upon receipt of the application, staff at the CAPO will assemble the applications for scanning, which will be done under contract by the Department of Administration until at least December 31, 2002. Scanning will input the application information into an electronic file for eligibility processing. Applications that do not have sufficient information will require that CAPO workers contact the applicant to obtain required information. Also, if the enrollment fee is not enclosed in the initial application, the applicant will have to be contacted about the need for the fee before the applicant can be enrolled in the program.

Persons who might need help with the application and the decision to apply may call a toll-free customer service hotline, beginning in July, 2002. In addition, the Department is working with local community-based organizations such as the Area Agencies on Aging to provide assistance to seniors who need help in completing the application. There will also be

telephone support for seniors enrolled in the program and providers to assist in resolving any problems or questions.

Because many seniors who are eligible for SeniorCare will also be eligible for other programs such as MA and food stamps, staff at the CAPO have been trained to manage requests for information about other programs, and to provide referrals to local economic support agencies for seniors wishing to find out more or apply for those programs. CAPO staff, however, will not fill out or process applications for MA, food stamps, or other economic support programs, but will instead refer the person to the local economic support agency.

After the application has been scanned, the electronic file will be processed electronically through the Client Assistance for Reemployment and Economic Support (CARES) system to assure uniform eligibility determinations. The CARES system is also used to determine eligibility for MA, food stamps, W-2 and childcare. The eligibility process will assure that the person is not a current MA recipient, and will validate the information on the application through a crosscheck with other databases. CAPO staff will contact applicants if inconsistencies are found in the information supplied on the application. Using CARES, eligibility specialists will determine if the person is eligible and whether the person is subject to the \$500 deductible and if any spenddown is required. If the person is determined eligible for SeniorCare, the CARES system will generate customer notices and will send a certification transaction to the Medicaid Management Information (MMIS) system, including needed information related to any required deductible or spenddown. Customer notices will inform seniors about their eligibility and if they have a deductible, the amount of any deductible and spenddown, and other information about the program. The MMIS system will be used to issue ID cards, provide point-of-sales claims processing and support the MA prospective Drug Utilization Review system, including monitoring for potential drug interactions. It is projected that the MMIS system will have to process approximately 5 million claims in 2002-03 for the SeniorCare program.

The Department utilizes a MA fiscal agent to operate the MMIS system. The current fiscal agent is EDS. The State also contracts with a private vendor, Deloitte Consulting, to maintain CARES.

A SeniorCare participant will be able to purchase prescription drugs under the program using his/her SeniorCare card. The point-of-sale system, developed by the MA fiscal agent and used under the MA program, will also be used for SeniorCare. The system enables providers to submit real-time claims electronically for prescription drugs and to receive an electronic response indicating payment or denial within seconds of submitting the real-time claim. The POS system also verifies recipient eligibility. Under SeniorCare, the system will track participants' deductibles and copayments as well, and that information will be available to pharmacists in real-time. Thus, seniors filling their prescriptions may receive up-to-date information about their prescription costs, including deductibles and copayments.

Projected Enrollment Schedule and Fees

The estimated cost for administration during the 2002-03 fiscal year assumes that enrollment will follow the schedule below:

<u>End of Month</u>	<u>Number Enrolled</u>
August, 2002	77,500
September, 2002	123,900
December, 2002	141,400
March, 2003	158,900
June, 2003	176,500

Based on the projected enrollment of 176,500, the \$20 enrollment fee will generate program revenue of \$3,530,000 in 2002-03.

#### Operating Costs for SeniorCare

Ongoing operation of SeniorCare will include processing applications, determining eligibility, processing claims, and cost containment activities such as prior authorization and drug utilization reviews. In addition, SeniorCare will be responsible for a portion of the general costs for maintaining and operating the CARES system, which are costs separate from the direct programming design costs related to incorporating SeniorCare in the CARES system. General costs for the CARES system are allocated among the programs that are supported by the CARES system based on the number of recipients in each program. Since SeniorCare will have a large enrollment, a significant part of the general costs for CARES will be allocated to SeniorCare. Federal rules require that costs be allocated across programs for systems that benefit several programs when federal reimbursement is sought for state-administered federal programs, such as MA and food stamps, which are also supported by CARES. The cost allocation methodology must be approved by the federal agency. Finally, there will be ongoing state staff costs for filing reports, policy development, monitoring of contractors, auditing and general administration. Although implementation of SeniorCare has been handled through redeployment of existing staff, it is not possible to absorb the administrative requirements of operating a major program on an ongoing basis. Appendix 1 details the projected operating costs for SeniorCare. The following paragraphs describe the activities supported by each of the lines in Appendix 1.

Customer Service, Application Processing and Eligibility Determination. In 2002-03, it is projected that the Department will have to process applications for 176,500 SeniorCare participants and will have to respond to over 250,000 calls in the early months, followed by a weekly call volume of 5,000 on an ongoing basis. The Department has leased office space to house the CAPO unit that will process these applications and provide customer service to applicants and participants. A large part of application processing and customer support will be performed under contract by the MA fiscal agent. However, the Department has hired 12 full-time state LTEs for the first 3 months to process the initial surge of applications and

plans to hire 2.5 FTE permanent staff to support ongoing workload and meet the need for public employees to make the eligibility determination. Federal rules require that public employees make the eligibility decision for MA benefits. It is projected that the state staff costs for application processing, contracted customer support, along with contracted scanning costs, lease costs, furniture, and telephone costs, will total \$2,018,700 all funds in 2002-03.

Eligibility Determination System (CARES). Eligibility workers in the CAPO will utilize the CARES system for the eligibility determination process. Although the initial program design costs are funded under the \$1.9 million of implementation costs, there are ongoing costs to maintain the SeniorCare eligibility program in the CARES system. There will be annual charges from the Department of Electronic Government (DEG) and other entities (DWD and CARES vendor), that maintain the mainframe, equipment and programs that comprise the CARES system. There will be charges for such items as CPU time and data lines from Infotech, charges from the Bureau of Information Technology Services (BITS) from DWD, and program maintenance costs from the CARES vendor. As noted, SeniorCare will be responsible for an allocated share of the costs of maintaining the CARES system. Also, SeniorCare will increase costs for the CARES system because of such items as additional transactions processed by the system, additional mailing costs for notification letters to SeniorCare applicants about their eligibility determination, and specific programming related to maintaining the SeniorCare program as part of the CARES system. It is projected that these costs will total \$1,684,600 all funds in 2002-03.

Claims Processing, Operation and Reporting. It is projected that approximately 5 million claims will be processed for SeniorCare in 2002-03. Claims processing will include a number of cost containment activities, including prior authorization, prospective drug utilization review, retrospective drug utilization review and checking health insurance tapes to identify and coordinate benefits with private insurance coverage. While federal rebate agreements will apply for SeniorCare participants under 200% of the FPL, operational costs, including processing and collecting of rebates from separate state rebate agreements with over 500 manufacturers for SeniorCare participants with income between 200% and 240% of the FPL, will not be covered by the waiver. Operations costs will also include additional phone support for pharmacists if there is a problem or question with respect to the point-of-sale system, as well as issuance of ID cards and financial, statistical and federal reporting. The state's fiscal agent will perform these activities under contract. It is projected that these costs will total \$904,600 all funds in 2002-03.

State Program Administration. The Department is requesting 6.5 permanent FTE (6.5 PR) for general administration of the program. Staff will be responsible for budgeting, policy analysis and development, administrative rules, staffing of the SeniorCare Advisory Committee, contract monitoring, preparation of required federal reports, oversight of rebate system operation and dispute resolution, auditing, and preparation of manuals, brochures and other written materials. SeniorCare is a major program that will serve 177,400 participants and is subject to a number of complex requirements due to state statutory and MA waiver requirements. Current staff are not available to operate a program of this size and

complexity. In addition, beginning in 2002-03, the Department will implement a number of staffing reductions due to the budget cut contained in the 2002 Budget Adjustment Bill that will reduce current staffing for existing programs. Costs for the 6.5 FTE positions would be \$318,900 all funds, which is based on a starting date of September 1, 2002.

A list of the requested positions and their responsibilities are described in Appendix 2. All of the positions would be funded from the enrollment fees, and as a result, all of the positions would be PR positions. Use of enrollment fees to support all staff costs would simplify administrative tasks since split funding of positions could be avoided.

In summary, the Department projects that operating costs for SeniorCare will total \$4,926,800 all funds. A total of 9.0 FTE permanent state positions (9.0 PR) will be needed to support the program on an ongoing basis. In addition, a total of 12 LTEs for three months, beginning on July 1, 2002, are needed to process the initial surge of applications.

#### Funding of Costs

The terms of the waiver agreement with CMS requires that enrollment fees be used to offset administrative costs for SeniorCare, and cannot be used as a match for claiming federal matching administrative funds. Enrollment fees will cover \$3,530,000 of the total costs of \$4,926,800, leaving \$1,396,800 in costs that must be supported by other funding sources. Because federal matching funds would be available, state funds of \$800,400 would be needed to fund this gap of \$1,396,800. Half of the gap would be supported by savings from four existing MA contracts that will have lower costs than anticipated, while the remaining half would be supported from freed-up GPR funding due to unexpected federal matching funds for implementation costs related to SeniorCare. A portion of the \$1.9 million appropriated for implementation was not expended in FY 02. Because the waiver approval occurred on July 1, 2002, implementation expenditures in FY 03 will be eligible for federal matching funds. The amount appropriated for implementation costs assumed that there would not be any federal matching funds. Appendix 1 details these funding sources.

Thank you for considering this request. If you have any questions, please contact Peggy Handrich at 266-8922.

Sincerely,



Phyllis J. Dube  
Secretary

cc: Jim Johnston  
Robert Blaine

**Appendix 1  
Requested FY 03 Funding for Operating Costs**

Function	Administrative Costs Total	State Positions Total
Customer Service, Application Processing & Eligibility (CAPO)	\$ 2,018,700	2.50
Eligibility System (CARES)	\$ 1,684,600	-
Claims Processing, Operation and Reporting (MMIS)	\$ 904,600	-
State Program Management Costs	\$ 318,900	6.50
<b>TOTAL</b>	\$ 4,926,800	9.00

	Funding Source				State Positions			
	GPR	PR	FED	Total	GPR	PR	FED	Total
<b>Enrollment Fees</b>								
CAPO	\$ -	\$ 1,406,800	\$ -	\$ 1,406,800				
CARES	-	1,173,900	-	1,173,900		2.50		2.50
MMIS	-	630,400	-	630,400				
State Prog. Management	-	318,900	-	318,900		6.50		6.50
<b>Subtotal</b>	\$ -	\$ 3,530,000	\$ -	\$ 3,530,000		9.00		9.00

	Funding Source				State Positions			
	GPR	PR	FED	Total	GPR	PR	FED	Total
<b>Existing MA Contract Savings &amp; Freed-Up Implementation Funds</b>								
CAPO	\$ 367,100	\$ -	\$ 244,800	\$ 611,900				
CARES	306,400	-	204,300	510,700				
MMIS	126,900	-	147,300	274,200				
State Prog. Management	-	-	-	-				
<b>Subtotal</b>	\$ 800,400	\$ -	\$ 596,400	\$ 1,396,800				
<b>TOTAL</b>	\$ 800,400	\$ 3,530,000	\$ 596,400	\$ 4,926,800		9.00		9.00



**APPENDIX 2**  
**STATE GENERAL ADMINISTRATIVE POSITIONS**

**Budget and Policy Analyst-Advanced (1.0 FTE).** This position will serve as the Division's lead SeniorCare fiscal analyst, responsible for monitoring compliance with all requirements associated with the waiver and preparing communications, reports and updates to be submitted to the federal government as required by the waiver. Lack of compliance with waiver requirements will jeopardize federal funding.

**Program and Planning Analyst 5 (1.0 FTE).** This position will have responsibility for policy analysis and development, administrative rules, biennial budget issues, staffing the SeniorCare Advisory Committee, and correspondence and presentations.

**Contract Specialist – Senior (1.0 FTE).** This position will be responsible for coordinating the development of performance standards for SeniorCare contractors, monitoring contractor performance against established performance standards, and assuring coordination among all SeniorCare contractors.

**IS Business Automation Senior (1.0 FTE).** This position will be responsible for oversight of statutorily mandated SeniorCare drug rebate system operation and dispute resolution (implementing and managing drug rebate invoicing, collection and dispute resolution performed by the fiscal agent). This position will also have responsibility for analysis and resolution of system problems and new requirements for the POS system. This position will define requirements for the fiscal agent contractor and participate in testing the system changes. The position will also direct resolution of pharmacy customer service problems related to SeniorCare. This position is eligible for the enhanced federal matching rate of 75% since it relates to the MMIS system.

**SeniorCare Auditor-Senior (1.0 FTE).** This position is responsible for independently conducting compliance and program audits of SeniorCare providers for compliance with state and federal rules and regulations. This involves preparing audit programs and work plans, collecting and documenting evidence, preparing work papers, writing reports (including the legislatively mandated annual report on provider compliance), calculating overpayments, conducting entrance and exit conferences and educating providers to assure that provider billing practices comply with SeniorCare Program rules.

**Budget and Policy Analyst-Advanced (1.0 FTE).** This position would serve as the principal staff advisor to Bureau, Division and Department management on eligibility matters related to SeniorCare. SeniorCare eligibility policy and systems are complicated. This position will have lead responsibility for developing/maintaining the eligibility component associated with the following SeniorCare work products: statutes and administrative rules, waiver, budget and fiscal projections, policy handbook, information materials and forms, and Central Application Processing Operation (CAPO) contracts, manuals, etc. This position

would also be responsible for leading the development and maintenance of SeniorCare quality assurance and improvement (QA/I) policy, processes and systems.

**Program and Planning Analyst 4 (.5 FTE).** The primary function of this position would be to draft, edit and finalize a wide variety of technical SeniorCare eligibility documentation. This would include SeniorCare policy, procedure and systems manuals for use by department staff and contractors, as well as brochures, pamphlets, fact sheets and application forms/instructions for use by the general public. The position would also play a role in SeniorCare policy development and analysis, serving on various Bureau-, Division- and Department-level workgroups. Finally, this position would be responsible for assisting in the design and implementation of SeniorCare quality assurance and improvement (QA/I) policies and procedures.

# SENIORCARE

Prescription Drugs for Wisconsin Seniors

Return completed application to:  
 SeniorCare  
 PO Box 6710  
 Madison WI 53716-0710

## APPLICATION FORM

(Print in all capital letters. Use only blue or black ink.)

Select One  New Application  Add Spouse  Re-Application  Review

### SECTION I - APPLICANT INFORMATION

Are you receiving SSI? <input type="checkbox"/> Yes <input type="checkbox"/> No	WI Resident? <input type="checkbox"/> Yes <input type="checkbox"/> No	U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	Requesting SeniorCare? <input type="checkbox"/> Yes <input type="checkbox"/> No	Race (Optional) <input type="checkbox"/> Asian <input type="checkbox"/> Hispanic <input type="checkbox"/> Southeast Asian <input type="checkbox"/> Other <input type="checkbox"/> Black <input type="checkbox"/> White <input type="checkbox"/> American Indian/Eskimo		Married? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes: <input type="checkbox"/> Living w/spouse <input type="checkbox"/> Not living w/spouse
Last Name							
First Name				Middle Initial			
Birthdate (MM/DD/CCYY)		/		Social Security Number		-	

### SECTION II - SPOUSE INFORMATION

Are you receiving SSI? <input type="checkbox"/> Yes <input type="checkbox"/> No	WI Resident? <input type="checkbox"/> Yes <input type="checkbox"/> No	U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	Requesting SeniorCare? <input type="checkbox"/> Yes <input type="checkbox"/> No	Race (Optional) <input type="checkbox"/> Asian <input type="checkbox"/> Hispanic <input type="checkbox"/> Southeast Asian <input type="checkbox"/> Other <input type="checkbox"/> Black <input type="checkbox"/> White <input type="checkbox"/> American Indian/Eskimo		
Last Name							
First Name				Middle Initial			
Birthdate (MM/DD/CCYY)		/		Social Security Number		-	

### SECTION III - MAILING ADDRESS

Address																Apt. #							
City																State			Zip Code				
Contact Telephone Number																							
Address is:	<input type="checkbox"/> Same as residence				<input type="checkbox"/> Different than residence				<input type="checkbox"/> Your Representative's/Legal Guardian's/Power of Attorney's Address														

# STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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



ASSEMBLY CHAIR  
**JOHN GARD**

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

## JOINT COMMITTEE ON FINANCE

September 12, 2002

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

Dear Secretary Bazzell:

We are writing to inform you that the members of the Joint Committee on Finance have received your stewardship program requests, dated August 26, 2002 (received August 27), regarding the following three proposed land purchases:

1. 302 acres in Wood County from Plumb Creek, c/o Dan Lemke, for \$750,000 plus an additional \$10,000 to cover miscellaneous costs.
2. 35,337.37 acres in Iron, Oneida, Marathon and Lincoln Counties from Tomahawk Timberlands for \$2,244,000 plus an additional \$60,000 to cover miscellaneous costs.
3. 330 acres in Rock County from the Nellie Carey Estate for \$495,000 plus \$7,500 to cover miscellaneous costs.

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

Sincerely,

Handwritten signature of Brian Burke in black ink.

**BRIAN BURKE**  
Senate Chair

Handwritten signature of John Gard in black ink.

**JOHN GARD**  
Assembly Chair

BB:JG:dh

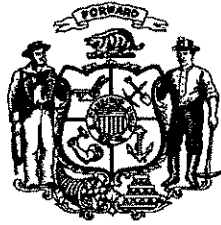
cc: Members, Joint Committee on Finance  
Vicky LaBelle, Department of Administration

# THE STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

ASSEMBLY CHAIR  
JOHN GARD

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



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

## 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: August 27, 2002

Re: 14 Day Passive Review/Land Purchases

Attached are copies of three requests from Secretary Darrell Bazzell, received August 26, regarding the following land purchases:

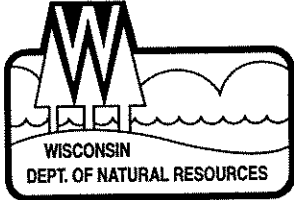
- 1) A proposed 302 acre land purchase in Wood County from Plum Creek, c/o Dan Lemke, Land Sales Manager, for \$750,000. In addition, the Department requests \$10,000 of Stewardship funding for miscellaneous costs associated with the transaction.
- 2) A proposed easement purchase on 35,337.37 acres located in Iron, Oneida, Marathon and Lincoln Counties, from Tomahawk Timberlands, LLC, for \$2,244,000. In addition, the Department requests \$60,000 of Stewardship funding for miscellaneous costs associated with the transaction.
- 3) A proposed 330 acre land purchase in Rock County from the Nellie Carey Estate for \$495,000. In addition, the Department requests \$7,500 of Stewardship funding for miscellaneous costs associated with the transaction.

These requests are pursuant to s. 23.0915(4), Stats., which requires the Department of Natural Resources to notify the Joint Committee on Finance of all stewardship projects in excess of \$250,000.

Please review these items and notify **Senator Burke** or **Representative Gard** no later than **Friday, September 13, 2002**, if you have any questions about these requests or would like the Committee to meet formally to consider them. If no objections are heard by that date, these requests will be approved.

Also, please contact us if you need further information.

BB:JG:ckm



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor  
Darrell Bazzell, Secretary



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

AUG 26 2002

IN REPLY REFER TO: W-1463

Honorable Brian Burke  
Member State Senate  
Room 317E  
CAPITOL

Honorable John Gard  
Member State Assembly  
Room 308E  
CAPITOL

   
Dear Senator Burke and Representative Gard:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed purchase of 330-acres of land from the Nellie Carey Estate for \$495,000. In addition, the Department requests \$7,500 of Stewardship funding for miscellaneous costs associated with this transaction. The Department is submitting this notice pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects more than \$250,000 in cost. The Natural Resources Board approved the purchase at the August meeting. The land is required to consolidate state ownership in the Avon Bottoms Wildlife Area, as well as provide opportunities for public recreation, restore native grasslands and also provide habitat for a variety of wildlife.

The file number is W-1463 and the land is located in Rock County. Attached, please find a memo and maps describing this transaction.

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

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

Thank you for this consideration.

Sincerely,

  
Darrell Bazzell  
Secretary

Attachment

cc: Legislative Fiscal Bureau  
Department of Administration

## CORRESPONDENCE/MEMORANDUM

DATE: July 15, 2002  
 TO: Governor McCallum  
 FROM: Darrell Bazzell *DB*  
 SUBJECT: Proposed Land Acquisition, Nellie Carey Estate Tract, File # W-1463,  
 Option Expires August 27, 2002

FILE REF: W-1463

1. PARCEL DESCRIPTION:

Avon Bottoms Wildlife Area  
 Rock County

Grantor:

Nellie Carey Estate  
 c/o Lawrence Patkus  
 Patkus Machine  
 2607 Marshall Street  
 Rockford, IL 61109

Acres: 330.0Price: \$495,000Appraised Value: \$396,000; \$561,000Interest: Purchase in fee.Improvements: NoneLocation: The tract is located twelve miles west of the City of Beloit, in southwestern Rock County.Land Description: The subject area is low and wet.Water: There are 1.75 miles of frontage on both banks of the Sugar River.

<u>Covertypes Breakdown:</u>	<u>Type</u>	<u>Acreage</u>
	Wooded Lowland	210.0
	Cropland	70.0
	Wetland	40.0
	Water	<u>10.0</u>
	TOTAL	330.0

Zoning: AgriculturePresent Use: Agriculture & RecreationProposed Use: Wildlife Management and Public RecreationTenure: 40 yearsProperty Taxes: \$1,720.89Option Date: May 29, 20022. JUSTIFICATION:

The Department proposes to purchase the 330-acre Nellie Carey Estate property in Rock County to provide opportunities for public recreation, to restore native grasslands and provide habitat for a variety of wildlife, including pheasants, grassland birds, and rare species. Purchase of this parcel would also consolidate state ownership in the Avon Bottoms Wildlife Area. The Carey Estate property is located in the Town of Avon

in Rock County, within a two-hour drive of the major population centers of Milwaukee, Madison and Chicago. The public heavily uses Avon Bottoms Wildlife Area, and the addition of this parcel will provide for additional public recreation, as well as protecting the land.

The Avon Bottoms Wildlife Area is located in southern Rock County, about 20 miles from Beloit. The property consists of floodplains and wetlands along the Sugar River, from just over the Green County line through Rock County to the Illinois border. The property is managed to protect wildlife habitat along the river and to provide hunting, fishing, trapping and other recreational activities such as hiking, boating, canoeing, cross-country skiing and nature observation.

The Nellie Carey Estate property is 330 acres in size and is completely within the acquisition boundary of the Avon Bottoms Wildlife Area. The acreage is mostly bottomland hardwoods, wetland and cropland. Swenson Prairie Natural Area, which is owned by the Department, is just north of the Nellie Carey parcel. Several threatened and endangered plants and animals are found in the area. The protection of this parcel would contribute significantly to the habitat needs of these and many other wetland and upland species.

The Carey parcel is key in the consolidation of state lands at Avon Bottoms Wildlife Area as it connects state-owned lands to the north and south, creating a large tract of contiguous public ownership. Future management plans for the property include some wetland restoration and significant prairie restoration. About 1.75-miles of frontage on the Sugar River, as well as several tributary streams are included on the Carey parcel. The river ranges from 60-100 feet wide and 1-2 feet deep and flows across the property in a northwest to southeast direction. There are several oxbows and low, ponded areas as well as a broad floodplain area.

The Department recommends purchase of this parcel to protect wildlife habitat, to provide opportunities for public recreation, to allow natural resource management, to restore and provide habitat for a variety of species, and to consolidate state ownership.

3. FINANCING:

State Stewardship bond funds are anticipated:

Funds allotted to program:	Balance after proposed transaction:
\$4,000,000	\$3,381,968

4. ACQUISITION STATUS OF THE AVON BOTTOMS WILDLIFE AREA:

Established: 1960  
Acres Purchased to Date: 2,101.28  
Acquisition Goal: 2,710.0 Acres  
Percent Complete: 77.5%  
Cost to Date: \$705,988

5a. APPRAISAL:

Appraiser: Linn Duesterbeck (Private Appraiser)  
Valuation Date: August 22, 2001  
Appraised Value: \$396,000  
Highest and Best Use: Conservancy or Recreation



Allocation of Values:

- a. land: 330 acres @ \$1,200 per acre: \$396,000
- b. market data approach used, five comparable sales cited
- c. adjusted value range: \$749 to \$1,600 per acre

Appraisal Review: Ron Olson — October 18, 2001

5b. APPRAISAL:

Appraiser: Julie Hanks (Private Appraiser)

Valuation Date: August 21, 2001

Appraised Value: \$561,000

Highest and Best Use: Recreation and Agriculture divided into 2 or 3 parcels

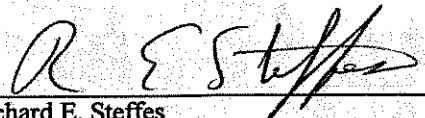
Allocation of Values:

- a. land: 330 acres @ \$1,700 per acre: \$561,000
- b. market data approach used, four comparable sales cited
- c. adjusted value range: \$1,481 to \$1,800 per acre

Appraisal Review: Ron Olson — October 18, 2001

\*Comments: While both appraisers did good sales research and a thorough analysis, there was a considerable difference in value. The Department negotiated a price of \$1,500 per acre, which is the lowest it could negotiate and still be within the range of values.

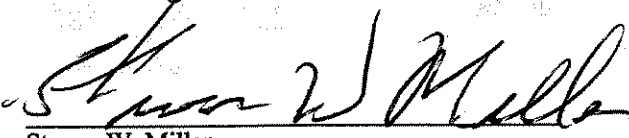
RECOMMENDED:

  
 \_\_\_\_\_  
 Richard E. Steffes

7-16-02  
 \_\_\_\_\_  
 Date

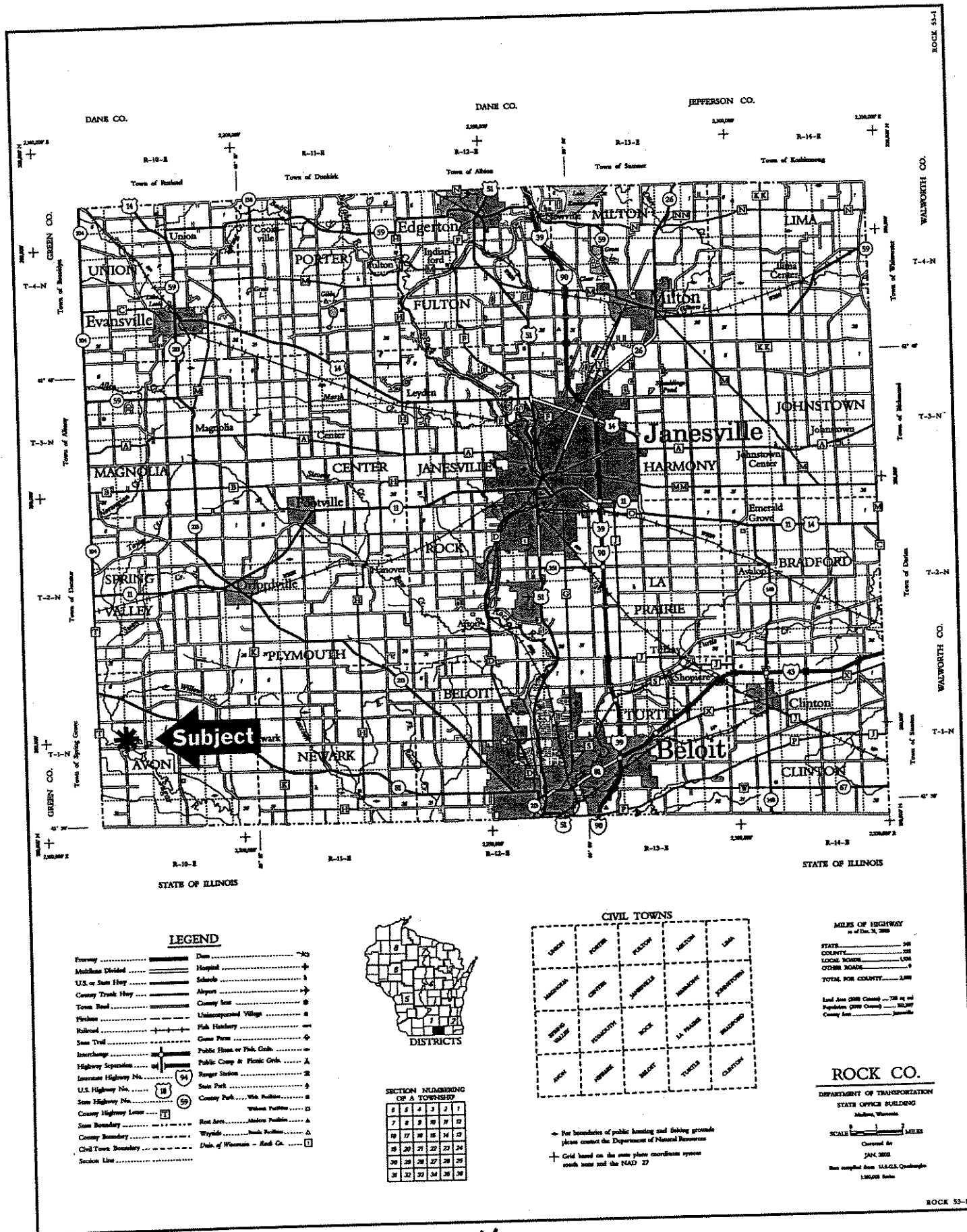
  
 \_\_\_\_\_  
 Bureau of Legal Services

7/16/02  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Steven W. Miller

7-18-02  
 \_\_\_\_\_  
 Date

RES:tmt



**LEGEND**

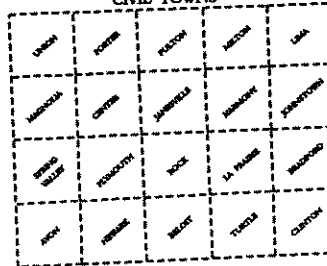
- Highway ..... 10
- Metlican Divided ..... 11
- U.S. or State Hwy ..... 12
- County Trunk Hwy ..... 13
- Town Road ..... 14
- Fireline ..... 15
- Railroad ..... 16
- State Trl ..... 17
- Interchange ..... 18
- Highway Separation ..... 19
- Interstate Highway No. ..... 20
- U.S. Highway No. ..... 21
- State Highway No. ..... 22
- County Highway Letter ..... 23
- State Boundary ..... 24
- County Boundary ..... 25
- Civil Town Boundary ..... 26
- Section Line ..... 27
- Dam ..... 28
- Hospital ..... 29
- Schools ..... 30
- Allyons ..... 31
- County Seat ..... 32
- Unincorporated Village ..... 33
- Fish Hatchery ..... 34
- Game Park ..... 35
- Public House or Public Gals. ..... 36
- Public Camp or Picnic Grnd. ..... 37
- Ranger Station ..... 38
- State Park ..... 39
- County Park with Public ..... 40
- Wilden Public ..... 41
- Rest Area ..... 42
- Public Building ..... 43
- Wayside ..... 44
- Chain of Wisconsin - Rock Co. ..... 45



**SECTION NUMBERING OF A TOWNSHIP**

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

**CIVIL TOWNS**



**MILES OF HIGHWAY**  
as of Dec. 31, 1988

STATE	298
COUNTY	255
LOCAL ROADS	108
TOTAL FOR COUNTY	661

Land Area (2000 Census) - 728 sq mi  
Population (2000 Census) - 102,000  
County Seat - Janesville

**ROCK CO.**

DEPARTMENT OF TRANSPORTATION  
STATE OFFICE BUILDING  
Madison, Wisconsin

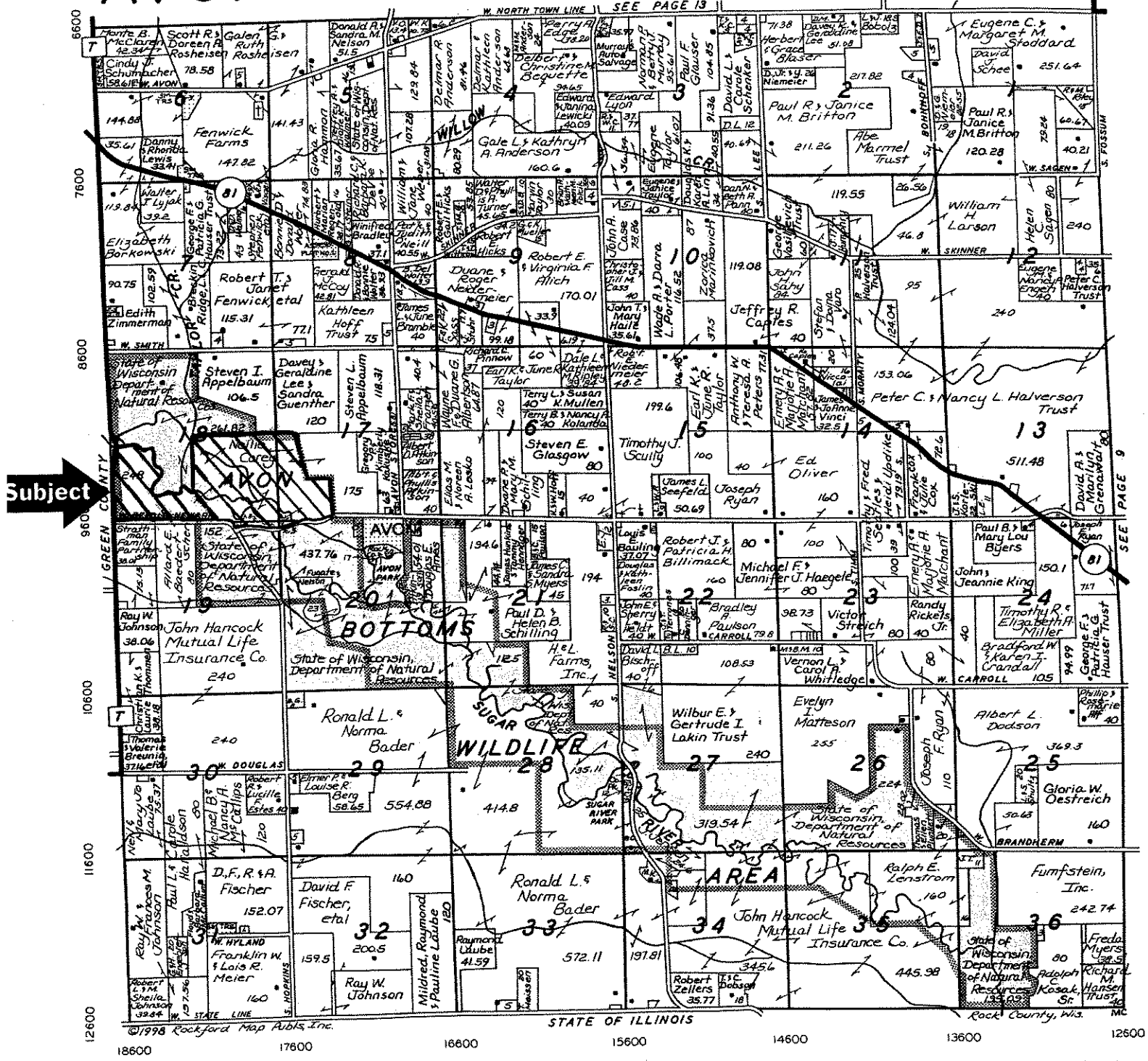
SCALE 1" = 1 MILE

Created for  
JAN. 2002

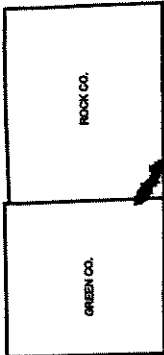
Not scaled from U.S.G.S. Quadrangle  
1:50,000 Scale

# AVON

# T.1N.-R.10E.



"Reproduced with permission of Rockford Map Publishers, Inc. Rockford, Illinois"



**CAREY ESTATE PARCEL**

**DNR Managed Lands**

**Ownership**

**Easement**

**Lease**

**County Boundaries**

Boundary Approved 1960

Acres Goal 2710

Area within Boundary 2101.28

STATE OF WISCONSIN  
DEPT. OF NAT. RESOURCES

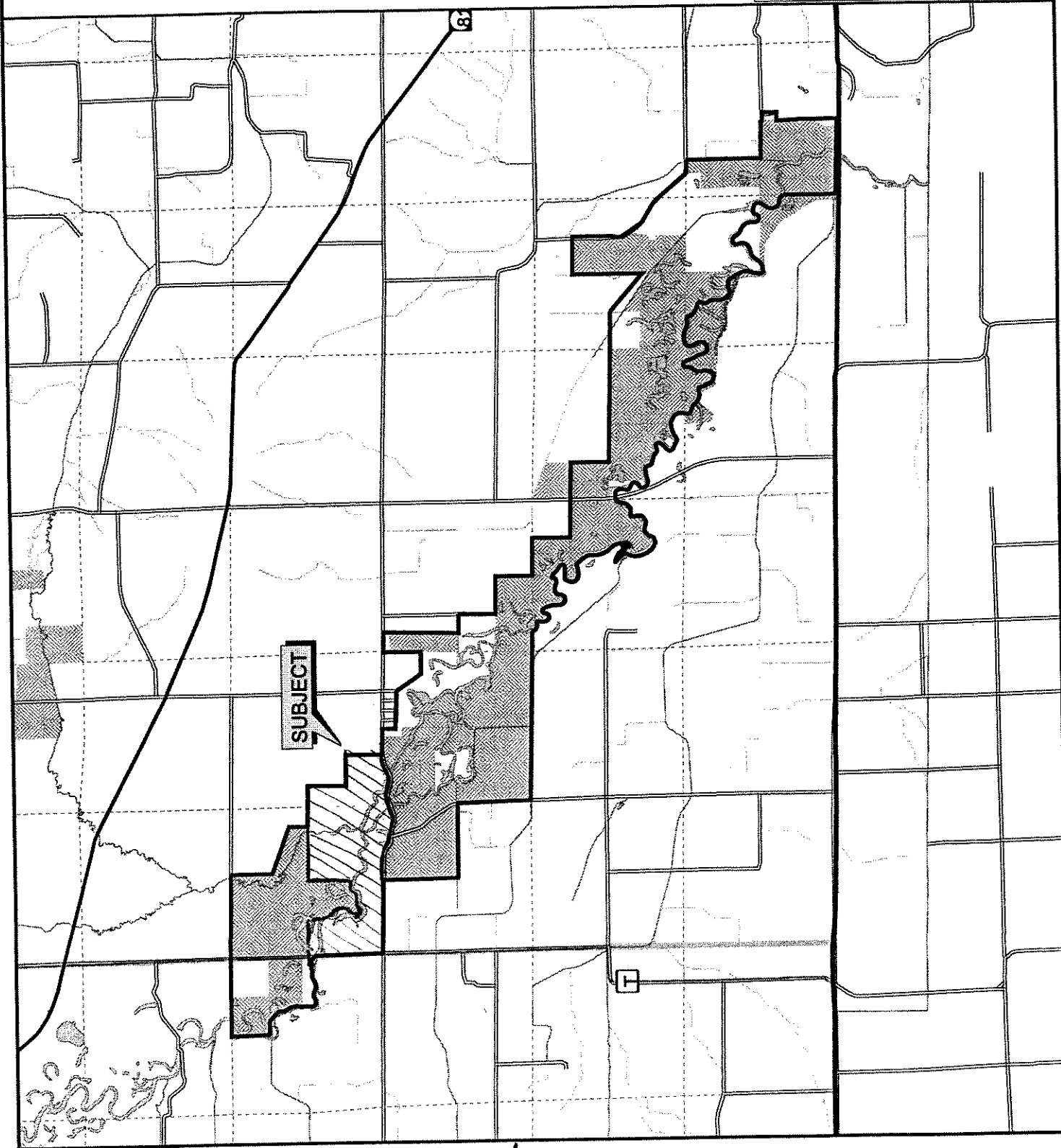
**Avon Bottoms  
Wildlife Management Area**

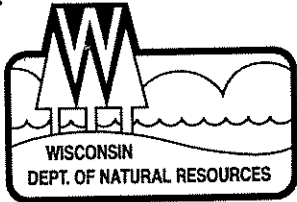
Map Creator: N. Nadeau      Date: July 8, 2002

0      0.5      1 Miles

Project No. 7090

Approved Real Estate





State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott McCallum, Governor  
Darrell Bazzell, Secretary

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

AUG 26 2002

IN REPLY REFER TO: FI-2743

Honorable Brian Burke  
Member State Senate  
Room 317E  
CAPITOL

Honorable John Gard  
Member State Assembly  
Room 308E  
CAPITOL

*Brian*  
*John*  
Dear Senator Burke and Representative Gard:

The Department is notifying you as co-chairs of the Joint Committee on Finance of a proposed 302-acres land purchase from Plum Creek, c/o Dan Lemke, Land Sales Manager, for \$750,000. In addition, the Department requests an additional \$10,000 of Stewardship funding for miscellaneous costs associated with the transaction. The Department is submitting this notice pursuant to s. 23.0915(4), Stats., which requires the Department to notify the Joint Committee on Finance of all Stewardship projects more than \$250,000 in cost. The Natural Resources Board approved the purchase at the August meeting. The land will provide an area for hunting and other outdoor activities for the Ten Mile Creek Statewide Streambank Protection Program.

The file number is FI-2743 and the land is located in Wood County. Attached, please find a memo and maps describing this transaction.

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

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

Thank you for this consideration.

Sincerely,

*Darrell Bazzell*  
Darrell Bazzell  
Secretary

Attachment

cc: Legislative Fiscal Bureau  
Department of Administration

## CORRESPONDENCE/MEMORANDUM

DATE: July 15, 2002  
 TO: Governor McCallum  
 FROM: Darrell Bazzell *DB*  
 SUBJECT: Proposed Land Acquisition, Plum Creek Tract, File # FI-2743,  
 Approval is Requested by September 13, 2002

FILE REF: FI-2743

1. PARCEL DESCRIPTION:

Streambank Protection Program  
 Wood County

Grantor:

Plum Creek  
 c/o Dan Lemke, Land Sales Manager  
 1519 W. Mohawk Dr  
 Tomahawk, WI 54487-0268

Acres: 302.0Price: \$750,000Appraised Value: \$695,000; 860,700Interest: Purchase in fee.Improvements: None

Location: The tract is located seven miles south of the City of Wisconsin Rapids, in southeastern Wood County.

Land Description: The subject area is flat to gently rolling.

<u>Covertyp</u>	<u>Breakdown:</u>	<u>Type</u>	<u>Acreege</u>
		Woodland	302.0

Zoning: All-Purpose, Shoreland and FloodplainPresent Use: Timber ProtectionProposed Use: Streambank Protection, Fishery Management and Public RecreationTenure: The land has been industrial forest for more than 50 years. Plum Creek is the most recent in a series of corporate owners.Property Taxes: \$444.00 (estimated)Option Date: July 10, 20022. JUSTIFICATION:

The Plum Creek Company has 302.0 acres of land on Ten Mile Creek for the Statewide Streambank Protection Program. The transaction will allow for fish management and public access on Ten Mile Creek. The land will provide area for hunting and other outdoor activities as well.

The subject property consists of 302 acres adjacent to Ten-Mile Creek in Wood County. The 302 acres consist of five separate parcels that all contain water frontage on the Ten-Mile Creek. Ten-Mile Creek is a brown trout fishery with a 16-inch size limit in the vicinity of the subject and just upstream from one of the subject parcels, Ten-Mile Creek becomes a brook trout fishery. There are no improvements on these five parcels of property other than a few access roads and one or two parking areas.

The land included in this proposed purchase consists of five separate parcels spread over a 6-mile stretch of the stream corridor. Each parcel has stream frontage for a total of 2.5 miles on both banks of this trout stream. The purchase by the Department from Plum Creek will significantly help consolidate ownership for the conservation project, as this is by far the largest single landowner there.

All of the 302 acres is located within the Ten-Mile Creek Streambank Protection Area project boundary. These Plum Creek Timber parcels have been identified as the most critical acreage of this company's ownership within the project boundary. The cover type is a mixture of oak, aspen and jack and white pine. No red pine plantations would be included. The property is presently used heavily by hunters, anglers and other recreational users.

Purchase of this 302 acres will help continue to protect water quality and scenic beauty and will ensure future hunting, fishing and other recreational opportunities on these parcels. All of the land is in the project boundary.

3. FINANCING:

State Stewardship bond funds are anticipated:

Funds allotted to program:	Balance after proposed transaction:
\$3,480,161	\$1,305,340

4. ACQUISITION STATUS OF THE STREAMBANK PROTECTION PROGRAM:

Established: 1994  
Acres Purchased to Date: 3,874.44  
Acquisition Goal: 30,3340 Acres  
Percent Complete: 12.8%  
Cost to Date: \$4,848,641

5a. APPRAISAL:

Appraiser: Michael Augustyn (Private Appraiser)  
Valuation Date: June 12, 2001  
Appraised Value: \$695,000  
Highest and Best Use: Residential-Recreational

Allocation of Values:

- a. land: 302 acres @ \$2,301 per acre: \$695,000
- b. market data approach used, four comparable sales cited
- c. adjusted value range: \$2,221 to \$2,351 per acre

Appraisal Review: Phil Lepinski — July 13, 2001

5b. APPRAISAL:

Appraiser: Rodney Bush (Private Appraiser)  
Valuation Date: May 9, 2001  
Appraised Value: \$860,700  
Highest and Best Use: Residential-Recreational with permanent or seasonal homes

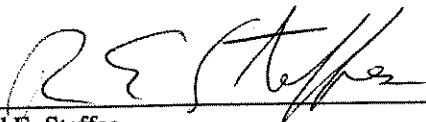
Allocation of Values:

- a. land: 302 acres @ \$2,850 per acre: \$860,700
- b. market data approach used, five comparable sales cited
- c. adjusted value range: 2,795.10 to \$3,305.99 per acre

Appraisal Review: Phil Lepinski — July 13, 2001

Comments: Based on negotiations, both parties agreed upon the selling price of \$750,000. This is considered to be a fair and reasonable price based on the appraisal and review work done by the Department.

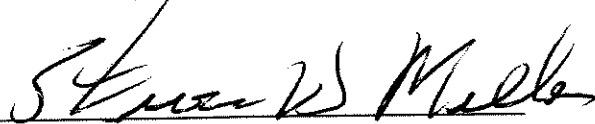
RECOMMENDED:

  
Richard E. Steffes

7-12-02  
Date

  
Bureau of Legal Services

7/13/02  
Date

  
Steven W. Miller

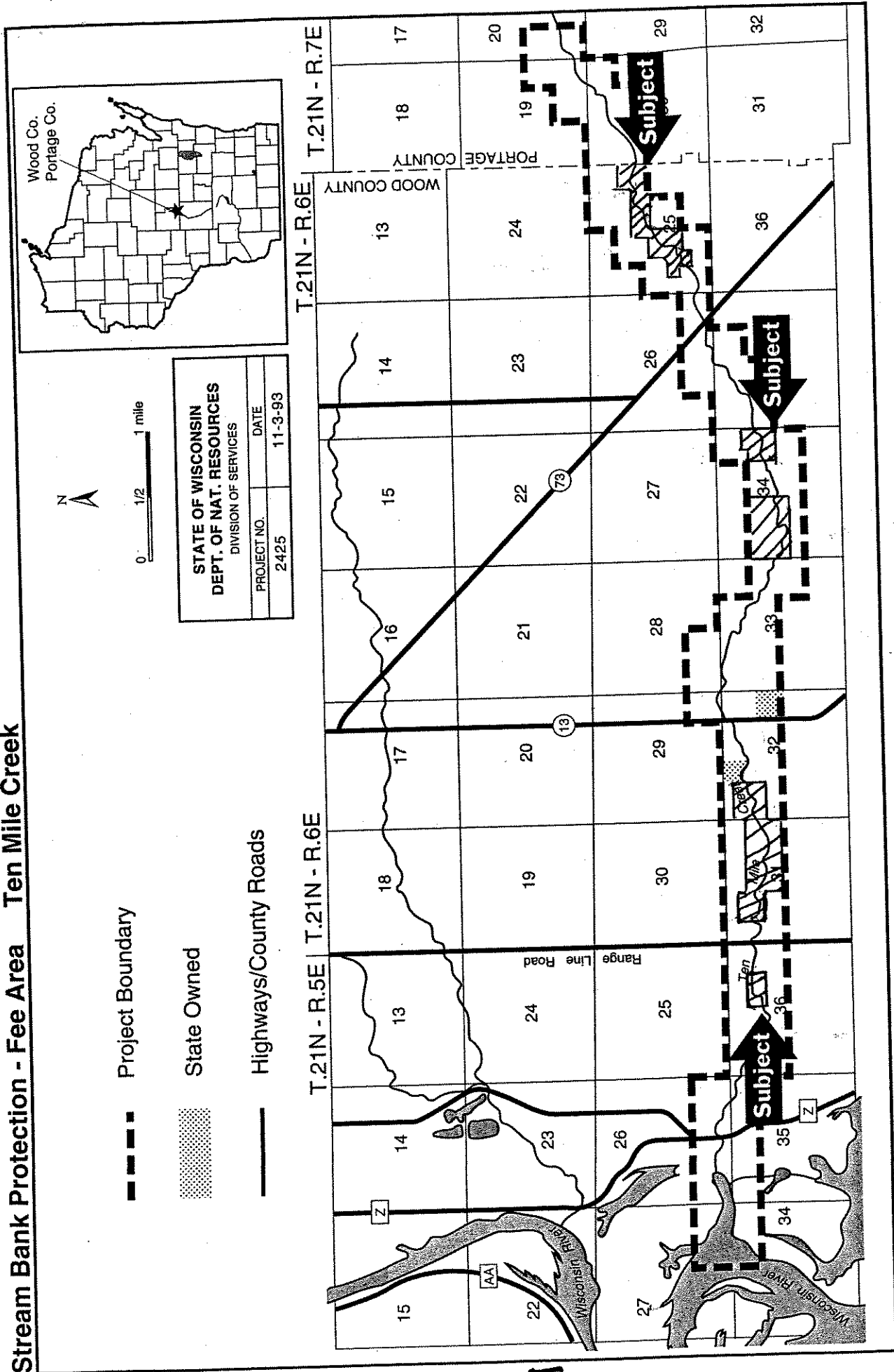
7-12-02  
Date

RES:jr



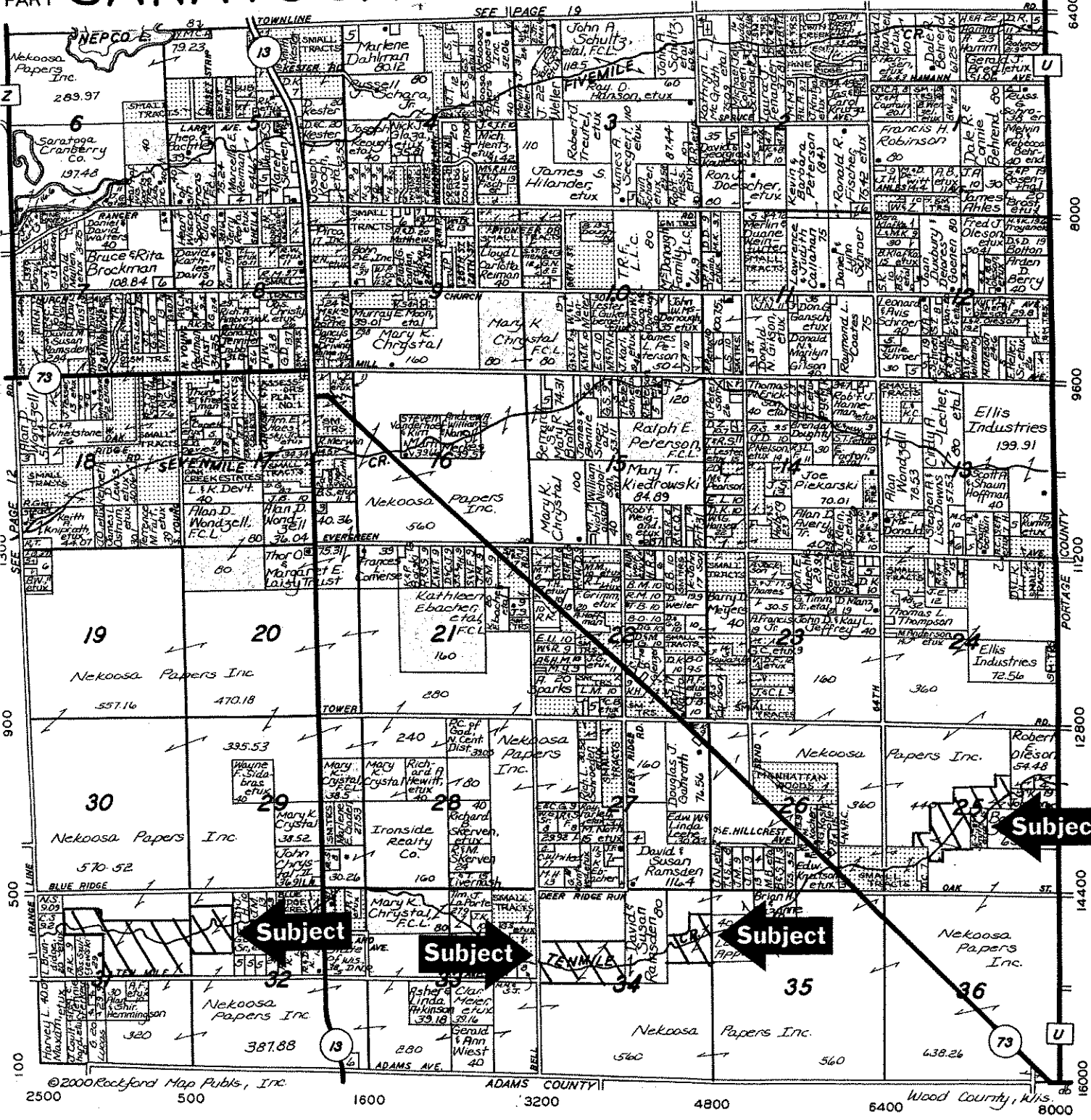


# Stream Bank Protection - Fee Area Ten Mile Creek



# EAST PART SARATOGA

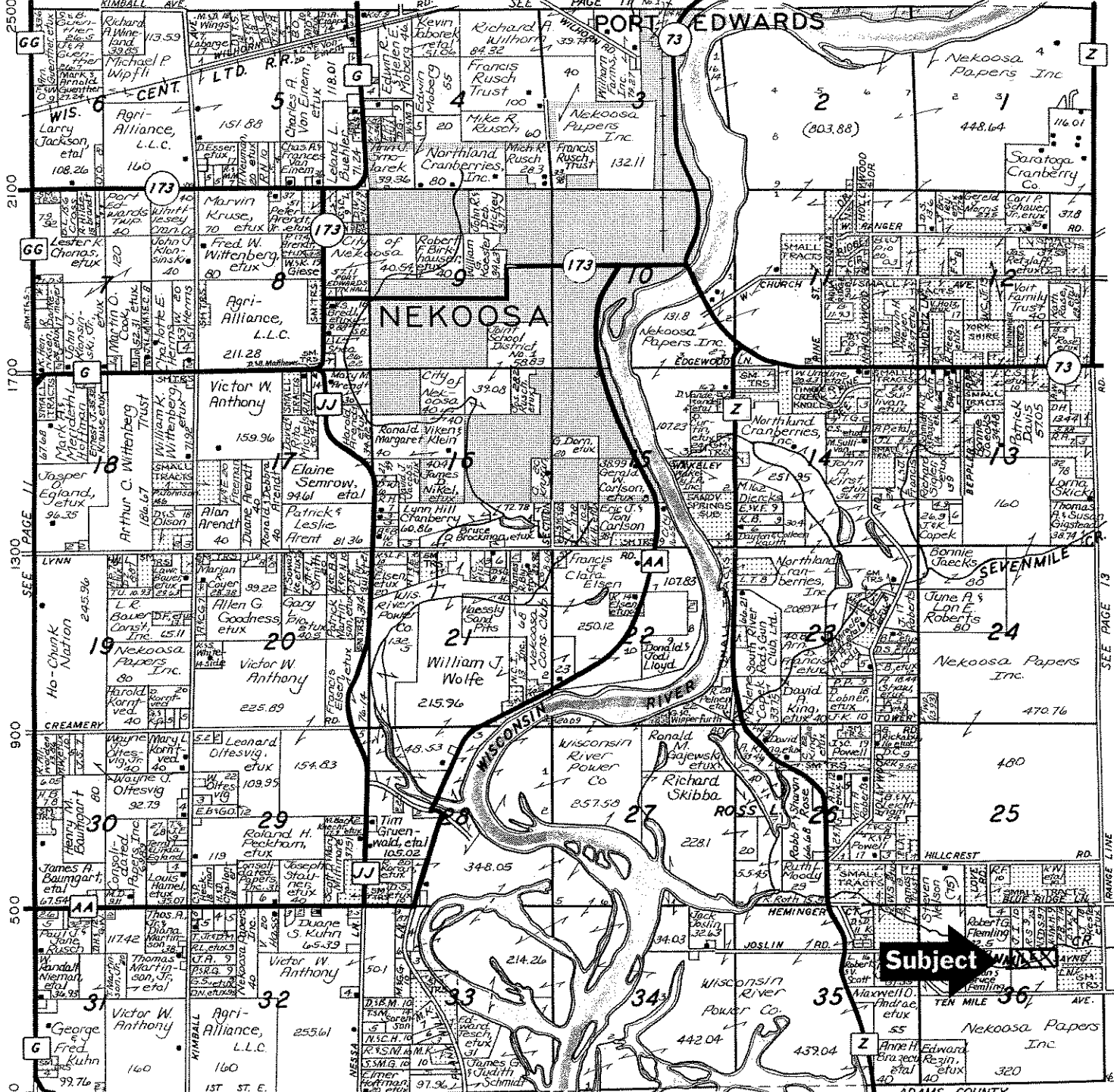
# T. 21N.-R.6E.



©2000 Rockford Map Pubs, Inc.  
 2500 500 1600 3200 4800 6400 8000  
 ADAMS COUNTY | Wood County, Miss.

6

SOUTHEAST PART PORT EDWARDS WEST PART SARATOGA T.21N.-R.5E.



©2000 Rockford Map Pubs, Inc. JUNEAU COUNTY PORT EDWARDS TWP. SARATOGA TWP. ADAMS COUNTY Wood County, Wis.



## Legislative Fiscal Bureau

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

December 17, 2002

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Avon Bottoms Wildlife Area Stewardship Purchase -- Agenda Item XXIII-F

### REQUEST

The Department of Natural Resources (DNR) requests approval to provide \$502,500 from the land acquisition subprogram of the Warren Knowles-Gaylord Nelson Stewardship 2000 program to purchase 330 acres of land from the Nellie Carey Estate for the Avon Bottoms Wildlife Area in Rock County.

Notification of the proposed purchase of the Carey Estate was received by the Committee's Co-chairs on August 27, 2002. On September 12, 2002, the Co-chairs notified DNR that a meeting would be scheduled to consider the proposed purchase.

### ANALYSIS

The 330 acres proposed for purchase from the Nellie Carey estate in Rock County is part of a larger 435-acre parcel, bordered on the north and south by state-owned land. The remaining 105 acres of the parcel lies outside the project boundary, and would be retained by the estate. The 330-acre parcel lies entirely within the boundary of the Avon Bottoms Wildlife Area, and consists of floodplains and wetlands along the Sugar River and several tributaries. The river ranges from 60 to 100 feet wide along 1.75 miles of frontage (both banks) over the course of the property, and averages two feet in depth. The property would be used for deer, pheasant, waterfowl, and wild turkey hunting, as well as hiking, canoeing, cross country skiing, nature observation, and fishing. The Department anticipates completing some prairie restoration work on the parcel should it be acquired.

The parcel consists of wooded lowland (210 acres), cropland (70 acres), wetlands (40 acres), and water (10 acres). The parcel is mostly level, experiencing about a two-foot change in elevation from its lowest point (the surface of the Sugar River) to its highest points, in the extreme northeast, east, and western perimeters. As such, the majority of the parcel lies within the 100-year floodplain of the river. Tree cover on the property consists of green ash, willow, box elder, and soft maple. It should be noted that the parcel contained extensive refuse piles (including approximately 200 abandoned automobiles, boats, trucks, and farm equipment), largely contained to the southeast corner of the property, at the time of appraisal. The owners agreed to be responsible for the removal of the debris. The removal has not yet been completed. However, the majority of the refuse is located on the portion of the property to be retained by the estate. The Department's option to purchase specifies that any refuse remaining on the property to be purchased by DNR at the time of closing would be removed by the Department, with the cost of the clean up deducted from the purchase price of the property.

The parcel is zoned agricultural. While this would allow some limited development (a minimum lot size of 35 acres would be required), the property's location within the floodplain limits its development prospects. The property has a 2001 assessed value of \$125,700, and an equalized value of \$143,050. The estate paid \$2,800 in property taxes on the parcel in 2002. If the transaction is approved, the state would be responsible for the payment of aids in lieu of property taxes to the Town of Avon in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The town would then pay each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Aids in lieu of taxes are made from a sum sufficient GPR appropriation. Payments for this property would be approximately \$9,700 (compared to approximately \$2,800 in property taxes that were paid on the 330-acre parcel in 2002).

Two appraisals were commissioned for the property, both in August, 2001. The two appraisals established valuations of \$396,000 (or \$1,200 per acre) and \$561,000 (or \$1,700 per acre). As commissioned, both appraisals assumed that the site cleanup agreed to by the owners was completed prior to the sale, and established a per-acre value for the entire 435-acre parcel. There were a variety of differences between the appraisals, including the initial assumption of acreage (due to new and potentially incorrect tax maps and tax roll acreage, one appraiser used a parcel size of 435 acres, while the other used 460.5 acres), development potential, and best comparable sales. The lower of the two appraisals did not emphasize development potential, and focused on comparable sales involving larger parcels with similar drainage difficulties and recreational potential. The higher appraisal assumed the presence of at least one developable site, and used smaller comparable sales based on the assumption that it may be more profitable to market the property as up to three separate parcels. The Department approved the lower appraisal for purposes of just compensation. The final purchase price of approximately \$495,000 (or \$1,500 per acre for approximately 330 acres, to be determined by survey), with the Carey estate retaining the eastern

105 acres, was established through negotiations with the owner. In addition, closing costs for appraisals, title insurance and transfer fees total \$7,500 bringing the total request to \$502,500 in stewardship funds.

The first appraisal established the highest and best use of the property as a conservancy or recreational property, possibly as a hunting club. In making this determination, the appraiser noted the large size of the property and significant amount of wetland, as well as the limited development potential due to its floodplain status. The appraiser estimated the value of the property using the sales comparison approach. This method considers properties recently sold in comparison to the property being appraised, with adjustments made to the sale prices of the comparison properties to reflect differences that may effect the per acre value (including size, topography, location and access). Parcels selected ranged from 360 acres in size to 1,376 acres, and consisted of mostly cropland with some wetland and marginal soils. The range of sales considered varied from \$750 per acre to \$1,600 per acre in value. When adjusted for comparable attributes to the subject property, a range of approximately \$1,100 to \$1,270 per acre was established. After considering the quality of the water resources available, topography, and the demand for sizable recreational parcels, the appraiser estimated the value of the property at approximately \$1,200 per acre, for a total value of \$522,000 (for the larger 435 acre parcel). When DNR requested the appraiser to revise his per-acre estimate based on the reduction in size of the parcel from 435 acres to 330 acres, he maintained his initial assessment of \$1,200 per acre. The appraiser based his evaluation on the 330 acre parcel containing the bulk of the appraised property, the majority of the water resources, and the presence of a buildable site. The loss of the 105 acres did not cause the remaining 330-acre parcel to become significantly different from the original selection of comparable sales utilized to establish the value of the parcel, particularly since the initial appraisal gave little to no weight to its development potential when selecting comparable sales. His final appraised value of the 330-acre site was therefore \$396,000.

The second appraisal also established the highest and best use of the property to be recreational, either as a whole or as three smaller parcels. The appraiser also employed the market data approach, but focused on smaller comparable sales, ranging from 67.5 acres to 131.9 acres in size. The appraiser notes that the subject contains at least one potential building site, and selected comparable sales that also had this advantage. The range of comparable sales considered varied from \$1,480 per acre to \$1,770 per acre in value. When adjusted for comparable attributes to the subject property, a range of approximately \$1,680 to \$1,780 per acre was established. After considering the quality of the water resources available, topography, development potential, and the demand for sizable recreational parcels, the appraiser estimated the value of the property at approximately \$1,700 per acre, for a total value of \$783,000 (for the larger 460.5 acre parcel, based on tax records). When DNR requested the appraiser to revise his per-acre estimate based on the reduction in size of the parcel to 330 acres, he maintained his initial assessment of \$1,700 per acre. The appraiser's letter noted that the Department's intended acquisition contained all of the waterfront property originally considered. In addition, at least one buildable site remained with the 330-acre parcel. His final appraised value of the 330 acre site was therefore \$561,000.

There is a significant difference between the final opinion of valuation of the two appraisers. Each emphasized the importance of different features of the subject property through their respective choices of comparable sales. The Department indicated that while it generally attempts to limit purchase price to no more than the amount approved for purposes of just compensation (a value the Department considers to be well substantiated by appraisal), the current owners were not willing to accept less than the negotiated final offer of \$1,500 per acre. While this amount was higher than the value established in the first appraisal (\$1,200 per acre), it was below the value set by the second appraiser (\$1,700 per acre).

**ALTERNATIVES**

1. Approve the DNR request to expend up to \$502,500 from the land acquisition subprogram of the stewardship program to purchase 330 acres from the Nellie Carey Estate for the Avon Bottoms Wildlife Area in Rock County.
2. Deny the request.

Prepared by: Rebecca Hotynski

MO# B/G 1

GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
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SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
ROSENZWEIG	<input checked="" type="radio"/>	N	A

AYE 14 NO 2 ABS \_\_\_\_\_



# STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

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



ASSEMBLY CHAIR  
JOHN GARD

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

## JOINT COMMITTEE ON FINANCE

September 16, 2002

The Honorable Scott McCallum, Governor  
State Capitol  
Madison, WI 53702

Dear Governor McCallum:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed your request, received on August 27, 2002, pursuant to s. 16.54(2)(a)2., Stats., for the proposed expenditure of federal block grant funds under the federal Juvenile Accountability Incentive Block Grant (JAIBG) Program. Based on discussions with staff of the Office of Justice Assistance, the request is corrected to identify that of the total federal award of \$3,588,800: (1) \$2,691,600 will be available to local units of government; (2) \$538,320 will be available to state agencies; and (3) \$358,880 will be available to the Office of Justice Assistance for program administration.

Provided that the figures included in your request identifying required state and local match funding are for informational purposes only and do not represent additional unbudgeted expenditure requirements, the Committee will consider the corrected request approved unless we receive notification from you by September 20, 2002. Although the Committee was not properly noticed under s. 16.54(2)(a)2., Stats., of the state's receipt of 2000 and 2001 federal JAIBG block grant funding, we anticipate that the Committee will be kept apprised of future JAIBG annual block grant awards.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE  
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD  
Assembly Chair

BB:JG:js

cc: Members, Joint Committee on Finance  
Gerald Baumbach, Jr., Office of Justice Assistance  
David P. Schmiedicke, Director, Budget Office

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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



Rep. John Gard

ASSEMBLY CHAIR  
**JOHN GARD**

Capitol  
Rm 8952  
3-8952  
3-2343

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

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

Re: 14-Day Passive Review Approval of Federal Block Grant Funds

Date: August 27, 2002

Attached is a copy of a request from the Governor, received August 27, 2002, seeking approval to appropriate, with the Governor's Juvenile Justice Commission as the lead agency, an amount of \$3,588,800 in federal Juvenile Accountability Incentive Block Grant (JAIBG) Program funds for the 2002 Program Year.

Pursuant to s. 16.54(2)(a)2., Stats., the Governor may not encumber or expend federal block grant funds authorized under any federal law enacted after August 31, 1995, without notifying the Joint Committee on Finance of the grant and the proposed expenditures. If the Co-Chairs of the Committee do not notify the Governor within 14 working days after receiving the request that a meeting has been scheduled to review the proposal, the moneys may be expended.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Friday, September 13, 2002**, if you have any concerns about the request or if you would like the Committee to meet formally to discuss it.

Also, please contact us if you need further information.

Attachment

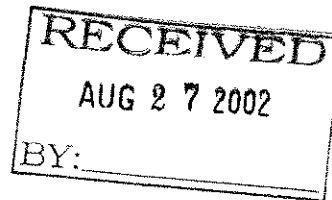
BB:JG:ckm



SCOTT McCALLUM

Governor  
State of Wisconsin

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



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

SUBJECT: Notification of Federal Block Grant

Dear Senator Burke and Representative Gard:

Attached is a request for expenditure of block grant funds being made available to the state by the federal government. Pursuant to s. 16.54(2)(a)2., the grant funds will be made available for encumbering through the allotment process within 14 working days after the date of this notification letter, unless you notify me that a meeting has been scheduled for the Joint Committee on Finance to review the proposed expenditure of grant monies.

Please also contact State Budget Director David P. Schmiedicke (266-1035) in the Department of Administration if you have any additional questions or if you schedule a meeting to review the proposed expenditure.

Thank you for your prompt attention to this notification letter.

Sincerely,

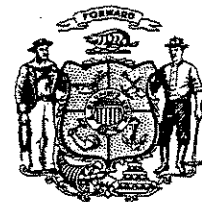
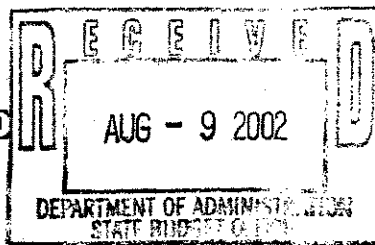
SCOTT McCALLUM  
Governor

Date: 8/22/02

Attachments

STATE OF WISCONSIN  
OFFICE OF JUSTICE ASSISTANCE

SCOTT MCCALLUM, GOVERNOR  
JERRY BAUMBACH, EXECUTIVE DIRECTOR



August 6, 2002

Senator Brian Burke  
Co-Chair, Joint Committee on Finance  
P.O. Box 7882  
Madison, WI 53707-7882

Representative John Gard  
Co-Chair, Joint Committee on Finance  
P.O. Box 8952  
Madison, WI 53708-8952

Dear Senator Burke and Representative Gard:

The State of Wisconsin, through the activities of the Office of Justice Assistance, has applied for and received its annual block grant award under the federal Juvenile Accountability Incentive Block Grant (JAIBG) Program. The State of Wisconsin has received an award of \$3,588,800.

Of the total award, 75% must be passed through directly to eligible units of local government. Of that amount (\$2,691,600), jurisdictions entitled to more than \$5000 (per federal formula) are to be offered direct block awards. The amount generated by the formula for smaller jurisdictions is to be awarded by the state for projects which benefit the smaller jurisdictions.

Up to 25% of the award may be used by state agencies in the 12 federally prescribed purpose areas. Up to 10% of the total award may be used for administration, which must come from the 25% of funds remaining after the 75% pass-through is calculated. The remaining amount may be used by state agencies.

### **Federal Block Grant Program Requirements**

All project funds must be expended in 12 approved Purpose Areas. The state is required to establish an interest-bearing trust fund in order to receive these block grant funds. Interest funds generated may be directed to any of the allowable program purposes, and are generally so directed according to the Governor's discretion.

The Office of Justice Assistance (OJA) has been designated as the state agency to administer the JAIBG program. OJA has certified that Wisconsin is in compliance with the Act's requirements.

Approximately 75-100 counties and municipal units of government are eligible to receive a direct award of these federal funds. As indicated, those jurisdictions are those that generate formula amounts over \$5000. The formula is based on law enforcement expenditures and Part I Crime as measured by Uniform Crime Reports. Funds not claimed by eligible units of government must, by federal policy, be prorated and made available to other units of government eligible for direct awards.

Units of government that do not achieve the \$5,000 threshold can access funds through a process established by the state. The Governor's Juvenile Justice Commission (GJJC) has been charged with the responsibility of establishing program priorities and has adopted a grant process for this element of the program. The Commission also provides policy direction to OJA and the Governor on implementation of the related Juvenile Justice and Delinquency Prevention Act.

The state share of these funds (25% of the total award, minus administrative funds) must also be used to implement projects within 12 Purpose Areas. These funds also will be considered and awarded by the GJJC. OJA will request relevant state agencies to submit concept papers for activities under the 12 Purpose Areas. Projects will be recommended to the Governor by the GJJC on the basis of these concept papers.

Cash match is required from both state and local recipients of these funds. All of the program areas (except construction/renovation) require a 10% cash match. Construction/renovation projects require a cash match of 50%.

### **Program Requirements and Current State Law**

The Governor's Juvenile Justice Commission, established under Executive Order #55 has the responsibility to administer programs under the federal Juvenile Justice and Delinquency Prevention Act and has been designated the Policy Committee for state JAIBG programming. The State of Wisconsin has been determined to be eligible to participate in this program by the federal Office of Juvenile Justice and Delinquency Prevention.

### **Federal and State Funds to be Allocated: 2002**

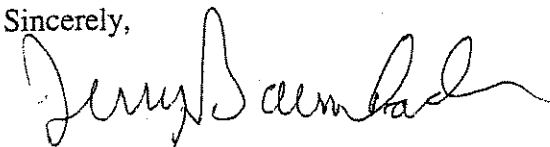
Total Federal Award to the State of Wisconsin:	\$3,588,800
Federal Funds Available to Local Units of Government:	2,691,600
Federal Funds Available to State of Wisconsin Agencies:	538,320
Local Funds Necessary to Match Federal Funds:	299,067
State Funds Necessary to Match Federal Funds:	59,813

### **Chapter 20 Appropriation Affected**

The applicable appropriation for the Juvenile Accountability Incentive Block Grant Program is 20.505(6)(k), (m) and (p) Wis. Stats.

Your approval of this process for continuing this federal program will assist communities throughout the State of Wisconsin in addressing the complex problems of juvenile delinquency and crime by holding youth accountable for their actions. I look forward to your review and encourage your endorsement of this proposal.

Sincerely,



JERRY BAUMBACH  
Executive Director